EMPIRE
COMPANY LIMITED

Fresh Thinking

Notice of 2019 Annual General Meeting of Shareholders to be held on September 12, 2019 and Management Information Circular

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Invitation to Shareholders

EMPIRE
COMPANY LIMITED

July 18, 2019

Dear Shareholder:

We are pleased to invite you to join our Board of Directors and senior management team at our 2019 Annual General Meeting of Shareholders:

September 12, 2019
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 2019 Annual Report and our Quarterly Reports are available on our website, www.empireco.ca, or at www.sedar.com or you can write to the following address and request a copy:

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

We 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 12, 2019.

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 Shareholders of Empire Company Limited ("Empire") will be held:

September 12, 2019
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 4, 2019, 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 of record at the close of business on July 22, 2019 will be entitled to vote at the meeting. Registered Non-Voting Class A shareholders of record at the close of business on July 22, 2019 are eligible to vote only on the advisory resolution on executive compensation at the meeting.

Registered 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 no later than 11:00 a.m. (Atlantic time) on September 10, 2019, or if the meeting is adjourned, not less than 48 hours (excluding Saturday, Sunday and holidays) before the time set for any reconvened meeting at which the proxy is to be used.

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

If you are a non-registered shareholder eligible to vote, you should review the voting instruction form provided by your intermediary for information on how to vote your shares.

Dated at Stellarton, Nova Scotia, this 18th day of July, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

signed "Doug Nathanson"

Doug Nathanson
Senior Vice President, General Counsel and Secretary

Management Information Circular

Section 1.
Summary

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

Unless otherwise specified, the date of, and all information in this Circular is current as of July 18, 2019. All dollar amounts are in Canadian dollars ("**CAD**") unless otherwise specified.

Annual General Meeting of Shareholders

Date: September 12, 2019
Time: 11:00 a.m. (Atlantic Time)
Place: Cineplex Cinemas
612 East River Road
New Glasgow, Nova Scotia
Record Date: July 22, 2019
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 for the fiscal year ended May 4, 2019, together with the report of the auditor thereon;
2. Elect directors and fix the maximum number of directors at 18;
3. Approve directors' remuneration;
4. Appoint PricewaterhouseCoopers LLP as auditor for fiscal 2020;
5. Authorize the directors to fix the remuneration of the auditor; and
6. Advisory vote on approach to executive compensation.

Voting Matters

Motions	Board Vote Recommendation
Elect the Board of Directors ("**Board**")	FOR EACH DIRECTOR NOMINEE
Fix the maximum number of directors at 18	For
Approve directors' remuneration	For
Appoint PricewaterhouseCoopers LLP as auditor for fiscal 2020	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 or voting instruction form 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 4, 2019, 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

					Standing Committee Memberships[1]						
Name	Age	Director Since	Occupation	Independent	AC	CGC	HRC	NC	Other Current Reporting Issuer Boards	2018 Voting Results in Favour	Total Attendance Fiscal 2019
Cynthia Devine	55	2013	Chief Financial Officer, Maple Leaf Sports & Entertainment	✓	C	✓		✓		100%	100%
James M. Dickson	61	2015	Counsel, Stewart McKelvey	✓					Clearwater Seafoods Incorporated Crombie REIT	100%	100%
Sharon Driscoll	57	2018	Chief Financial Officer, Ritchie Bros. Auctioneers Inc.	✓	✓					100%	93%
Gregory Josefowicz	66	2016	Corporate Director	✓			✓		United States Cellular Corporation	100%	89%
Sue Lee	67	2014	Corporate Director	✓			✓		Waste Connections Inc.	100%	100%
William Linton	65	2015	Corporate Director	✓		✓	C	✓	TMX Group Limited	100%	100%
Michael Medline	56	2017	President & CEO, Empire and Sobeys							100%	100%
Martine Reardon	57	2017	Corporate Director	✓	✓	✓		✓		100%	95%
Frank C. Sobey[2]	66	2007	Corporate Director	✓		✓			Crombie REIT	100%	93%
John R. Sobey	70	1979	Corporate Director	✓	✓					100%	100%
Karl R. Sobey	64	2001	Corporate Director	✓			✓			100%	100%
Paul D. Sobey	62	1993	Corporate Director	✓		✓			Crombie REIT	100%	93%
Rob G.C. Sobey	52	1998	Corporate Director	✓		✓	✓		Norvista Capital Corporation	100%	100%
Martine Turcotte	58	2012	Vice Chair, Québec, BCE Inc. and Bell Canada	✓	✓	C		C	CIBC	100%	100%

Notes:

1) Reflects committee memberships as of May 4, 2019. Audit Committee – AC, Corporate Governance Committee – CGC, Human Resources Committee – HRC, Nominating Committee – NC, Chair – C. In addition to the standing committees, the Board established an ad hoc committee to oversee the Project Sunrise transformation in fiscal 2018. This committee was dissolved in fiscal 2019. See page 28 of this Circular for details.
2) Effective May 9, 2019, Frank C. Sobey retired as a trustee and Chairman of the Board of Crombie Real Estate Investment Trust ("**Crombie REIT**").

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

3. Directors' Fees

The Board recommends that shareholders approve the directors' fees set out below for the 12-month period beginning November 3, 2019. Fees are paid in cash or Deferred Stock Units ("**DSUs**"), subject to share ownership requirements. Further information about director compensation and the proposed changes for this year may be found in the section of this Circular entitled "Board of Directors' Compensation".

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

Notes:

1) Minimum share ownership guidelines will contemporaneously be increased to $580,000 in line with the median range of the Company's comparator group outlined in the section of this Circular entitled "Board of Directors' Compensation".
2) Directors who are not residents of Canada are paid their director fees in United States dollars ("**USD**"). For example, for such directors who are a member of one committee, the Directors' All-Inclusive Retainer will be $220,000 in USD.

4. Appointment of Auditor

PricewaterhouseCoopers LLP were first appointed as auditor of the Company on June 24, 2015. The Audit Committee has reviewed the independence and performance of PricewaterhouseCoopers LLP following the completion of their fourth year as external auditor of the Company. Based on this review it has recommended to the Board that they be reappointed. The Board recommends that shareholders appoint PricewaterhouseCoopers LLP as the Company's auditor for fiscal 2020. Further information concerning their recommendation can be found in the section of this Circular entitled "Audit Committee Report".

5. Authorize Directors to Fix Auditor's Fees

The table below shows the fees charged by Pricewaterhouse-Coopers LLP for fiscal 2019 and fiscal 2018, to the Company and its subsidiaries.

AUDITOR'S FEES FOR EMPIRE COMPANY LIMITED AND ITS SUBSIDIARIES	Fiscal Year Ended	
	May 4, 2019	May 5, 2018
Audit Fees	$ 2,070,000	$ 2,070,000
Audit Related Fees	351,035	463,950
Tax Fees	15,750	150,000
Other Fees	33,680	72,000
Total Fees	$ 2,470,465	$ 2,755,950

For fiscal 2019, 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 an auditor file review for the Farm Boy acquisition.

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 tenth annual advisory vote on executive compensation. At the 2018 Annual General Meeting of Shareholders there were 119,862,975 Non-Voting Class A shares (69.0 percent of the Non-Voting Class A shares outstanding) represented by proxy at the meeting, of which 73.7 percent were voted in favour of the advisory resolution. 100 percent of the Class B common shares were voted in favour of the advisory resolution.

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

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Non-Voting Class A shareholders and the Class B common shareholders accept the approach to executive compensation disclosed in this Management Information Circular delivered in advance of the 2019 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 2019 compensation summary for the Named Executive Officers ("**NEOs**") of the Company. Further information on executive compensation can be found in the section of this Circular entitled "Statement of Executive Compensation".

CURRENT EXECUTIVE COMPENSATION ELEMENTS				
Element	Form		Time Period	Objectives
Base Salary	Cash		Annual	• Reflects each executive's scope of responsibility, performance and contribution
Variable Compensation	Profit Sharing Plan ("**PSP**")	Cash	Annual	• Rewards executives for achieving or exceeding annual performance goals
	Long-Term Incentive Program ("**LTIP**")	Performance Share Units ("**PSUs**") Deferred Stock Units ("**DSUs**")	Multi-year	• Rewards executives for achieving or exceeding three-year performance goals
		Restricted Share Units ("**RSUs**")		• Rewards executives for enhancing shareholder value
		Empire Stock Options ("**Stock Options**")	Multi-year	• Motivates the executive team to create long-term shareholder value • Retains key talent by offering competitive pay opportunities
Other Elements of Compensation				
Pension and Benefits	The purpose of the Company's pension plans is to provide periodic payments to the members of the plans during retirement until death in respect of their service as employees. NEOs participate in a defined contribution plan and a defined benefit supplemental executive retirement plan ("**DB 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 2019 COMPENSATION SUMMARY OF NAMED EXECUTIVE OFFICERS[1]							
				Non-Equity Incentive Plan Compensation			
Name and Principal Position	Salary	Share Based Awards	Option Based Awards	Annual (PSP)	Pension Value	All Other Compensation	Total Compensation
Michael Medline, President & CEO	$ 1,008,172	$ 1,691,250	$ 1,127,500	$ 1,217,188	$ 368,000	$ 2,833	$ 5,414,943
Michael Vels, Chief Financial Officer	597,306	540,000	360,000	534,375	97,000	2,361	2,131,042
Lyne Castonguay, EVP, Store Experience[2]	587,570	531,000	354,000	525,469	160,000	254,420	2,412,459
Simon Gagné, EVP, Human Resources	496,076	445,500	297,000	440,859	33,000	95,078	1,807,513
Pierre St-Laurent, EVP, Merchandising and Québec[2]	535,393	495,000	330,000	489,844	2,353,000	3,861	4,207,098

Notes:

1) The full summary compensation table is found on page 55 of this Circular under the heading "Statement of Executive Compensation".
2) Following the end of fiscal 2019, on May 16, 2019, Lyne Castonguay left the Company and Pierre St-Laurent assumed the role of Chief Operating Officer, Full Service.

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. Shareholders will have received a proxy or voting instruction form, depending on whether they are a registered shareholder or non-registered (beneficial) shareholder ("**Beneficial Shareholder**"). See "How to Vote" below. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by the officers and directors or other employees or agents of the Company at a nominal cost. The cost of such solicitation will be borne by the Company.

HOW TO VOTE

The voting process depends on whether you are a registered shareholder or a Beneficial Shareholder.

- If you hold shares registered in your name (either through a share certificate or a statement from a direct registration statement confirming your ownership of shares in your own name), you are a registered shareholder and you have received a proxy form.
- If you hold shares through a broker or other intermediary (such as a bank, trust company or securities dealer) or depository, you are a Beneficial Shareholder and your intermediary sent you a voting instruction form.

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

	REGISTERED SHAREHOLDERS	BENEFICIAL SHAREHOLDERS
Delivery of materials	The Company has arranged to send you a proxy form.	Your intermediary (typically through their agent Broadridge Financial Solutions, Inc.) has sent you a voting instruction form. The Company may not have record of your shareholdings as a Beneficial Shareholder and you must follow the instructions from your intermediary.
To attend the Meeting and vote in person	Do not complete the proxy form or return it to us. Simply bring it with you to the Meeting. When you arrive at the Meeting, please register with Empire's transfer agent, AST Trust Company (Canada) ("**AST**"). Your vote will be taken and counted at the Meeting.	A Beneficial Shareholder who receives a voting instruction form from their intermediary cannot use that voting instruction form to vote or otherwise represent shares directly at the Meeting. To vote your shares in person at the Meeting, your intermediary must appoint you as proxyholder. In order to be appointed as proxyholder, insert your name in the space provided on the voting instruction form and follow the return instructions as directed by your intermediary well in advance of the Meeting. Do not fill in the voting directions as your vote will be taken at the Meeting. 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 proxyholder for the registered shareholder and vote their shares in that capacity. The voting instruction form must be returned to your intermediary well in advance of the Meeting in order to vote the shares in person at the Meeting. When you arrive at the Meeting, please register with AST. Your vote will be taken and counted at the Meeting.

	REGISTERED SHAREHOLDERS	BENEFICIAL SHAREHOLDERS
If you do not plan to attend the Meeting	Complete the enclosed proxy form and return it to AST in the envelope provided. You can either mark your voting instructions on the proxy form or you can appoint another person to attend the Meeting and vote your shares for you. Alternatively, registered shareholders may also vote online, by telephone, by email or by fax by following the instructions shown on the voting instruction form.	Complete the enclosed voting instruction form and return it to your intermediary. You can either mark your voting instructions on the voting instruction form or you can appoint a proxyholder to attend the Meeting and vote your shares for you. Alternatively, Beneficial Shareholders may also vote online or by telephone by following the instructions shown on the voting instruction form.
Returning your proxy form or voting instruction form	The enclosed proxy form tells you how to submit your voting instructions. AST must receive your proxy, including any amended proxy, by no later than 11:00 a.m. (Atlantic time) on September 10, 2019, or if the Meeting is postponed or adjourned, not less than 48 hours (not including Saturdays, Sundays or statutory holidays) before the postponed or adjourned meeting convenes.	Return your voting instruction form using one of the methods noted on the voting instruction form provided by your intermediary. Remember that your intermediary must receive your voting instructions in sufficient time to act on them, generally one business day before the proxy deadline set out below. For your votes to count, AST must receive your voting instructions from your intermediary by no later than 11:00 a.m. (Atlantic time) on September 10, 2019, or if the Meeting is postponed or adjourned, not less than 48 hours (not including Saturdays, Sundays or statutory holidays) before the postponed or adjourned meeting convenes.
Changing your vote or revoking your proxy	If you have already provided voting instructions and change your mind about your vote, your proxy form may nevertheless be revoked, as to any matter on which a vote has not already been cast, by an instrument in writing executed by the shareholder, or by the attorney of the shareholder authorized in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized in writing and deposited with the Secretary of the Company prior to the commencement of the Meeting on the date of the Meeting or any adjournment thereof. You may also change or revoke your voting instructions by personally attending the Meeting and voting in person at the Meeting.	If you have already provided voting instructions to your intermediary and change your mind about your vote, contact your intermediary through which you hold shares to obtain instructions regarding the procedure for the revocation of any voting instructions that you have previously provided to your intermediary.

