Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

LOBLAW COMPANIES LIMITED
ANNUAL MEETING OF SHAREHOLDERS

APRIL 30, 2020

THIS DOCUMENT CONTAINS:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

MANAGEMENT PROXY CIRCULAR

March 13, 2020

Dear Fellow Shareholder,

On behalf of the Board and management, we are pleased to invite you to our Annual Meeting of Shareholders, which will be held on Thursday, April 30, 2020, at 11:00 a.m. (Toronto time). Due to the uncertain public impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our shareholders, colleagues and the broader community, this year's meeting will be held in a virtual meeting format only, by way of a live webcast. Shareholders will be able to listen, participate and vote at the meeting in real time through a web-based platform instead of attending the meeting in person.

The Notice of Annual Meeting of Shareholders and related materials are enclosed.

This Management Proxy Circular describes the business to be conducted at the meeting. The Circular contains information on our corporate governance practices and our approach to executive compensation. At the meeting, shareholders will be voting on important matters. We hope that you take the time to review these meeting materials and that you exercise your vote. You may vote either by attending the virtual meeting or by completing and sending in your proxy form. Please read the enclosed materials as they contain relevant information for voting on the business to be conducted at the meeting.

We hope you will be able to join us at our meeting, which will occur by live webcast at http://web.lumiagm.com/235646106. Additional information on how to attend the virtual meeting is enclosed. This meeting is an opportunity to listen to and ask questions of the people who are responsible for the performance of the Corporation. The webcast of the meeting will be archived on our website following the meeting.

We thank you for your continued support of Loblaw and look forward to your attendance at this year's meeting.

Yours truly,

Galen G. Weston
Executive Chairman

Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

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Loblaw Companies Limited

Notice of Annual Meeting of Shareholders

The 2020 Annual Meeting of Shareholders of Loblaw Companies Limited (the "Meeting") will be held on Thursday, April 30, 2020, at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive the consolidated financial statements for the financial year ended December 28, 2019, and the auditor's report thereon;
2. to elect the directors (see "Election of the Board of Directors" in the Management Proxy Circular (the "Circular") for additional details);
3. to appoint the auditor and to authorize the directors to fix the auditor's remuneration (see "Appointment of the Auditor" in the Circular for additional details);
4. to vote on the advisory resolution on the approach to executive compensation;
5. to vote on the shareholder proposal set out in Schedule B of the Circular; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 9, 2020 will be entitled to vote at the Meeting.

Due to the uncertain public health impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our shareholders, colleagues and our broader community, this year's Meeting will be held in a virtual meeting format only. Shareholders will be able to listen to, participate in and vote at the Meeting in real time through a web-based platform instead of attending the Meeting in person.

You can attend the Meeting by joining the live webcast online at http://web.lumiagm.com/235646106. See "How do I attend and participate at the virtual Meeting?" in the Circular for detailed instructions on how to attend and vote at the Meeting.

Notice and Access

Loblaw Companies Limited (the "Corporation") is using the "notice and access" procedure adopted by the Canadian Securities Administrators for the delivery of the Circular. Under the notice and access procedure, you are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Meeting. However, instead of paper copies of the Circular, you are receiving this Notice of Meeting which contains information about how to access the Circular electronically. The principal benefit of the notice and access procedure is that it reduces costs and the environmental impact of producing and distributing paper copies of documents in large quantities. Shareholders who have consented to electronic delivery of materials are receiving this Notice of Meeting in an electronic format.

The Circular and form of proxy (or voting instruction form) for the common shares of the Corporation (the "Common Shares") provide additional information concerning the matters to be dealt with at the Meeting. **You should access and review all information contained in the Circular before voting.**

Shareholders with questions about the notice and access procedure can call Computershare Investor Services Inc. ("Computershare") toll free at 1-866-964-0492 or by going to: www.computershare.com/noticeandaccess.

Websites Where the Circular is Posted

The Circular can be viewed online on the Corporation's website, www.loblaw.ca, or under the Corporation's SEDAR profile at www.sedar.com.

Non-Registered and Registered Shareholders

If you would like a paper copy of the Circular, you should first determine whether you are: (i) a non-registered shareholder; or (ii) a registered shareholder.

- You are a non-registered shareholder (also known as a beneficial shareholder) if you own Common Shares indirectly and your Common Shares are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a non-registered shareholder if your Common Shares are held in a brokerage account of any type.
- You are a registered shareholder if you hold a paper share certificate or a direct registration system (DRS) statement and your name appears directly on the share certificate(s) or DRS statement.

How to Obtain Paper Copies of the Circular

All shareholders may request that paper copies of the Circular be mailed to them at no cost for up to one year from the date that the Circular was filed on SEDAR.

If you are a non-registered shareholder, a request may be made by going to www.proxyvote.com and entering the 16-digit control number located on your voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling Broadridge Investor Communications Corporation (“Broadridge”) at 1-877-907-7643. A request must be received by April 17, 2020 (i.e., at least seven business days in advance of the date and time specified in your voting instruction form as the voting deadline) if you would like to receive the Circular in advance of the voting deadline and Meeting date.

If you hold a paper share certificate or certificates and your name appears directly on the share certificate(s), and, if you would like to receive the Circular: (i) in advance of the voting deadline and Meeting date, then a request may be made by calling Computershare at 1-866-962-0498; or (ii) after the Meeting date and within one year from the date the Circular was filed on SEDAR, then a request may be made by calling Computershare at 1-800-564-6253. A request must be received by April 17, 2020 (i.e., at least seven business days in advance of the date and time specified in your proxy form as the voting deadline) if you would like to receive the Circular in advance of the voting deadline and Meeting date.