There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own ("**Objecting Beneficial Owners**") and those who do not object. The Company does not intend to pay for brokers or intermediaries to forward to Objecting Beneficial Owners the proxy-related materials and voting instruction form. Accordingly, Objecting Beneficial Owners will not receive these materials unless the Objecting Beneficial Owner's broker or intermediary assumes the cost of delivery.

HOW TO VOTE BY PROXY

Appointment of Proxyholders

James M. Dickson and Michael Medline, the persons named in the enclosed proxy form or voting instruction form, as applicable, are directors of the Company. **A shareholder has the right to appoint a person to represent such shareholder at the Meeting other than the persons named in the enclosed proxy form or voting instruction form**. 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 proxy form or voting instruction form, as applicable. Failing any designation, one of the persons already named on the proxy form or voting instruction form shall be deemed to have been appointed as the nominee of such shareholder for the purposes set out in the accompanying Notice of Annual General Meeting.

Voting of Shares Represented by Proxies by Proxyholders

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

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

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

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

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

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

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

NON-VOTING CLASS A SHARES (RESTRICTED SECURITIES)

As at July 5, 2019, the Company had 173,663,969 outstanding Non-Voting Class A shares. **Holders of Non-Voting Class A shares of record on July 22, 2019, the record date fixed by the directors, 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 or except as required by law.**

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Only the holders of Class B common shares at the close of business on July 22, 2019, the record date fixed by the directors, will be entitled to vote on all matters at the Meeting. As at July 5, 2019, the Company had 98,138,079 outstanding Class B common shares, each carrying the right to one vote per share at the Meeting. Each holder of Class B common shares of record at the time of the Meeting will be entitled to attend and vote at the Meeting.

To the knowledge of the Company's directors or executive officers, as at July 5, 2019, the only persons or companies that beneficially own, or control or direct, either directly or indirectly, 10 percent or more of the voting rights attached to the Class B common shares of the Company are the following:

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

Notes:

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

QUESTIONS ABOUT VOTING

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

Section 3.

About the Nominees for Election to the Board of Directors

Board Nominees

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

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

CYNTHIA DEVINE

Age: 55
Ontario, Canada
Director since 2013
Independent

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	100%
Audit (Chair)	4 of 4	100%
Corporate Governance	4 of 4	100%
Nominating	4 of 4	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 173,000
Fiscal 2018	$ 163,500

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

Securities Held									Share Ownership Status[7]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs	Total Value of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	3,000	$ 98,490	1	$ 33	45,032	$ 1,478,401	48,033	$ 1,576,924	394%
July 2018	3,000	$ 78,870	1	$ 26	37,911	$ 996,680	40,912	$ 1,075,576	

JAMES M. DICKSON

Age: 61
Nova Scotia, Canada
Director since 2015
Independent

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	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
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 400,000
Fiscal 2018	$ 375,000

James M. Dickson is the Chair of Empire Company Limited. He is counsel to the law firm of Stewart McKelvey, with over 30 years of experience practicing primarily in the areas of mergers and acquisitions, corporate finance and securities. Mr. Dickson serves as 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.

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	22,150	$ 727,184	1	$ 33	18,179	$ 596,817	40,330	$ 1,324,034	331%
July 2018	16,020	$ 421,166	1	$ 26	14,224	$ 373,949	30,245	$ 795,141	

SHARON DRISCOLL

Age: 57
British Columbia, Canada
Director since 2018
Independent

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

Board and Committee Meeting Attendance[1]		
Board	9 of 10	90%
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
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 131,500
Fiscal 2018	$ 37,442

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

Securities Held										Share Ownership Status[7]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs	Total Value of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	0	$ 0	1	$ 33	6,474	$ 212,541	6,475	$ 212,574	53%
July 2018	0	$ 0	1	$ 26	1,513	$ 39,777	1,514	$ 39,803	

GREGORY JOSEFOWICZ

Age: 66
Michigan, United States
Director since 2016
Independent

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

Board and Committee Meeting Attendance[1]		
Board	9 of 10	90%
Human Resources	8 of 9	89%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received[8]	
Fiscal 2019	$ 149,000
Fiscal 2018	$ 141,000

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 and KeHE Distributors, LLC. 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.

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	0	$ 0	1	$ 33	25,975	$ 852,759	25,976	$ 852,792	213%
July 2018	0	$ 0	1	$ 26	18,309	$ 481,344	18,310	$ 481,370	

SUE LEE

Age: 67
British Columbia, Canada
Director since 2014
Independent

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	100%
Human Resources	9 of 9	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
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 168,500
Fiscal 2018	$ 157,000

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.

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	6,330	$ 207,814	1	$ 33	31,821	$ 1,044,683	38,152	$ 1,252,530	313%
July 2018	3,330	$ 87,546	1	$ 26	25,092	$ 659,669	28,423	$ 747,241	

WILLIAM LINTON

Age: 65
Ontario, Canada
Director since 2015
Independent

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	100%
Corporate Governance	4 of 4	100%
Human Resources (Chair)	9 of 9	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
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 188,000
Fiscal 2018	$ 175,000

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.

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	12,058	$ 395,864	1	$ 33	31,777	$ 1,043,239	43,836	$ 1,439,136	360%
July 2018	12,058	$ 317,005	1	$ 26	24,318	$ 639,320	36,377	$ 956,351	

MICHAEL MEDLINE

Age: 56
Ontario, Canada
Director since 2017
Non-Independent

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	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
2018	100%	0%

Value of Compensation Received

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

Michael Medline was appointed President & Chief Executive Officer of Empire Company Limited and Sobeys Inc. in January 2017. Mr. Medline is a proven leader with a strong track record of success in Canadian retail. 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 SickKids Foundation, Grocery Foundation and The Sobey Foundation. He was on the Board of Governors for Canada's Sports Hall of Fame and past Chair 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 (Huron College).

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 of Shares and DSUs ($)[6][9]	% of Ownership Requirement
July 2019	80,635	$ 2,647,247	1	$ 33	153,579	$ 5,041,999	234,215	$ 7,689,279	See CEO Requirements on page 42
July 2018	47,800	$ 1,256,662	1	$ 26	90,997	$ 2,392,311	138,798	$ 3,648,999	

MARTINE REARDON

Age: 57
New York, United States
Director since 2017
Independent

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

Board and Committee Meeting Attendance[1]		
Board	9 of 10	90%
Audit	4 of 4	100%
Corporate Governance	4 of 4	100%
Nominating	4 of 4	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received[8]	
Fiscal 2019	$137,500
Fiscal 2018	$125,786

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 Collette Travel, Lumanu, Inc. and Mohawk Fine Papers Inc. In 2015, Ms. Reardon was ranked in the top ten of the "50 Most Influential CMOs in the World" by Forbes. Ms. Reardon holds a Bachelor of Science degree in Business Management from St. Francis College.

Securities Held										Share Ownership Status[7]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs	Total Value of Shares and DSUs ($)[6]	% of Ownership Requirement	
July 2019	0	$ 0	1	$ 33	16,626	$ 545,831	16,627	$ 545,864	136%	
July 2018	0	$ 0	1	$ 26	9,721	$ 255,565	9,722	$ 255,591		

FRANK C. SOBEY

Age: 66
Nova Scotia, Canada
Director since 2007
Independent

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

Board and Committee Meeting Attendance[1]		
Board	9 of 10	90%
Corporate Governance	4 of 4	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 130,000
Fiscal 2018	$ 127,500

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

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 of Shares and DSUs ($)[6]	% of Ownership Requirement	
July 2019	1,363,985	$ 44,779,628	8,795,233[10]	$ 288,747,499	24,020	$ 788,577	10,183,238	$ 334,315,704	83,579%	
July 2018	1,354,743	$ 35,616,194	8,762,841[10]	$ 230,375,090	18,835	$ 495,172	10,136,419	$ 266,486,456		

JOHN R. SOBEY

Age: 70
Nova Scotia, Canada
Director since 1979
Independent

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

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	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
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 133,000
Fiscal 2018	$ 128,000

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	142,509	$ 4,678,570	57,234	$ 1,878,992	0	$ 0	199,743	$ 6,557,562	1,639%
July 2018	142,509	$ 3,746,562	57,234	$ 1,504,682	0	$ 0	199,743	$ 5,251,244	

KARL R. SOBEY

Age: 64
Nova Scotia, Canada
Director since 2001
Independent

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

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	100%
Human Resources	9 of 9	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 141,000
Fiscal 2018	$ 128,500

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	0	$ 0	7,730,501[11]	$ 253,792,348	0	$ 0	7,730,501	$ 253,792,348	63,448%
July 2018	0	$ 0	7,730,501[11]	$ 203,234,871	0	$ 0	7,730,501	$ 203,234,871	

PAUL D. SOBEY

Age: 62
Nova Scotia, Canada
Director since 1993
Independent

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

Paul D. Sobey is a corporate director. Mr. Sobey was the President & Chief Executive Officer of Empire Company Limited from 1998 until his retirement in December 2013 after 31 years with the Company. He serves as a trustee of Crombie REIT. Mr. Sobey previously served as a director of the Bank of Nova Scotia, the Chairman of Wajax Income Fund (now Wajax Corporation), a director of Emera Inc., and a member of the Board of Governors and Chancellor of Saint Mary's University. Mr. Sobey holds a Bachelor of Commerce degree from Dalhousie University and graduated from Harvard University Business School's Advanced Management Program. He received an 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	9 of 10	90%
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
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 142,500
Fiscal 2018	$ 142,000

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	612,195	$ 20,098,362	3,000,227[12]	$ 98,497,452	0	$ 0	3,612,422	$ 118,595,814	29,649%
July 2018	612,195	$ 16,094,607	2,992,001[12]	$ 78,659,706	0	$ 0	3,604,196	$ 94,754,313	

ROB G.C. SOBEY

Age: 52
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 Norvista Capital Corporation and SeaFort Capital. He previously served as a director of DHX Media Ltd. Mr. Sobey is Chair of the Sobey Art Foundation, a member of the Queen's University School of Business Advisory Board and serves on several foundation and not-for-profit boards. He lectures on topics of philanthropy, leadership and family business governance. For his work as Honourary Colonel of the 1st Field Artillery Regiment of Halifax (RCA), Mr. Sobey received a Queen Elizabeth II Diamond Jubilee Medal. He has an honours undergraduate degree from Queen's University and a Masters of Business Administration degree from Babson College, and the ICD.D designation.

Board and Committee Meeting Attendance[1]		
Board	10 of 10	100%
Corporate Governance	4 of 4	100%
Human Resources	9 of 9	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 163,000
Fiscal 2018	$ 153,500

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	551,718	$ 18,112,902	3,000,227[13]	$ 98,497,452	6,171	$ 202,594	3,558,116	$ 116,812,948	29,203%
July 2018	551,718	$ 14,504,667	2,992,001[13]	$ 78,659,706	4,569	$ 120,119	3,548,288	$ 93,284,492	

MARTINE TURCOTTE

Age: 58
Québec, Canada
Director since 2012
Independent

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

Board and Committee Meeting Attendance[1]		
Board	10 of 10	100%
Audit	4 of 4	100%
Corporate Governance (Chair)	4 of 4	100%
Nominating (Chair)	4 of 4	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2018	100%	0%

Value of Compensation Received	
Fiscal 2019	$ 156,000
Fiscal 2018	$ 143,250

Martine Turcotte is Vice Chair, Québec of BCE Inc. and Bell Canada, a telecommunications company. 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 &vRegulatory 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, the Chair of the Board of Théâtre Espace Go Inc. and a director of Scale.AI. 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.

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 of Shares and DSUs ($)[6]	% of Ownership Requirement
July 2019	11,400	$ 374,262	1	$ 33	41,532	$ 1,363,495	52,933	$ 1,737,790	434%
July 2018	11,400	$ 299,706	1	$ 26	35,107	$ 922,963	46,508	$ 1,222,695	

Notes:

1) "Board and Committee Meeting Attendance" refers to the fiscal 2019 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 8.
5) The Deferred Stock Unit Plan 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 of Shares and DSUs is based on the total of Non-Voting Class A shares, Class B common shares and DSUs valued at the closing price of the Non-Voting Class A shares on the Toronto Stock Exchange ("**TSX**") as at July 5, 2019 of $32.83 (July 6, 2018 – $26.29).
7) See the section of this Circular entitled "Board of Directors' Compensation".
8) As directors who are not Canadian residents, Gregory Josefowicz and Martine Reardon were paid their director fees in USD. For example, their Directors' Retainer was $100,000 in USD. For fiscal 2019, using an average exchange rate of $1.3184, their total remuneration in CAD was $196,442 and $181,280, respectively. For fiscal 2018, using an average exchange rate of $1.2766, their total remuneration in CAD was $180,001 and $160,578, respectively.
9) In addition to his shareholdings, as at May 4, 2019, Michael Medline owns 501,268 options, all of which were issued under Empire's LTIP. See the section of this Circular entitled "Incentive Plan Awards" for more information regarding the options.
10) Includes 8,787,439 Class B common shares beneficially owned by CBHL and registered to Dunvegan Holdings Limited over which Frank C. Sobey has control or direction pursuant to an agreement among the shareholders of CBHL together with an agreement among the shareholders of Dunvegan Holdings Limited.
11) 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.
12) Includes 3,000,227 Class B common shares beneficially owned by CBHL and registered to DFS Investments Limited over which Paul D. Sobey has control or direction pursuant to an agreement among the shareholders of CBHL together with an agreement among the shareholders of DFS Investments Limited.
13) Rob G.C. Sobey exercises some control or direction over 3,000,227 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 4, 2019, Rob G.C. Sobey owns 66,774 options all of which were issued under Empire's LTIP prior to his 2014 retirement.

Aggregate 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.

AGGREGATE SHAREHOLDINGS OF CURRENT DIRECTORS				
	July 5, 2019		July 6, 2018	
Shareholdings	Number of Shares	Total Value[1]	Number of Shares	Total Value[1]
Non-Voting Class A shares	2,805,980	$ 92,120,323	2,754,773	$ 72,422,985
Class B common shares	22,583,431	741,414,040	22,534,587	592,434,289
DSUs	401,186	13,170,936	280,596	7,376,869
Total value of Non-Voting Class A shares, Class B common shares and DSUs		$ 846,705,299		$ 672,234,143

Note:

1) All values are based on the closing price of the Non-Voting Class A shares on the TSX as at July 5, 2019 of $32.83 (July 6, 2018 – $26.29).

Section 4.

Approach to Corporate Governance

Overview

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

On behalf of Empire's shareholders, the Board is responsible for the stewardship of the Company. To 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 short-term and long-term goals, and understanding the major risks to the Company's ability to deliver results. As the Board is composed of a diverse group of individuals with a combination of skills and experience, it is particularly capable of guiding and challenging the senior management team.

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

Highlights of the Company's Corporate Governance Practices

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

Board of Directors

Mandate of the Board

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

Meetings of the Board

The Board holds regular meetings at least once in each fiscal quarter, participates in an annual strategic planning session, and has additional meetings as and when necessary to carry out its duties effectively. The Board meetings held during fiscal 2019 and the attendance records of directors at such meetings are described under "Board and Committee Engagement – Summary of Board and Committee Meetings Held".

Director Meetings Without Management

At every regular Board meeting, and at the discretion of the Chair of the Board ("**Board Chair**") at other meetings, the directors meet with the CEO without other members of management present and then without the CEO present. In fiscal 2019, six such *in camera* sessions were held. At all regular meetings the directors also meet *in camera* in the absence of Sobey family members. Private non-management sessions during committee meetings are also regularly held by all the standing committees.

Board Committees

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

The mandate of each committee and the position description of each committee Chair are available on the Empire website, www.empireco.ca. Reports from each of these committees concerning their work during fiscal 2019 are found in the section of this Circular entitled "Board Committee Reports".

Audit Committee

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 periodically reviewing the Enterprise Risk Management framework for the Company and assessing the adequacy and completeness of the process for identifying and assessing the key risks facing the Company and ensuring that primary oversight for each of such key risks is assigned to the Board or one of its Committees.

The Audit Committee is comprised of the following five directors appointed by the Board on the recommendation of the Corporate Governance Committee: Cynthia Devine (Chair), Sharon Driscoll, Martine Reardon, John R. Sobey and Martine Turcotte. The Board has determined that each of the members of the Audit Committee is independent within the meaning of applicable securities laws and "financially literate" within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**"). The Audit Committee met four times in fiscal 2019.

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

Corporate Governance Committee

The Corporate Governance Committee is responsible for assisting the Board in fulfilling its responsibilities as they relate to corporate governance. As such, the Corporate Governance Committee is responsible for the annual assessment of the effectiveness and contribution of the Board, its committees and individual directors. The Corporate Governance Committee annually reviews the current director compensation and recommends adjustments to the Board, which in turn recommends director compensation to shareholders for approval at the Annual General Meeting. In addition, the Corporate Governance Committee annually reviews the mandate of the Board and each Board committee, and reviews and advises the Board on the independence status of each director. Further information on the Corporate Governance Committee's fiscal 2019 review can be found in the section entitled "Board of Directors' Compensation" of this Circular.

The Corporate Governance Committee is comprised of the following directors: Martine Turcotte (Chair), Cynthia Devine, William Linton, Martine Reardon, Frank C. Sobey, Paul D. Sobey and Rob G.C. Sobey, all of whom are independent directors within the meaning of applicable securities laws. The Corporate Governance Committee met four times in fiscal 2019.

Further information on the Corporate Governance Committee's fiscal 2019 review can be found in the section of this Circular entitled "Board of Directors' Compensation".

Nominating Committee

The Nominating Committee is responsible for assisting the Board in fulfilling its responsibilities as they relate to proposing new nominees to the Board by identifying and recommending suitable candidates for election or appointment as directors to the Board. This process includes a determination of the current competencies and skills the Board, as a whole possess, and the competencies, skills and personal qualities (such as languages and residency) required of new directors in light of opportunities and risks facing the Company.

The Nominating Committee identifies director skill and experience needs, having regard to projected retirements and to the Board's Diversity Policy, the size and composition of the Board, and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders. 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. Further information about the experience and qualifications each director provides to the Board can be found in the section entitled "Skills and Experience of the Board" of this Circular.

The Nominating Committee is comprised of the following directors: Martine Turcotte (Chair), Cynthia Devine, William Linton and Martine Reardon, all of whom are independent directors within the meaning of applicable securities laws. The Nominating Committee met four times in fiscal 2019.

Human Resources Committee

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

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

The HR Committee is comprised of the following directors: William Linton (Chair), Gregory Josefowicz, Sue Lee, Karl R. Sobey and Rob G.C. Sobey, all of whom are independent directors within the meaning of applicable securities laws. The HR Committee met nine times in fiscal 2019.

Disclosure concerning consultants retained by the HR Committee with respect to executive compensation are found in the section entitled "Statement of Executive Compensation – Advisor to the Human Resources Committee" of this Circular.

Further information about the Company's executive compensation can be found in the section entitled "Statement of Executive Compensation" of this Circular.

Committee Membership

The following table summarizes the standing Committee membership of the Board as of the fiscal year ended May 4, 2019.

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.

Director Independence and Other Relationships

Independence of the Board

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

Determination of Independence

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

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

The Board has determined that all of the current directors of the Company with the exception of Michael Medline are independent. The Board has determined that Mr. Medline, who is President & CEO of Empire and Sobeys, is not independent as he is a member of the management of the Company. Accordingly, as of July 18, 2019, 13 of the 14 directors (who are also standing for re-election at the Meeting) are considered to be independent, comprising approximately 93 percent of the Board.

TABLE OF DIRECTORS' RELATIONSHIPS TO THE COMPANY

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

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

The Board has determined that Sharon Driscoll, Sue Lee, William Linton 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, LLC, 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 to be not material.

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

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

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

Majority Voting Policy

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

Diversity Policy

The Company recognizes the importance of having a diverse Board 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. The Company's ongoing commitment to the representation of women on the Board is evidenced by the fact that six of the nine new independent directors recruited to the Board since 2012 are women.

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

Although the Company has not adopted a formal target for women in executive positions, the Company is committed to fostering an inclusive and diverse work environment which is reflective of our customers. Among other factors, diversity is always considered when making executive appointments. The Company has a strategy focused on the advancement of women as well as foundational programs to strengthen a culture of inclusion. Management believes it can be effective in advancing an inclusive culture without setting targets. This includes a Diversity & Inclusion Leadership Council composed of senior leaders from across all functions providing strategic input with measurable outcomes. The Company is focused on strengthening our inclusive leadership through a number of initiatives including unconscious bias training for senior leaders, gender balanced talent guidelines for leadership roles, creating a flexible work environment, strengthening our succession pipeline with targeted development plans and creating development opportunities through a women's business resource group.

As of May 4, 2019, one of eight executive officers of the Company (approximately 13 percent) are women. The Executive Committee of the Company is 31 percent female, the senior management group (senior vice presidents and vice presidents) is 29 percent female and the director level is 33 percent female. In the past year, 75 percent of promotions and 57 percent of new hires at the vice president level have been female, and 41 percent of promotions and 41 percent of new hires at the director level have been female.

Skills and Experience of the Board

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

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

Skill/Experience	Description of Skill/Competency	Number of Director Nominees
CEO/Senior Executive	Experience as a CEO or senior officer of a publicly listed company or a major organization	14
Governance	Prior or current experience as a board member of a Canadian organization (public, private or non-profit)	14
Financial/Accounting	Senior executive experience in financial accounting and reporting, corporate finance and familiarity with internal controls	10
HR/Employee Engagement	Senior executive experience or board compensation committee participation with an understanding of compensation, benefits and pension programs, legislation and agreements, as well as expertise in executive compensation programs including base pay, incentives, equity and perquisites	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
ESG	Experience with policies, practices or management of risks associated with environmental or social governance issues relevant to the Company such as sustainability, energy reduction or other climate sensitive practices; community support; social governance; and health, wellness, safety and education for our employees	11

Interlocking Directorships

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

The Board is of the view that it is prudent to have representation on the boards of Empire's equity accounted investments in order to provide counsel to management. As of May 4, 2019, 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[1]	Chairman
	Paul D. Sobey	Human Resources Committee; Investment Committee

Note:
1) Effective May 9, 2019, Frank C. Sobey retired as a trustee and Chairman of the Board of Crombie REIT.

There are no other interlocking directorships.

Board of Directors' Assessment

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

ELEMENTS OF ANNUAL BOARD EVALUATION

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

Annually, each director completes a detailed confidential survey regarding his or her views on the effectiveness of the Board and its committees. The survey provides for quantitative responses in key areas as well as the option to provide 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 continue to be very satisfied with the leadership of both the Board Chair and the CEO. In particular, the Board dynamics are good, and the directors are engaging in open, transparent discussion amongst themselves and with executives.

Board Renewals and Term Limits

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. In the normal course and subject to an exceptional circumstance, a member of the Board who has reached the age of 72 will not stand for re-election at the next following Annual General Meeting of Shareholders, unless the member is a lineal descendent of John William Sobey. 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. Since 2012, there has been strong Board renewal, with nine new independent directors joining the Board replacing independent directors who retired. The average tenure of current directors, excluding Frank C. Sobey, John R. Sobey, Karl R. Sobey, Paul D. Sobey and Rob G.C. Sobey, is four years.

Director Orientation and Continuing Education

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

Orientation

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

Continuing Education

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

During fiscal 2019, the directors of the Company received educational and informational briefings on various operational, financial and strategic topics including retail innovation, global e-commerce, marketing, private label, brand health and customer loyalty. These briefings were presented by internal speakers as well as renowned experts in the applicable fields. The directors also participated in several store tours across the country.

Position Description

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

Chair of the Board

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

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

Chief Executive Officer

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

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

Committee Chairs

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

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

Board and Committee Engagement

Summary of Board and Committee Meetings Held

A total of ten Board meetings were held during the year: four regular quarterly meetings, four conference calls, 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	4	10
Audit Committee	4	0	4
Corporate Governance Committee	4	0	4
Human Resources Committee	4	5	9
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 was responsible for overseeing the transformation effort, monitoring progress and reviewing management's risk mitigation strategies. The Committee was dissolved in April 2019 and the ongoing oversight of Project Sunrise will occur at the Board and committee level going forward.

Record of Attendance

The following table summarizes the meetings of the Board and its standing committees held for the fiscal year ended May 4, 2019, 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	10 of 10 100%	4 of 4 100%	4 of 4 100%		4 of 4 100%	100%
James M. Dickson	10 of 10 100%					100%
Sharon Driscoll	9 of 10 90%	4 of 4 100%				93%
Gregory Josefowicz	9 of 10 90%			8 of 9 89%		89%
Sue Lee	10 of 10 100%			9 of 9 100%		100%
William Linton	10 of 10 100%		4 of 4 100%	9 of 9 100%	4 of 4 100%	100%
Michael Medline	10 of 10 100%					100%
Martine Reardon	9 of 10 90%	4 of 4 100%	4 of 4 100%		4 of 4 100%	95%
Frank C. Sobey	9 of 10 90%		4 of 4 100%			93%
John R. Sobey	10 of 10 100%	4 of 4 100%				100%
Karl R. Sobey	10 of 10 100%			9 of 9 100%		100%
Paul D. Sobey	9 of 10 90%		4 of 4 100%			93%
Rob G.C. Sobey	10 of 10 100%		4 of 4 100%	9 of 9 100%		100%
Martine Turcotte	10 of 10 100%	4 of 4 100%	4 of 4 100%		4 of 4 100%	100%
Overall Board Attendance	**96%**	**100%**	**100%**	**98%**	**100%**	

Succession Planning

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

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

Ethical Business Conduct and Ethics Hotline

The Board has adopted a written Code of Business Conduct and Ethics (the "Code") covering all employees, officers and directors of the Company, which includes all of the elements recommended by NP 58-201. The Code is available on the Company's website, www.empireco.ca. The Company is currently reviewing the Code and planning to make a substantial update.

The Board, through the Audit Committee, receives reports of unethical behaviour received through the Ethics Hotline and otherwise. On behalf of Empire's shareholders, the Board is responsible for the stewardship of the Company. To 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 the Code, that emphasizes accountability and a Corporate Disclosure Policy that ensures transparency. Sobeys has adopted a similar Code of Business Conduct, which is available on its website, www.sobeyscorporate.com.

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

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

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

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

Corporate Disclosure Policy

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

Social Media

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

Sustainability

The Company's approach to corporate governance includes a focus on sustainability, including due consideration of social and environmental issues and the management of risks associated with such issues. Sustainability is important to us, and our stakeholders, and we are committed to ensuring the long-term well-being of our customers, communities and Company without compromising the ability of future generations to prosper on the planet that we all share. This means operating our business sustainably by giving back to communities, investing in our people, taking care of our planet and sourcing products responsibly all while delivering on the expectations of our shareholders. Sustainability principles are also reflected in our values and our Code of Business Conduct which emphasizes integrity, accountability and transparency.

Information on key sustainability initiatives and progress, such as a focus on waste reduction, climate change and responsible sourcing, can be found on the Sobeys' website:

corporate.sobeys.com/sustainability

In January 2019, Sobeys announced its commitment to reduce food waste in its directly owned and operated operations by 50 percent by 2025. With guidance from the National Zero Waste Council and Provision Coalition, two organizations with tremendous experience in supporting Canadian business in the quest to take action on food waste, teams across the Company are working together towards the 50 percent reduction target. Progress on the commitment will be measured using the globally recognized Food Loss and Waste (FLW) Accounting and Reporting Standard.

Areas of current and future sustainability efforts are reviewed and approved by the Executive Committee as well as the Board.

Shareholder Engagement

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

Our shareholder engagement takes various forms such as non-deal roadshows, meetings, calls and discussions with the CEO, CFO and other members of management, ordinary course quarterly conference calls and webcasts, news releases, general and industry-specific investor conferences with various members of management present, and routine discussions with our Investor Relations department.

Communicating with Us

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

By mail:

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

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

By email:

board@empireco.ca

Strategic Planning

Management is responsible for the development of individual business unit and corporate strategic plans which take into account, among other things, the opportunities and risks of the business, and for the implementation of the approved strategic plans. The Board is responsible for setting the long-term goals and objectives for the Company, the adoption of a strategic planning process and the annual approval of the strategic plans developed by management. The Board monitors senior management's implementation of the plans and assesses the achievement of the Company's goals and objectives on an ongoing basis. Once per year the strategic plans are presented at a Board meeting for feedback and frequently, updates are provided at subsequent Board meetings.

Risk Management

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

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

Enterprise-wide risks generally fall into four broad categories:

1) Strategic Risks

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

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

2) Financial Risks

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

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

3) Regulatory and Compliance Risks

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

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

4) Operational Risks

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

- Project Sunrise execution;
- Labour/union relationships;
- Cyber-security; and
- Food safety.

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

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

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

See the Company's 2019 Management's Discussion and Analysis for a broader discussion of the Company's risk management and mitigation.

Section 5.

Board of Directors' Compensation

Director Compensation Philosophy and Process

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

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

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

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

Director Compensation Review

The Corporate Governance Committee annually reviews the current director compensation against director compensation paid in its comparator group 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. The comparator group used for director compensation is listed below and is consistent with the comparator group used for executive compensation.

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

In fiscal 2019, the Corporate Governance Committee conducted a market review of director compensation, which had not been adjusted since 2014. The review indicated (i) the Company's total director compensation was below market against our comparator group and (ii) the growing trend away from per-meeting fees and towards a flat, all-inclusive fixed fee compensation structure. Based on this review, the Corporate Governance Committee recommends, and the Board in turn recommends to shareholders at the Meeting, a change to director compensation commencing with the 12-month period beginning November 3, 2019, such that, in place of receiving annual Board and committee retainers and meeting fees, directors who are members of one committee will receive an all-inclusive fee of $220,000 and directors who are members of two or more committees will receive an all-inclusive fee of $225,000. In addition, committee chairs will continue to receive the same Chair retainer as currently paid. These changes bring the Company's Board compensation program in line with the median range of its comparator group.

In conjunction with the overall review of director compensation by the Corporate Governance Committee and the Board, a review was also undertaken of compensation for the Chair of the Board in light of the scope of work and responsibilities requested of him by the Board. In that context, the significant contributions of, and time and effort devoted by, the Chair were noted and, as such the Corporate Governance Committee and the Board recommends to shareholders at the Meeting that his total compensation be increased to $450,000.

Directors' Fees

During fiscal 2019, directors of the Company who were not employees of the Company or its subsidiaries received the following compensation for participating as a member of the Board and its Committees.

DIRECTORS' FEES(1)	2019	2018
Directors' Retainer	$ 100,000	$ 100,000
Board Chair's Retainer(2)	$ 400,000	$ 400,000
Meeting Fee		
• Board	$ 2,000	$ 2,000
• Committee(3)	$ 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(3)	$ 15,000	$ 15,000
Committee Members' Retainer		
• Audit	$ 5,000	$ 5,000
• Human Resources	$ 5,000	$ 5,000
• Corporate Governance/Nominating(3)	$ 4,000	$ 4,000

Notes:

1) The 2019 fees were approved at the Annual General Meeting in September 2018, and are applicable as of the September 2018 Board meeting. Any meetings occurring after May 5, 2018 (Empire's fiscal year-end) but prior to the September 2018 Board meeting were paid using the fiscal 2018 approved fees as listed above. Directors who are not residents of Canada are paid their director fees in USD. For example, for such directors their Directors' Retainer in fiscal 2019 was $100,000 in USD.
2) The Board Chair does not receive meeting fees.
3) Committee members who served on both the Corporate Governance and Nominating Committees are paid one retainer covering both committees. 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 annual 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 – Share Ownership"). The Board has established a requirement that all directors must take a minimum of 50 percent of their total fees in DSUs until this threshold is achieved and at any time their ownership declines below the threshold. Given the requirement 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 5, 2019, 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.

The Corporate Governance Committee recommended, and the Board approved, the following additional changes to the compensation regime beginning November 3, 2019:

- With the exception of the CEO for whom a different requirement has been set by the Board, an increase to the share ownership guideline for directors to require minimum holdings valued at $580,000 (as opposed to $400,000 currently) in any combination of Non-Voting Class A shares, Class B common shares and DSUs. This change is subject to the directors' compensation changes, outlined in the section of this Circular entitled "Director Compensation Review", being approved by the shareholders at the Meeting. This will bring our share ownership requirement in line with the median range of the Company's comparator group;
- In addition to the current requirement that directors must take a minimum of 50 percent of their total fees in DSUs until the share ownership threshold is achieved and at any time their ownership declines below the threshold, a requirement that directors take a minimum of 25 percent of their total fees in DSUs even after their threshold is met; and
- Specification that directors are expected to achieve their thresholds within five years of starting their Board service.

Compensation Paid in Fiscal 2019

The following table details the remuneration paid to the directors during the fiscal year ended May 4, 2019. In accordance with Company policy, directors who are employees of the Company are not entitled to receive remuneration for their services as directors.

REMUNERATION OF EMPIRE DIRECTORS[1]

Director	Board Retainer	Committee Retainer[2]	Board Meeting Fees	Committee Meeting Fees[2][3]	Total	% of Total Fees Allocated to DSUs
Cynthia Devine	$ 100,000	$ 34,000	$ 20,000	$ 19,000	$ 173,000	100%
James M. Dickson	400,000	–	–	–	400,000	25%
Sharon Driscoll	100,000	5,000	18,500	8,000	131,500	100%
Gregory Josefowicz[4]	100,000	9,500	18,000	21,500	149,000	100%
Sue Lee	100,000	25,000	20,000	23,500	168,500	100%
William Linton	100,000	33,500	20,000	34,500	188,000	100%
Martine Reardon[4]	100,000	7,000	18,500	12,000	137,500	100%
Frank C. Sobey	100,000	4,000	18,000	8,000	130,000	100%
John R. Sobey	100,000	5,000	20,000	8,000	133,000	0%
Karl R. Sobey	100,000	5,000	20,000	16,000	141,000	0%
Paul D. Sobey	100,000	8,500	18,500	15,500	142,500	0%
Rob G.C. Sobey	100,000	13,500	19,500	30,000	163,000	25%
Martine Turcotte	100,000	20,000	20,000	16,000	156,000	100%

Notes:

1) Remuneration refers to the compensation paid to the directors during the fiscal year ended May 4, 2019, paid either in cash or DSUs.
2) Sue Lee received an additional retainer of $20,000 for chairing the Project Sunrise Transformation Oversight Committee. Gregory Josefowicz, William Linton, Paul D. Sobey and Rob G.C. Sobey received an additional retainer of $4,500 for sitting on the Project Sunrise Transformation Oversight Committee. Additionally, all Project Sunrise Transformation Oversight Committee members received $7,500 in meeting fees for this committee, with the exception of Rob G.C. Sobey who received $7,000.
3) Cynthia Devine and William Linton each received an additional $3,000 in meeting fees for a special committee meeting held during the fiscal year.
4) Directors who are not residents of Canada are paid their director fees in USD. For example, for such directors their Directors' Retainer in fiscal 2019 was $100,000 in USD. For fiscal 2019, using an average exchange rate of $1.3184, Mr. Josefowicz and Ms. Reardon's total remuneration in CAD was $196,442 and $181,280, respectively.

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

Section 6.

Board Committee Reports

Audit Committee Report

Members as of May 4, 2019:


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 4, 2019. The Audit Committee met four times during fiscal 2019.

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

In fiscal 2019, in accordance with its mandate, the Audit Committee undertook the following:

Financial Management and Reporting:

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

External Auditor:

- Ensured that the external auditor is in good standing with the Canadian Public Accountability Board and that the lead partner and other partners 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 judgments; and
- Reviewed the quarterly and annual audit reports with the external auditor.

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

Internal Audit:

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

Risk Management:

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

Administration:

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

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

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

Corporate Governance Committee Report

Members as of May 4, 2019:

Martine Turcotte (Chair)

Cynthia Devine

William Linton

Martine Reardon

Frank C. Sobey

Paul D. Sobey

Rob G.C. Sobey

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

In fiscal 2019, 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;
- Participated in management's engagement with proxy advisory firms and institutional shareholders on corporate governance matters;
- Conducted and reported on the annual Board assessment consisting of a confidential survey and individual interviews with all directors;
- Recommended to the Board the structure and composition of the Board's committees;
- Conducted a market review of director compensation (including the selection of the comparator group) and following the review recommended to the Board changes to the annual compensation for directors including an all-inclusive fixed fee compensation structure for directors and changes to share ownership guidelines;
- Reviewed and advised the Board on the independence status of all directors;
- Reviewed and recommended the Management Information Circular to the Board for approval;
- Reviewed, and as necessary recommended revisions to, the mandate of the Board and committees, and the position descriptions for the Board Chair and committee chairs;
- Recommended the appointment of officers for the Company;
- Reviewed the governance of the Company's investment in Crombie REIT and recommended Company appointees as Crombie REIT trustees;
- Reviewed the expenses incurred by the CEO during the fiscal year, as well as corporate aircraft usage and related costs and charges;
- Received updates on the Company's Corporate Social Responsibility Strategy and Sustainability initiatives; and
- Reviewed Corporate Governance Committee work plan.

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

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

Nominating Committee Report

Members as of May 4, 2019:


Martine Turcotte (Chair)


Cynthia Devine


William Linton


Martine Reardon

The Nominating Committee mandate is available on the Company's website at www.empireco.ca in the Governance section. All members of the 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 2019, in accordance with its mandate, the Nominating Committee undertook the following:

- Reviewed the director skills matrix, and compared it to the Company's peers, to ensure alignment with evolving business priorities and determined that the mix of skills of the current directors is appropriate;
- Considered the issue of term limits for committee members and chairs and determined that while no formal limits would be put in place at this time, the Nominating Committee would continue to monitor Board and Committee renewal in the best interests of good governance;
- Reviewed the current size of the Board and determined that it is appropriate;
- Monitored and discussed regulatory and other developments concerning board composition and diversity; and
- Reviewed Nominating Committee work plan.

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

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

Human Resources Committee Report

Members as of May 4, 2019:


William Linton (Chair)


Gregory Josefowicz


Sue Lee


Karl R. Sobey


Rob G.C. Sobey

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

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

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

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

In fiscal 2019, the Human Resources Committee, in accordance with its mandate, undertook the following:

- Reviewed and recommended for Board approval overall Company policies in respect of senior and executive management's compensation;
- Provided advice to the executive management of the Company in relation to the terms and conditions of employment for senior and executive management, which are designed to achieve the growth and profitability objectives of the Company and secure such key employees' long-term organizational commitment;
- Established short-term objectives and monitored the progress against these objectives. In consultation with the CEO set long-term goals and expectations;
- Recommended to the Board the appropriate annual compensation for the CEO having regard to performance and other relevant factors;
- 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 and approved a new plan design for the Supplemental Executive Retirement Plan;
- 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 approved executive compensation disclosure contained in the Company's Circular or as otherwise required by applicable securities laws, including the Compensation Discussion and Analysis; and
- Reviewed and provided guidance on benefit plan enhancements and new people policies that aligned with the Company's Diversity and Inclusion strategy.

In June 2019, the Human Resources Committee developed and recommended for Board approval the terms of a retention agreement for the CEO. Please refer to the "Employment Contracts and Retirement Arrangements" section of this Circular.

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

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

Section 7.

Statement of Executive Compensation

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 2019 fiscal year. For the fiscal year ended May 4, 2019, the NEOs were:

- Michael Medline, President & CEO
- Michael Vels, Chief Financial Officer
- Lyne Castonguay, Executive Vice President, Store Experience
- Simon Gagné, Executive Vice President, Human Resources
- Pierre St-Laurent, Executive Vice President, Merchandising and Québec

Following the end of fiscal 2019, on May 16, 2019, Lyne Castonguay left the Company and Pierre St-Laurent assumed the role of Chief Operating Officer, Full Service.

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 2019 compensation decisions, the HR Committee consisted of the following directors: William Linton (Chair), Gregory Josefowicz, Sue Lee, Karl R. Sobey and Rob G.C. Sobey. All of the members of the HR Committee are independent with the meaning of applicable securities laws governing the disclosure of corporate governance practices and have gained relevant experience in human resources and compensation matters as described below.

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

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

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

Rob G.C. Sobey has served as a director of the Company since 1998 and of Sobeys since 2007. Mr. Sobey was the President & Chief Executive Officer of Lawton's Drug Stores Limited until his retirement in January 2014 after 25 years with Sobeys. Mr. Sobey serves as a director of Norvista Capital Corporation and SeaFort Capital. Mr. Sobey is past Chair of the Human Resources Committee of DHX Media Ltd.

The HR Committee's mandate covers the development and ongoing review of executive compensation programs that reinforce the achievement of the Company's objectives including the establishment of annual base salary levels, the determination of annual Profit Sharing Plan ("**PSP**") awards, the determination of awards under the Company's LTIP, which includes PSUs/DSUs and Stock Options, and the oversight of succession planning. The Committee held nine meetings in fiscal 2019 and provided regular reports to the Board on its activities and on the policies and practices implemented by the Company's Human Resources Department. Further information on the HR Committee is set out in the section of this Circular entitled "Approach to Corporate Governance – Board Committees".

Succession Planning

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

Compensation Philosophy and Process

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

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

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

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

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

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

At the beginning of the performance year

Establishes base salaries for the year

↓

Confirms the pay mix for the CEO and the executive officers

↓

Finalizes targets for incentive programs

↓

Approves LTIP awards through PSUs, DSUs and Stock Options

At the end of the performance year

Assesses Company performance to determine if targets were met

↓

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

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

Compensation and Risk

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

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

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

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

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

Hedging Policy

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

Share Ownership

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

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

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

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

Position	Share Ownership Level
CEO	3 times salary
Executives with LTIP Target of 150% of salary	2 times salary
All Other Participants	0.5 times salary

The following table sets forth the equity ownership for the NEOs who were employed by the Company as of May 4, 2019.

EQUITY OWNERSHIP[1]

Name	Non-Voting Class A Shares (#)	Non-Voting Class A Shares ($)	Vested DSUs[2] (#)	Vested DSUs[2] ($)	Total Equity Ownership ($)	Total Value as a Multiple of Base Salary[3][4]
Michael Medline	80,635	$2,414,212	$ 21,634	$ 647,722	$3,061,934	2.99
Michael Vels	35,000	1,047,900	–	–	1,047,900	1.75
Lyne Castonguay	5,168	154,730	19,157	573,561	728,291	1.23
Simon Gagné	11,722	350,957	15,671	469,190	820,147	1.66
Pierre St-Laurent	1,456	43,593	5,772	172,814	216,407	0.39

Notes:

1) Securities held are reported as at May 4, 2019. Share value is calculated using the closing Non-Voting Class A share price on May 3, 2019 of $29.94.
2) Additional information on the value of DSUs can be found in the section of this Circular entitled "Incentive Plan Awards".
3) With the vesting of LTIP grants in fiscal 2020, Mr. Medline, Mr. Vels and Mr. Gagné are expected to exceed their Share Ownership Guidelines.
4) Mr. St-Laurent was promoted to Executive Vice President, Merchandising and Québec in fiscal 2019. He is expected to exceed his Share Ownership Guidelines within the expected 5-year time frame as his LTIP grants vest and mature over the next few years.

Advisor to the Human Resources Committee

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

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

In fiscal 2018 and 2019, the HR Committee retained the services of executive compensation consultants Hugessen Consulting Inc. to review the Statement of Executive Compensation section of the fiscal 2017 and 2018 Circular, respectively. Hugessen Consulting Inc. was first retained by the HR Committee in fiscal 2014.

In December 2018, the HR Committee appointed Hexarem Inc. as its new consultant for executive compensation services. In fiscal 2019, the HR Committee retained the services of Hexarem Inc. to perform executive compensation related work including reviewing the pay packages of some members of the executive team, completing pay-performance sensitivity analyses, benchmarking total compensation against companies in our comparator group, completing market research and providing ongoing advice to the HR Committee and other Board members.

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

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

HUMAN RESOURCES COMMITTEE CONSULTANTS' FEES

	Hexarem Inc. Fiscal 2019	Hugessen Consulting Inc. Fiscal 2019	Hugessen Consulting Inc. Fiscal 2018
Executive Compensation-Related Fees	$ 53,739	$ 4,013	$ 10,121
All Other Fees	–	–	–
Total Consulting Fees	$ 53,739	$ 4,013	$ 10,121

Compensation Benchmarking

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

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

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

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 table below, 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 2019 TARGET TOTAL DIRECT COMPENSATION[(1)]

			LTIP				
Name	Salary	PSP	PSUs/ DSUs	Stock Options	% of Pay at Risk[(2)]	Pay not at Risk ($)	Pay at Risk ($)[(2)]
Michael Medline	21%	21%	35%	23%	79%	$ 1,025,000	$ 3,843,750
Michael Vels	31%	23%	28%	18%	69%	600,000	1,350,000
Lyne Castonguay	31%	23%	28%	18%	69%	590,000	1,327,500
Simon Gagné	31%	23%	28%	18%	69%	495,000	1,113,750
Pierre St-Laurent	31%	23%	28%	18%	69%	550,000	1,237,500

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).

The table below highlights the alignment of the CEO and NEO's fiscal 2019 pay at risk and the need to achieve specific short-term and long-term performance metrics, along with the need to materially grow shareholder wealth before the majority of the fiscal 2019 pay at risk would be earned by the CEO and NEOs.

PAY AT RISK POTENTIAL EARNINGS FISCAL 2019 SENSITIVITY

Name	Pay at Risk(1)	Scenario A(2)	Scenario B(3)	Scenario C(4)	Scenario D(5)	Scenario E(6)
Michael Medline	$3,843,750	$ 705,000	$1,730,000	$2,716,000	$3,392,000	$4,329,000
Michael Vels	1,350,000	225,000	675,000	990,000	1,206,000	1,505,000
Lyne Castonguay	1,327,500	221,000	664,000	973,000	1,186,000	1,480,000
Simon Gagné	1,113,750	186,000	557,000	817,000	995,000	1,242,000
Pierre St-Laurent	1,237,500	206,000	619,000	907,000	1,105,000	1,380,000

Notes:
1) Pay at risk represents the aggregate of the PSP and LTIP (PSUs/DSUs and Stock Options) values.
2) Pay at risk earned if target PSP performance is not achieved, PSU and DSU performance is not achieved and stock price does not grow.
3) Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is not achieved and stock price does not grow.
4) Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is achieved and stock price does not grow.
5) Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is achieved and stock price grows by 10%.
6) Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is achieved and stock price grows by 25%.

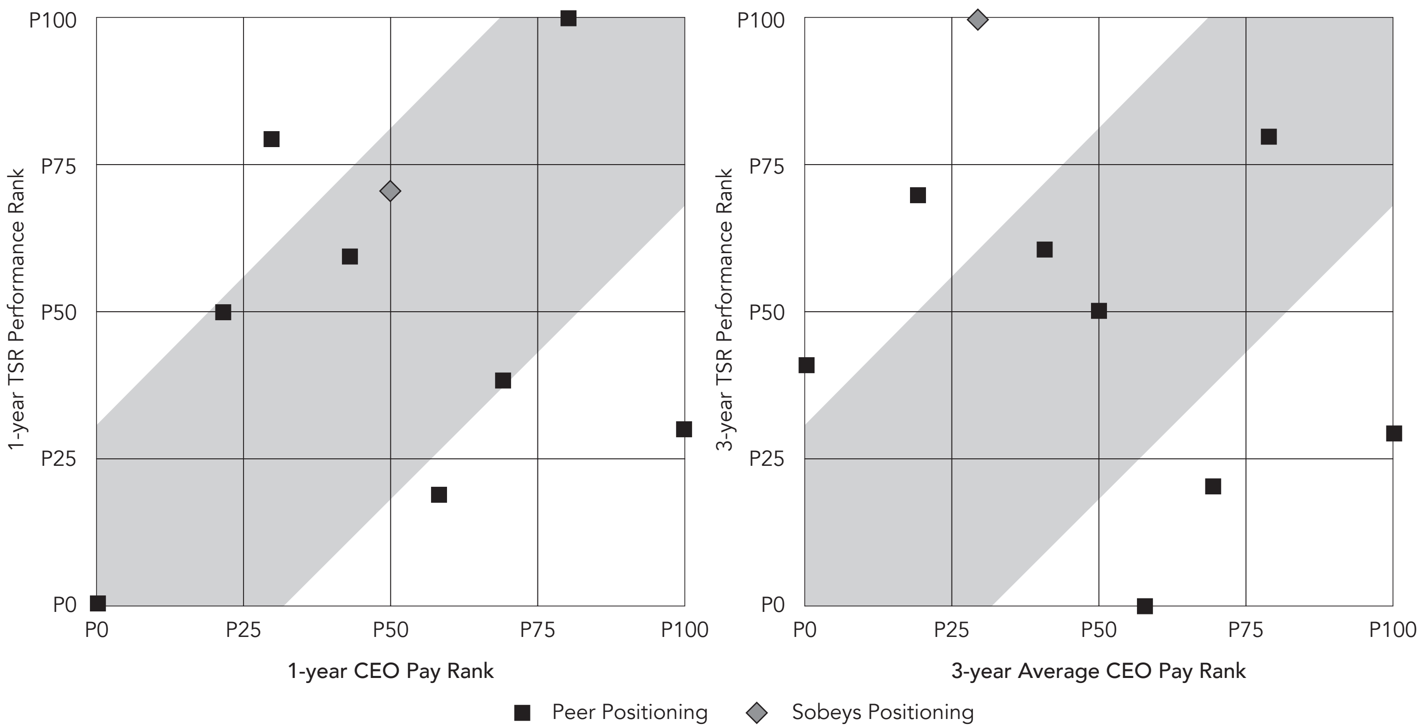
The table below illustrates the relative positioning of Sobeys' CEO and NEOs Total Direct Compensation ("**TDC**") and Total Shareholder Return ("**TSR**") performance ranking against the Company's comparator group on a one-year and three-year basis. The strong share price performance evidences the progress made on various business transformations and improvements. Please see page 44 of the Circular for the comparator group companies.

FISCAL 2019 CEO AND NEO TOTAL DIRECT COMPENSATION AND TOTAL SHAREHOLDER RETURN

	1-Year		3-Year	
	Total Direct Compensation Position (percentile)	Total Shareholder Return (percentile)	Total Direct Compensation Position (percentile)	Total Shareholder Return (percentile)
CEO	P50	P75	< P25	P100
NEOs	> P50	P75	> P50	P100

The graphs below further illustrate the relative positioning of the CEO's TDC and TSR performance ranking against the comparator group by showing the specific positioning against the eight members of the comparator group. Sobeys has the highest three-year TSR amongst its peers. Relative to its disclosed peers, Sobeys demonstrates pay and performance alignment on TSR and CEO pay.

PAY-FOR-PERFORMANCE ANALYSIS
TOTAL SHAREHOLDER RETURN – CEO



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

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	PSP	Cash	Annual	• Rewards executives for achieving or exceeding annual performance goals
	LTIP	Performance Share Units ("**PSUs**") Deferred Stock Units ("**DSUs**")	Multi-year	• Rewards executives for achieving or exceeding three-year performance goals
		Restricted Share Units ("**RSUs**")		• Rewards executives for enhancing shareholder value
		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 a defined benefit supplemental executive retirement plan ("**DB 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.			

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. The NEO's PSP awards are also based on the achievement of specific goals tied to the successful implementation of the Company's reorganization and transformation initiatives ("**KPIs**").

Seventy-five percent of the PSP target is based on the achievement of consolidated sales and profitability targets for Empire and 25 percent of their PSP target is based on the achievement of the KPIs. Profitability is defined as adjusted net earnings. The KPIs are established each fiscal year and are dependent on key fiscal year initiatives determined by the Board. The achievement of the KPIs is not dependent on the achievement of the sales and profitability component of the PSP award. If the non-financial KPIs are achieved, the KPI component will increase at the same ratio as the sales and profitability performance increase above target. The targets for the fiscal 2019 PSP awards are described on page 52 of this Circular.

FINANCIAL COMPONENT OF PSP

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

Note:

1) Adjusted net earnings is a non-GAAP measure. For more information about the Company's use of non-GAAP financial measures, please see the "Non-GAAP Financial Measures & Financial Metrics" section of the MD&A for the fiscal year ended May 4, 2019.

Actual fiscal 2019 PSP awards are described on pages 52 and 53 of this Circular.

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

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

The Company's LTIP has been established to assist in motivating Company executives to create longer-term shareholder value by providing them with incentive awards that are linked to strong sustainable growth. 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. LTIP participants can be granted PSUs, DSUs and Stock Options, in accordance with the terms of the Empire PSU Plan, Executive Deferred Stock Unit Plan ("**EDSUP**") and Empire Long-Term Incentive Plan, respectively. The PSU and DSU Plans both state that the HR Committee has the discretion to grant any PSU or DSU award, in whole or in part, based solely upon time vesting and has the authority to determine the vesting schedule of PSUs or DSUs granted under each such award, subject to a maximum vesting period of three fiscal years. Time vested PSUs may also be referred to herein as restricted share units ("**RSUs**").

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 Plan or the EDSUP described below.

In the first quarter of fiscal 2017, the Company implemented a new EDSUP. LTIP participants must elect in advance whether any performance awards they receive will be in the form of PSUs/RSUs or DSUs (performance based and time based). The performance criteria, performance period and maximum three-year vesting will be the same in either case. The principal difference is that PSUs/RSUs will be paid shortly after the vesting date in the form of Empire Non-Voting Class A shares, whereas DSUs will vest based on time or applicable performance criteria, but be payable in cash only when the participant retires or leaves the Company. The election is required to be made by December 15 of the calendar year prior to the grant of the award.

The 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 the value of their LTIP award granted in Stock Options and 60 percent in PSUs/DSUs. Of the 60 percent PSU/DSU award, 35 percent is granted in performance based PSUs/DSUs and 25 percent is granted in time based RSUs/DSUs.

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 determined 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 performance period. 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 capital employed ("**ROCE**"), calculated by using adjusted net earnings and adjusted earnings per share ("**EPS**") (grants issued prior to fiscal 2019 are measured on return on equity, not ROCE). The target level for both the ROCE and EPS performance requirements has been established based on anticipated annual compounded growth in earnings taking into account the Company's business strategies, plans, Project Sunrise initiatives and expected operating performance.

In setting the performance levels for both ROCE and EPS, as well as the respective adjustment factors, the Board has the authority to set a minimum performance level at or below which the adjustment factor will be zero and no PSUs/DSUs will vest for the term. The Board also has the authority to amend or adjust the performance measures, performance levels and adjustment factors during the term of an award as it determines appropriate. The fiscal 2019 PSU and DSU performance targets are described on page 54 of this Circular.

Each award has a performance period of not more than three years. Each year constitutes one-third of the performance criteria to earn an award. Performance can be achieved in a single year and is not dependent on achieving all three years' ROCE and EPS performance to earn a partial award. At the end of the three fiscal year period, the HR Committee reviews the Company's actual performance against the performance measures and determines the performance level achieved for each fiscal year. The number of PSUs or DSUs subject to performance vesting criteria that will vest is adjusted upwards or downwards based on the actual performance against the specified ROCE and EPS performance measures, with a payout range for those PSUs/DSUs of zero times target to two times target.

PERFORMANCE MEASURES, PERFORMANCE LEVELS AND ADJUSTMENT FACTORS				
	3-Year Average Performance	Performance Measures		Adjustment Factor (% Vesting of Award)
Performance Level	Below Threshold Level	Adjusted EPS[1] (50% weight)	ROCE[1], 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

Note:

1) Adjusted EPS and ROCE are non-GAAP measures. For more information about the Company's use of non-GAAP financial measures, please see the "Non-GAAP Financial Measures & Financial Metrics" section of the MD&A for the fiscal year ended May 4, 2019.

The EPS and ROCE above threshold level and below maximum level will be calculated via interpolation unless specifically at threshold level or target level wherein they will be deemed to be at 30 percent and 100 percent vesting, respectively.

In addition to the performance measures noted above the PSU Plan and the EDSUP have a Relative (Absolute) Metric where the value of future PSUs/DSUs earned and paid upon vesting will be modified according to the relative three-year growth in the Non-Voting Class A shares compared to the growth in the publicly traded shares of the Company's two main grocery competitors, Loblaw Companies Limited ("**Loblaw**") and Metro Inc. ("**Metro**"). If the growth in the Non-Voting Class A shares is higher than both Loblaw and Metro, then the PSUs/DSUs would vest at a 10 percent premium value. If the growth in the Non-Voting Class A shares is lower than both Loblaw and Metro, then the PSUs/DSUs would vest at a 10 percent reduced value. If the growth in the Non-Voting Class A shares is higher than just one of either Loblaw or Metro, then neither the 10 percent vesting premium nor 10 percent vesting discount would apply.

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 % ÷ GRANT PRICE/4 = TARGET NUMBER OF STOCK OPTIONS GRANTED

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 grant 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 determined 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 value of an Empire Non-Voting Class A stock option is determined using the Black-Scholes model and this value is used to establish the stock option grant multiplier of four. The Stock Options resulting from this calculation is presented to the HR Committee for approval.

The table below sets out the number of outstanding Stock Options and weighted average exercise price as of May 4, 2019.

STOCK OPTIONS OUTSTANDING	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	4,686,155	$ 22.81
Granted(1)	800,573	25.97
Exercised(2)	(746,346)	22.30
Expired	(250,116)	27.49
Forfeited	(196,978)	20.63
Balance, end of year	4,293,288	$ 23.31
Stock options exercisable, end of year	2,201,160	

Notes:

1) The Company's annual burn rate under the Stock Option Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 0.5% in 2019, 0.5% in 2018 and 0.6% in 2017. The burn rate is calculated by dividing the number of securities granted during the fiscal period by the weighted average number of Non-Voting Class A shares and Class B common shares of the Company outstanding at the last day of the relevant fiscal year.
2) No NEO exercised Stock Options in fiscal 2019.

For additional terms of the Stock Option Plan including insider participation limits, assignment, expiry and amendment, see Appendix B to this Circular.

Compensation Changes for Fiscal 2020

The base salary of the CEO will be $1,125,000 effective June 30, 2019. The CEO's annual PSP target rate will increase from 100 percent of base salary to 125 percent of base salary effective for the fiscal 2020 year.

Effective June 30, 2019, Michael Vels, Pierre St-Laurent and Simon Gagné's base salaries were increased to $700,000, $650,000 and $530,000, respectively. Mr. Vels and Mr. St-Laurent's increases are related to enhanced responsibilities, with Mr. Vels assuming responsibility for Information Technology and Mr. St-Laurent becoming the Chief Operating Officer, Full Service. Mr. Gagné's base salary increase for fiscal 2020 is in recognition of the significant expansion of the human resources and labour relations portfolios over the past several years, and the increasingly complex breadth of his responsibilities.

The Company will be introducing a new defined contribution supplemental executive pension plan ("**DC SERP**") in January 2020. This DC SERP will replace the existing DB SERP and will be the supplemental executive pension plan used by the HR Committee when determining new supplemental executive pension plan members. A few key attributes of the new DC SERP are:

- Existing members of the DB SERP will remain members of the DB SERP;
- The annual Company DC SERP contribution will be 16 percent of an executive's base pay. Incentive awards earned are not eligible for pension plan contributions;
- The new DC SERP will have immediate vesting;
- There is no past service recognition for the new DC SERP; and
- The new DC SERP will be a funded plan.

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 the 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 10 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 2 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 6 percent of each member's salary. In addition, members may make additional unmatched voluntary contributions of as much as 10 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 DB 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 2 percent per credited year of service to a maximum of 60 percent of the average of the executive's annualized pensionable earnings (base salary) during the 60 months of continuous service prior to the executive's date of retirement.

Fiscal 2019 Compensation Decisions

Year in Review

Our fiscal 2019 results – the second fiscal year under the leadership of the CEO and his executive team – reflected a significant improvement over fiscal 2018. Sales and profitability were both ahead of target: sales were $25.1 billion compared to a target of $24.7 billion. Reported adjusted net earnings were $410.0 million ($1.50 per diluted share) compared to a target of $380.1 million ($1.40 per diluted share). For compensation purposes, fuel sales are excluded from sales and gains on the sale of capital assets and certain non-budget earnings and costs are excluded from adjusted net earnings to determine incentive awards. Details of the Company's financial performance in fiscal 2019 can be found in the Company's 2019 Management's Discussion and Analysis.

Base Salary

Base salaries for the NEOs for fiscal 2019 were set at the beginning of the year having regard to the factors set out in the section of this Circular entitled "Components of Executive Compensation".

PSP – Awards in the Most Recently Completed Fiscal Year

The PSP award is based on the attainment of the Board-approved sales and profitability targets in addition to the attainment of certain KPIs. The KPIs for fiscal 2019 were focused on three important strategic initiatives. These initiatives were based on the achievement of specific targets for Project Sunrise cost savings, replenishment service levels as well as improvements in category reset margins. As described on page 47 of this Circular, the weighting of the PSP awards for these NEOs was 75 percent financial results and 25 percent KPI achievement. Two of the three initiatives were achieved resulting in a 75 percent achievement of KPI performance.

The table below sets out the performance metrics and fiscal 2019 actual financial performance:

FISCAL 2019 PSP PERFORMANCE

	Performance Range (as % of Target)			Fiscal 2019 Actual Financial Performance	
Performance Metric	Threshold	Target	Max	(as % of Target)	Payout as % of Target
Empire Sales	97%	100%	103%	100.3%	127%
Empire Profitability (adjusted net earnings)	85%	100%	115%	105.9%	

With the PSP component weighting of 40 percent sales and 60 percent profitability and the actual performance at 100.3 percent of target for sales and 105.9 percent of target for profitability results in a 127.0 percent payout of the PSP target rate associated with financial performance.

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

FISCAL 2019 PSP PAYOUTS

Name	PSP Target (% of Base Salary)	PSP Target ($)	Weighting: Financial Performance	Weighting: KPI	Payout as % of Target: Achievement of Target Financial Performance (%)(1)	Payout as % of Target: Achievement of Target KPI Performance (%)(2)	Payout as % of Target: Payout as % of PSP Target (%)(3)	Total Payout Percent (% of Base Salary)	Actual Fiscal 2019 PSP Award ($)
Michael Medline	100%	$1,025,000	75%	25%	95%	24%	119%	119%	$ 1,217,188
Michael Vels	75%	450,000	75%	25%	95%	24%	119%	89%	534,375
Lyne Castonguay	75%	442,500	75%	25%	95%	24%	119%	89%	525,469
Simon Gagné	75%	371,250	75%	25%	95%	24%	119%	89%	440,859
Pierre St-Laurent	75%	412,500	75%	25%	95%	24%	119%	89%	489,844

Notes:

1) The Achievement of Target Financial Performance is calculated by multiplying the weighting of target PSP that is based on financial performance by the Fiscal 2019 Actual Financial Performance. For example, for Mr. Vels, the Achievement of Target Financial Performance is 75% multiplied by the 127% payout of the PSP target rate associated with financial performance.
2) The Achievement of Target KPI Performance is calculated by multiplying the weighting of target PSP that is based on KPI performance by the actual KPI achievement of 75%, noted on page 52 of this Circular under the section "PSP – Awards in the Most Recently Completed Fiscal Year", and then by the Fiscal 2019 Actual Financial Performance. For example, for Mr. Vels, the Achievement of Target KPI Performance is 25% multiplied by 75%, and then multiplied by 127%.
3) The Payout as % of PSP Target is calculated by adding the Achievement of Target Financial Performance and the Achievement of Target KPI Performance together.

LTIP – Awards in the Most Recently Completed Fiscal Year

For fiscal 2019, the following table outlines the PSUs, DSUs and Stock Options granted to the NEOs. As indicated in the table, there were no PSUs granted to any NEOs.

FISCAL 2019 LTIP AWARDS

Name	PSU and DSU Awards: LTIP Target (% of Base Salary)	PSU/DSU Target (% of Base Salary)	Total Number of PSUs/DSUs Granted	Number of PSUs Granted (Time Based)	Number of PSUs Granted (Performance Based)	Number of DSUs Granted (Time Based)	Number of DSUs Granted (Performance Based)	PSU/DSU Granted Price	Value of Fiscal 2019 PSU/DSU-Based Awards	Stock Option Awards: Stock Option Target (% of Base Salary)	Number of Stock Options Granted	Option Exercise Price(1)	Value of Fiscal 2019 Stock Option-Based Awards
Michael Medline	275%	165%	67,812	0	0	28,255	39,557	$ 24.94	$ 1,691,250	110%	175,623	$ 25.68	$1,127,500
Michael Vels	150%	90%	21,651	0	0	9,021	12,630	24.94	540,000	60%	56,074	25.68	360,000
Lyne Castonguay	150%	90%	21,291	0	0	8,871	12,420	24.94	531,000	60%	55,140	25.68	354,000
Simon Gagné	150%	90%	17,862	0	0	7,442	10,420	24.94	445,500	60%	46,261	25.68	297,000
Pierre St-Laurent	150%	90%	19,847	0	0	8,270	11,577	24.94	495,000	60%	51,401	25.68	330,000

Note:

1) The value of the fiscal 2019 PSUs, DSUs and Stock Option awards was determined as of June 28, 2018, the date of grant.

The performance targets for the DSUs relate to a three-year vesting period ending in fiscal 2021. The EPS and ROCE targets for the three-year vesting period are developed taking into account the Company's business strategies, plans, Project Sunrise initiatives and expected operating performance. These measures are approved by the HR Committee and are developed to be aligned with shareholder growth expectations.

The table below sets out the performance metrics for fiscal 2019 actual performance. The DSU performance targets for fiscal 2020 and fiscal 2021 are forward-looking and will be disclosed at the time of vesting of the DSUs.

The performance weighting is 50 percent for each of EPS and ROCE. Each year constitutes one-third of the performance criteria to earn an award. Performance can be achieved in a single year and is not dependent on achieving all three years' EPS and ROCE performance to earn a partial award. Target performance is earned when the average of the three-year EPS and ROCE performance equals 100 percent of target performance.

FISCAL 2019 PSU AND DSU PERFORMANCE TARGETS

	Target Performance & Performance Range (as % of Target)			
Performance Metric	Threshold[1]	Target	Max[2]	Fiscal 2019 Target[3]
Empire EPS[4]	< 90%	100%	110%	$1.35
Empire ROCE[4]	< 90%	100%	110%	8.36%

Notes:

1) Performance at threshold results in a 30% achievement of the target award. Performance below threshold results in 0% achievement of target award.
2) Performance at maximum performance results in a 200% achievement of target award.
3) Earnings used to determine target EPS and target ROCE exclude capital gains of Empire and Sobeys.
4) Performance achievement between 90% and 99% and performance achievement between 101% and 110% is calculated by interpolation.

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 2019:

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Name	Year	Salary	Share-Based Awards[1]	Option-Based Awards[2]	Non-Equity Incentive Plan Compensation Annual (PSP)	Pension Value[3]	All Other Compensation[4]	Total Compensation
Michael Medline	2019	$ 1,008,172	$ 1,691,250	$ 1,127,500	$ 1,217,188	$ 368,000	$ 2,833	$ 5,414,943
	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
Michael Vels	2019	$ 597,306	$ 540,000	$ 360,000	$ 534,375	$ 97,000	$ 2,361	$ 2,131,042
	2018	524,229	1,970,000	580,000	783,000	87,000	285,940	4,230,169
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lyne Castonguay	2019	$ 587,570	$ 531,000	$ 354,000	$ 525,469	$ 160,000	$ 254,420	$ 2,412,459
	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
Simon Gagné	2019	$ 496,076	$ 445,500	$ 297,000	$ 440,859	$ 33,000	$ 95,078	$ 1,807,513
	2018	488,079	745,500	297,000	668,250	303,000	95,033	2,596,862
	2017	448,654	405,000	270,000	0	76,000	95,031	1,294,685
Pierre St-Laurent	2019	$ 535,393	$ 495,000	$ 330,000	$ 489,844	$ 2,353,000	$ 3,861	$ 4,207,098
	2018	350,004	315,000	210,000	315,000	68,000	3,694	1,261,698
	2017	293,996	71,050	30,450	59,762	763,000	715	1,218,973

Notes:

1) The amounts 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. For fiscal 2017, the amounts in this column for Mr. Medline and Ms. Castonguay include special PSU awards.
2) The amounts in this column represent the compensation value of Stock Options granted under the LTIP as follows:
   a. In fiscal 2019, Stock Options were granted at a grant price of $25.68. The HR Committee used 25% of the grant price to estimate the compensation value of each option. As a result, the compensation value per Stock Option was $6.42. For accounting purposes, the Stock Options were valued using the Black-Scholes Option Pricing Model at $5.70 per Stock Option which is $0.72 lower than the compensation value used for purposes of determining Stock Option grants. The awards to Mr. Medline, Mr. Vels, Ms. Castonguay, Mr. Gagné and Mr. St-Laurent were valued for accounting purposes at $1,001,523, $319,772, $314,446, $263,812 and $293,124, respectively;
   b. In fiscal 2018, Stock Options were granted at a grant price of $19.06. The HR Committee used 20% of the grant price to estimate the compensation value of each option. As a result, the compensation value per Stock Option was $3.81. For accounting purposes, the Stock Options were valued using the Black-Scholes Option Pricing Model at $3.48 per Stock Option which is $0.33 lower than the compensation value used for purposes of determining Stock Option grants. The awards to Mr. Medline, Mr. Vels, Ms. Castonguay, Mr. Gagné and Mr. St-Laurent were valued for accounting purposes at $781,045, $503,338, $291,588, $257,743 and $191,835, respectively; and
   c. In fiscal 2017, Stock Options were granted at a grant price of $20.68, with the exception of Mr. Medline which were granted at a grant price of $15.60. The HR Committee used 20% of the grant price to estimate the compensation value of each option. As a result, the compensation value per Stock Option was $4.14 (Mr. Medline – $3.12). For accounting purposes, the Stock Options were valued using the Black-Scholes Option Pricing Model at $2.95 (Mr. Medline – $2.22) per Stock Option which is $1.19 (Mr. Medline – $0.90) lower than the compensation value used for purposes of determining Stock Option grants. The awards to Mr. Medline, Ms. Castonguay, Mr. Gagné and Mr. St-Laurent were valued for accounting purposes at $198,638, $223,625, $182,965 and $43,647, respectively.
3) The Pension Value is the compensatory change that is described in the section of this Circular entitled "Pension Plan, Benefits and Other Compensation – Defined Benefits Plan Table".
4) For Mr. Vels, who joined the Company in mid-June 2017, the amount in this column includes a signing bonus of $275,000 as well as an $8,942 car allowance. For Ms. Castonguay, the amounts in this column include a relocation benefit amount for fiscal 2019. For Mr. Gagné, the amounts in this column include a relocation benefit amount for each of fiscal 2019, fiscal 2018 and fiscal 2017. 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% 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	Fiscal Year of Grant	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the-Money Options(1)	Number of Units of Shares that Have Not Vested	Market or Payout Value of Share-Based Awards that Have Not Vested(2)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed(3)(4)
Michael Medline	2019	175,623	$ 25.68	June 2026	$ 748,154	67,812	$ 2,030,291	$ 0
	2018	236,096	19.06	June 2025	2,568,724	87,886	2,631,307	0
	2017	89,549	15.60	June 2024	1,284,133	77,783	2,328,823	649,885
Michael Vels	2019	56,074	$ 25.68	June 2026	$ 238,875	21,651	$ 648,231	$ 0
	2018	152,150	19.06	June 2025	1,655,392	59,933	1,794,394	1,344,801
Lyne Castonguay	2019	55,140	$ 25.68	June 2026	$ 234,896	21,291	$ 637,453	$ 0
	2018	88,142	19.06	June 2025	958,985	23,942	716,823	0
	2017	79,787	20.68	June 2024	738,828	104,749	3,136,185	575,476
Simon Gagné	2019	46,261	$ 25.68	June 2026	$ 197,072	17,862	$ 534,788	$ 0
	2018	77,911	19.06	June 2025	847,672	25,914	775,865	150,080
	2017	65,280	20.68	June 2024	604,493	0	0	470,757
	2016	43,761	30.25	June 2023	0	0	0	0
	2015	57,984	22.38	June 2022	438,166	0	0	0
	2014	41,550	25.33	June 2021	191,546	n/a	n/a	n/a
	2014	41,550	27.44	June 2021	103,875	n/a	n/a	n/a
Pierre St-Laurent	2019	51,401	$ 25.68	June 2026	$ 218,968	19,847	$ 594,219	$ 0
	2018	55,089	19.06	June 2025	599,368	14,964	448,022	0
	2017	14,724	20.68	June 2024	136,344	0	0	173,391
	2016	3,837	30.25	June 2023	0	0	0	0
	2015	4,893	22.38	June 2022	36,975	0	0	0
	2014	10,236	25.33	June 2021	47,188	n/a	n/a	n/a
	2014	10,236	27.44	June 2021	25,590	n/a	n/a	n/a

Notes:

1) The amounts in this column are based on the closing Non-Voting Class A share price on May 3, 2019 of $29.94.
2) The amounts in this column are based on the closing Non-Voting Class A share price on May 3, 2019 of $29.94 and assume that 100% of target performance measures will be achieved; actual payout will range from 0% to 200%.
3) The amounts in this column represent the payout value for the fiscal 2017 DSU awards, which vested at 77.02% of the target award granted for Mr. Medline, Ms. Castonguay and Mr. Gagné. For Mr. Gagné, the amount in this column also includes the value of the vested units from the special one-time grant of time based PSUs issued in fiscal 2018. Additionally, for Mr. St-Laurent, the amount in this column represents the payout value for the fiscal 2017 DSU awards base grant as well as the retention grant issued to him which vested at 83.11% and 78.95%, respectively. The payout value for all awards is at $30.04, the VWAP immediately preceding the vesting date.
4) The amount in this column for Mr. Vels represents the value of the PSUs that have vested from his special one-time grant of PSUs issued in fiscal 2018. The payout value for his award is $30.04, the VWAP immediately preceding the end of fiscal 2019.

No NEO exercised Stock Options in fiscal 2019 or at any previous time.

The following outlines the incentive plan awards vested or earned during fiscal 2019.

Under the terms of the Stock Option Plan, at the end of fiscal 2019, 100 percent of the fiscal 2015 Stock Option grant was vested, 75 percent of the fiscal 2016 Stock Option grant was vested, 50 percent of the fiscal 2017 Stock Option grant was vested and 25 percent of the fiscal 2018 Stock Option grant was vested.

For the share-based awards, the DSUs awarded for fiscal 2017 vested and matured at the end of fiscal 2019. These fiscal 2017 DSUs vested at 77.02 percent of the target award granted to Mr. Medline, Ms. Castonguay and Mr. Gagné. For Mr. Gagné, the share-based award includes the $150,080 value of the vested units from the special one-time grant of units issued in fiscal 2018. For Mr. St-Laurent, the fiscal 2017 DSU award as well as a special retention grant issued to him vested at 83.11 percent and 78.95 percent, respectively. For Mr. Vels, the share-based award represents the $1,344,801 value of the vested units from the special one-time grant of PSUs issued in fiscal 2018. The payout value for all awards is at $30.04, the VWAP immediately preceding the vesting date.

The amounts in the "Non-Equity Incentive Plan – Value Earned During the Year" column represent the aggregate of the PSP Payouts in respect of fiscal 2019.

INCENTIVE PLAN AWARDS VESTED OR EARNED DURING THE FISCAL YEAR

Name	Option-Based Awards – Value Vested During the Year	Share-Based Awards – Value Vested During the Year	Non-Equity Incentive Plan – Value Earned During the Year
Michael Medline	$ 880,466	$ 649,885	$ 1,217,188
Michael Vels	265,879	1,344,801	534,375
Lyne Castonguay	368,250	575,476	525,469
Simon Gagné	508,159	620,837	440,859
Pierre St-Laurent	154,152	173,391	489,844

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

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

	Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights			Securities Remaining Available for Future Issuance Under Equity Compensation Plans		Total Securities Issuable Under Equity Compensation Plan	
Plan Category	Number	Percent of issued and outstanding shares	Weighted Average Exercise Price	Number	Percent of issued and outstanding shares	Number	Percent of issued and outstanding shares
Equity Compensation Plans Approved by Shareholders	4,293,288	1.6%	$ 23.31	5,011,932	1.8%	9,305,220	3.4%
Equity Compensation Plans Not Approved by Shareholders	nil	nil	nil	nil	nil	nil	nil
Total	4,293,288	1.6%	$ 23.31	5,011,932	1.8%	9,305,220	3.4%

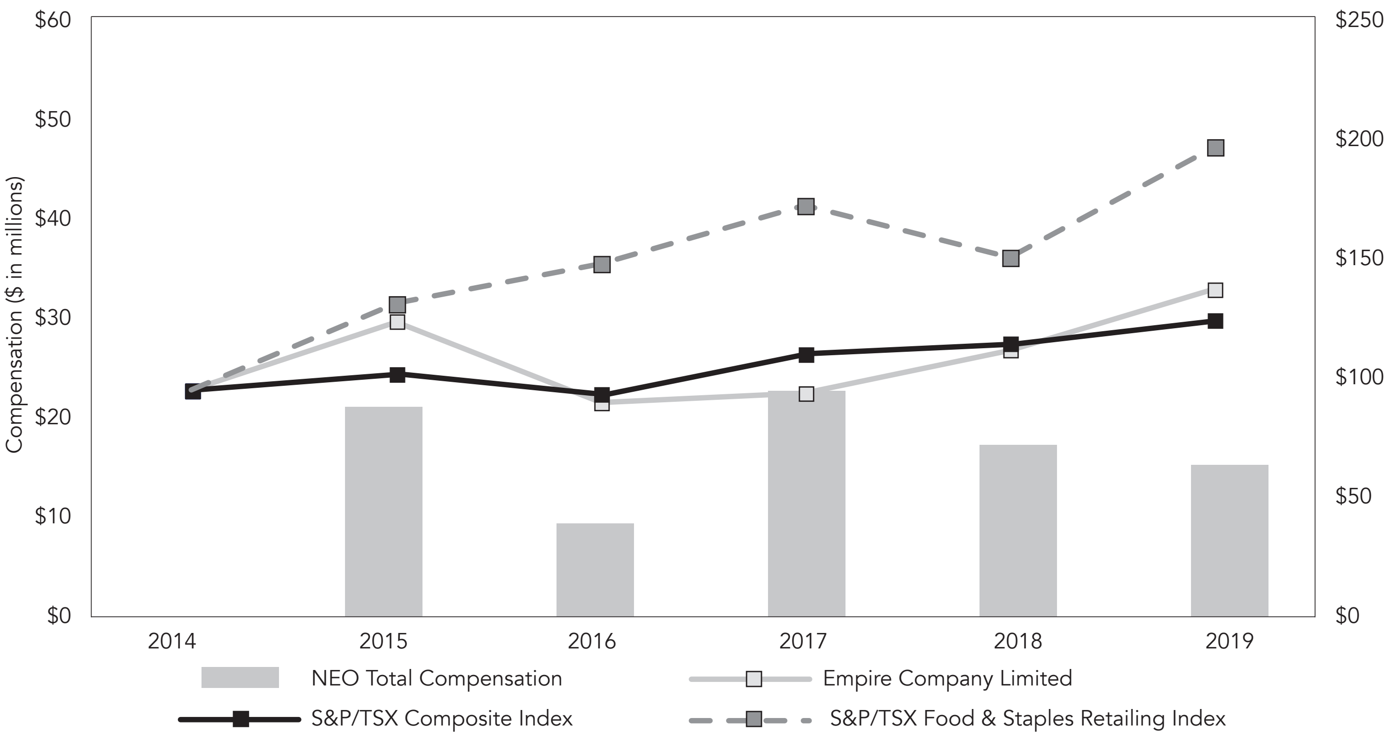
Performance Graph

The following graph illustrates the total cumulative return on a $100 investment in Empire's Non-Voting Class A shares starting on May 3, 2014, 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 4, 2019; total cumulative return assumes reinvestment of all dividends. Empire Non-Voting Class A shares are included in each of these indices.

The trend in the Company's total cumulative shareholder return is shown in the graph below along with the trend in the amount of total compensation paid to the NEOs for the five years ended May 4, 2019, 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 7.3 percent compared to the S&P/TSX Composite Index total return of 5.3 percent and 15.2 percent total return for the S&P/TSX Food and Staples Retailing Index over the same period. Over the past two years, the trend in the Company's total NEO compensation, excluding special items such as termination payments or one-time pension adjustments, has not increased with the positive trend in the Company's Total Shareholder Return.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN

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



Note:
The bar in the graph above and the number in the table below for fiscal 2018 include the total compensation for six NEOs. The bars in the graph above and the numbers in the table below for fiscal 2017 include the total compensation for seven NEOs. 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 2, 2015	May 7, 2016	May 6, 2017	May 5, 2018	May 4, 2019
Total NEO Compensation	$ 22.1	$ 9.9	$ 23.8	$ 18.1	$ 16.0

Five-Year Cumulative Total Shareholder Return on $100 Investment

	May 3, 2014	May 2, 2015	May 7, 2016	May 6, 2017	May 5, 2018	May 4, 2019	Compound Annual Growth Over Five Years
Empire Company Limited	$ 100.00	$ 129.13	$ 94.92	$ 98.90	$ 117.13	$ 142.50	7.3%
S&P/TSX Composite Index	$ 100.00	$ 106.91	$ 98.54	$ 115.27	$ 119.80	$ 129.57	5.3%
S&P/TSX Food & Staples Retailing Index	$ 100.00	$ 136.70	$ 153.50	$ 177.84	$ 156.17	$ 202.46	15.2%

Pension Plan, Benefits and Other Compensation

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

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

Note:

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

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

The pension benefits offered to the NEOs are determined as the greater of a defined benefit promise and a defined contribution promise. As a result, the Annual Benefits Payable, the Defined Benefit Obligation and the Compensatory and Non-Compensatory Changes set out in the following table are presented on a combined basis in respect of all the pension programs in which these executives have accrued some pension benefits, including the defined contribution plans and the Deferred Profit Sharing Plan. The Closing Present Value of Defined Benefits Obligation represents the present value of the projected benefit earned for all service to date, under all of the Company's pension programs, including the defined contribution plans. The Annual Benefits Payable accrued at May 4, 2019 is based on a deferred pension payable at age 65 and payable as a 60 percent joint life and survivor pension.

DEFINED BENEFITS PLAN TABLE							
Name	Number of Years Credited Service	Annual Benefits Payable ($)(1) At Year-End	Annual Benefits Payable ($)(1) At Age 65	Opening Present Value of Defined Benefit Obligation at May 6, 2018(2)	Compensation Change(3)	Non-Compensatory Change(4)	Closing Present Value of Defined Benefits Obligation at May 4, 2019(2)
Michael Medline	2.25	$ 42,000	$ 217,000	$ 278,000	$ 368,000	$ (57,000)	$ 589,000
Michael Vels	1.83	22,000	105,000	298,000	97,000	16,000	211,000
Lyne Castonguay	2.75	31,000	204,000	290,000	160,000	40,000	490,000
Simon Gagné	21.83	202,000	267,000	2,932,000	33,000	211,000	3,176,000
Pierre St-Laurent	27.83	188,000	203,000	1,362,000	2,353,000	215,000	3,930,000

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 4, 2019 and the terms of the pension arrangements in effect on May 4, 2019.
2) The Opening Present Value of Defined Benefit Obligation at May 6, 2018 and Closing Present Value of Defined Benefit Obligation at May 4, 2019 were calculated based on the methods and assumptions used to determine year-end pension plan obligations as disclosed in the fiscal 2018 and fiscal 2019 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 2019. It also included the impact of past service recognition under the DB SERP for new members designated during the year. For Mr. St-Laurent, this amount reflects an adjustment for his increased base salary associated with his promotion to Executive Vice President, Merchandising and Québec along with his credited service at the time of plan entry.
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, Lyne Castonguay, Simon Gagné and Pierre St-Laurent are 11, 9, 18, 29 and 42, respectively.

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

Employment Contracts and Retirement Arrangements

Michael Medline – In June 2019, the Board, on the recommendation of the HR Committee, was pleased to enter into a long-term retention agreement with Michael Medline. The agreement is in recognition of the significant contributions Mr. Medline has already made on multiple fronts, including across key significant financial metrics, as well as the need for stable and strong leadership as the Company embarks on an ambitious strategic roadmap. Given the market and industry challenges that will face the Company in the coming years, the Board designed the retention agreement to incent Mr. Medline to remain with the Company over at least the next six years and to further align his interests with those of shareholders and other stakeholders.

Pursuant to the terms of the retention agreement, Mr. Medline was granted 1,000,000 Stock Options – half of which time-vest in six years and half of which vest only if certain performance based metrics are attained within that six-year time period. The agreement contains provisions relating to how the special Stock Options would be treated upon voluntary and involuntary termination of employment prior to June 2025 that are consistent with industry practices and Company standards.

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

Mr. Medline's employment contract contains a provision that allows him to trigger a constructive dismissal in the event of a change of control of the Company which results in a material adverse change to his role or compensation. The employment contract now further provides for a 24-month severance package upon termination without cause or a change of control, and also contains customary non-competition and non-solicitation provisions.

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

Simon Gagné – Simon Gagné is party to a retirement arrangement with the Company. Upon notice of his retirement as Executive Vice President, Human Resources, Mr. Gagné will continue with the Company for two years as an HR consultant and will receive a one-time grant of $1,000,000 in time vested share units that vest 36 months following his retirement. In addition, if Mr. Gagné's retirement date is after May 4, 2021, he is entitled to a specified cash bonus of not greater than $1,000,000 depending on the specific timing of his retirement. The same treatment will be provided if Mr. Gagné is terminated without cause.

Lyne Castonguay – Lyne Castonguay, Executive Vice President, Store Experience left the Company effective May 16, 2019. In connection with her departure, Ms. Castonguay will be entitled to a severance package in accordance with the Company's common law obligations. The terms of her package have not been finalized at the date of this Circular.

Section 8.

Indebtedness of Directors, Officers and Employees

As at July 18, 2019, there is no indebtedness to the Company and its subsidiaries by executive officers, directors, employees and former executive officers, directors and employees of the Company or its subsidiaries other than routine indebtedness.

Section 9.

Additional Information

Directors' and Officers' Insurance

Directors' and officers' liability insurance is provided for the benefit of the directors and officers of the Company through participation in a directors' and officers' insurance policy. The total policy limit 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 2019.

Annual Information Form

Financial information is provided in the Company's comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year. A copy of the Company's Annual Report, audited annual consolidated financial statements and Management's Discussion and Analysis, as well as the Company's Annual Information Form together with a copy of the other documents incorporated by reference therein, may be obtained, without charge, from under the Company's profile on SEDAR (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 emails addressed to the Board or to individual directors. Matters relating to the Company's financial disclosure, internal accounting controls or audit matters will be referred to the Audit Committee. Other matters may be referred to the Board Chair and/or to committees of the Board as appropriate. While the Board oversees management, it does not participate in day-to-day operations; therefore inquiries related to operational matters will be directed to the appropriate member(s) of management for response. The Office of the Corporate Secretary 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 email:	board@empireco.ca	

Section 10.

Directors' Approval

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

signed "Doug Nathanson"

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

July 18, 2019

Appendix A – Mandate of the Board of Directors

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

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

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

Independent Chair

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

Size of the Board

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

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 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 B – Selected Information About the Empire Stock Option Plan

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

Stock Options Outstanding

A maximum of 9,305,220 Non-Voting Class A shares may be issued under the Stock Option Plan, which is 3.4 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company as of May 4, 2019.

A total of 4,293,288 Stock Options were outstanding at fiscal year ended May 4, 2019. These Stock Options are exercisable into Non-Voting Class A shares and represent 1.6 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company. A total of 5,011,932 additional Stock Options may be granted under the Plan, representing 1.8 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 2018, there were outstanding a total of 4,686,155 Stock Options representing 1.7 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company.

Eligibility

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

Insider Participation Limits

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

i) The number of Non-Voting Class A shares reserved for issuance pursuant to share compensation arrangements granted to insiders exceeding 10 percent of those outstanding; and

ii) The issuance to insiders, within a one-year period, of a number of Non-Voting Class A shares exceeding 10 percent of those outstanding.

Assignment

Options are not assignable by participants.

Expiry

Except as otherwise determined by the HR Committee from time to time:

- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company without cause, there is no further vesting of the options beyond the termination date and vested options may only be exercised by the participant at any time prior to the earlier of (i) the 90-day period immediately following the termination date and (ii) the expiry of the options in accordance with the terms thereof.
- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company with cause, the options shall expire and terminate simultaneously with the act or event which caused the termination of employment of the participant.
- If, before the option expiry date, the employment of a participant by the Company is terminated by reason of death of the participant, the options are deemed to be fully vested immediately following the death of the participant and may only be exercised by the participant's estate at any time prior to the earlier of: (i) four years following the date of death; and (ii) the expiry of the options in accordance with the terms thereof.
- If, before the option expiry date, a participant becomes disabled and eligible for the long-term disability benefits under the Company's long-term disability plan, the options continue to vest for one year following the disability date and vested options may only be exercised by the participant at any time prior to the earlier of (i) two years following the disability date and (ii) the expiry of the options in accordance with the terms thereof.
- If, before the option expiry date, the employment of a participant by the Company is terminated due to retirement of the participant and the participant has less than 15 years service with the Company, the options continues to vest for one year following the retirement date and vested options may only be exercised by the participant at any time prior to the earlier of (i) one year following the retirement date and (ii) the expiry of the option in accordance with the terms thereof. If the participant accepts employment with a competitor of the Company at any time prior to exercising the vested options, the termination of the participant's employment will not be deemed to be a retirement and such options will be governed as if the participant had resigned. In addition, where a participant retires before February 1st of the fiscal year in which the options were granted, such options expire and terminate immediately upon retirement.
- If, before the option expiry date, the employment of a participant by the Company is terminated due to retirement of the participant and the participant has more than 15 years service with the Company, the options will continue to vest for four years following the retirement date and vested options may only be exercised by the participant at any time prior to the earlier of (i) four years following the retirement date and (ii) the expiry of the option in accordance with the terms thereof. If the participant accepts employment with a competitor of the Company at any time prior to exercising the vested options, the termination of the participant's employment will not be deemed to be a retirement and such options will be governed as if the participant resigned. In addition, where a participant retires before February 1st of the fiscal year in which the options were granted, such options expire and terminate immediately upon retirement.

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

<u>Method of Exercise</u>

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

<u>Amendments to the LTIP</u>

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

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

<u>No Amendment Shall:</u>

- 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

EMPIRE COMPANY LIMITED

115 King Street
Stellarton, Nova Scotia
B0K 1S0
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:

Email: investor.relations@empireco.ca

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

TRANSFER AGENT

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

MULTIPLE MAILINGS

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

DIVIDEND RECORD AND PAYMENT DATES FOR FISCAL 2020

Record Date	Payment Date
July 15, 2019	July 31, 2019
October 15, 2019*	October 31, 2019*
January 15, 2020*	January 31, 2020*
April 15, 2020*	April 30, 2020*

*Subject to approval by the Board of Directors

OUTSTANDING SHARES

As at June 25, 2019	
Non-Voting Class A shares	173,663,969
Class B common shares, voting	98,138,079

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

STOCK SYMBOL

Non-Voting Class A shares – EMP.A

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

www.empireco.ca