Voting

Non-registered shareholders

Non-registered shareholders are entitled to vote through Broadridge or their intermediary, as applicable, or during the Meeting by online ballot through the live webcast platform. Non-registered shareholders should exercise their right to vote by following the instructions of Broadridge or their intermediary, as applicable, as indicated on their voting instruction form. Voting instruction forms will be provided by Broadridge or your intermediary. Voting instruction forms may be returned as follows:

INTERNET:	www.proxyvote.com
TELEPHONE:	1-800-474-7493 (English) or 1-800-474-7501 (French)
MAIL:	Data Processing Centre, P.O. Box 3700, STN. INDUSTRIAL PARK, Markham, Ontario L3R 9Z9

Broadridge or your intermediary, as applicable, must receive your voting instructions at least one business day in advance of the proxy deposit date noted on your voting instruction form. If you are a non-registered shareholder and you wish to attend and vote at the Meeting (or have another person attend and vote on your behalf), you must complete the voting instruction form in accordance with the instructions provided. These instructions include the additional step of registering the person you have designated to attend the Meeting (either yourself or the person you designated to attend on your behalf) with our transfer agent, Computershare, after submitting the form of proxy or voting instruction form. Failure to register the proxyholder you have designated to attend the Meeting with Computershare will result in such proxyholder not receiving a control number to participate in the Meeting and such proxyholder would only be able to attend the Meeting as a guest. Guests will be able to listen to the Meeting but will not be able to ask questions or vote.

Registered shareholders

Registered shareholders are entitled to vote by proxy or during the Meeting by online ballot through the live webcast platform. Registered shareholders who are unable to attend the Meeting should exercise their right to vote by signing and returning the form of proxy, or voting in advance via the internet, in accordance with the directions on the form. Computershare must receive completed proxies no later than 5:00 p.m. (Toronto time) on April 28, 2020 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the date of the adjourned or postponed Meeting.

Dated at Toronto, Ontario, this 13th day of March, 2020.

BY ORDER OF THE BOARD OF DIRECTORS,

Gordon A. M. Currie
Executive Vice President, Chief Legal Officer & Secretary

1 About the Meeting

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

The Corporation is providing you with this Management Proxy Circular (this "Circular") and other proxy materials in connection with the 2020 Annual Meeting of Shareholders (the "Meeting") of Loblaw Companies Limited (the "Corporation" or "Loblaw") to be held on Thursday, April 30, 2020, at 11:00 a.m. (Toronto time). Due to the uncertain public health impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our shareholders, colleagues and the broader community, this year's meeting will be held in a virtual meeting format only, by way of a live webcast. Shareholders will be able to listen, participate and vote at the meeting in real time through a web-based platform instead of attending the meeting in person.

This Circular describes the items to be voted on at the Meeting as well as the voting process, and provides information about director and executive compensation, the Corporation's corporate governance practices and other relevant matters.

Please see the "Questions and Answers on the Voting Process" section below for an explanation of how you can vote on the matters to be considered at the Meeting, whether or not you decide to attend the Meeting.

Unless otherwise indicated, the information contained in this Circular is given as of March 9, 2020 and all dollar amounts used are in Canadian dollars.

NOTICE AND ACCESS

The Corporation is using the notice and access procedure that allows the Corporation to furnish proxy materials over the internet instead of mailing paper copies to shareholders. Under the notice and access procedure, the Corporation will deliver proxy-related materials by: (i) posting this Circular (and other proxy related materials) on a website other than SEDAR, in this case www.loblaw.ca; and (ii) sending the Notice of Meeting informing holders of common shares of the Corporation ("Common Shares") that this Circular and proxy related materials have been posted on the Corporation's website and explaining how to access them.

On or about March 25, 2020, the Corporation will send to shareholders the Notice of Meeting and the relevant voting document (a form of proxy or a voting instruction form). The Notice of Meeting contains basic information about the Meeting and the matters to be voted on, instructions on how to access the proxy materials, and explains how to obtain a paper copy of this Circular.

QUESTIONS AND ANSWERS ON THE VIRTUAL MEETING

Q: Why will the Meeting be completely virtual?

A: Due to the uncertain public health impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our shareholders, colleagues and the broader community, this year's meeting will be held in a virtual meeting format only, by way of a live webcast. Shareholders will be able to listen, participate and vote at the meeting in real time through a web-based platform instead of attending the meeting in person.

Q: Who can attend and vote at the virtual Meeting?

A: Registered shareholders and duly appointed proxyholders who log in to the Meeting online will be able to listen, ask questions and securely vote through a web-based platform, provided that they are connected to the internet and follow the instructions set out in this Circular. Shareholders who wish to appoint a proxyholder to represent them at the Meeting (including non-registered shareholders who wish to appoint themselves as proxyholder to attend, participate and vote at the Meeting) must submit their duly completed proxy or voting instruction form AND register the proxyholder with the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("Computershare") as described below. Failure to register the proxyholder (the person you have designated to attend the Meeting, who could be yourself or another person) with Computershare will result in that proxyholder not receiving a control number to participate in the Meeting and such proxyholder would only be able to attend the Meeting as a guest.

Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, provided that they are connected to the internet. Guests will be able to listen to the Meeting but will not be able to ask questions or vote.

Q: How do I attend and participate in the virtual Meeting?

A: How you vote depends on whether you are a registered or a non-registered shareholder. Please read the voting instructions below that are applicable to you.

In order to attend the Meeting, registered shareholders, duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) and guests (including non-registered shareholders who have not duly appointed themselves as proxyholder) must log in online as set out below.

- Step 1: Log in online at http://web.lumiagm.com/235646106.
- Step 2: Follow the instructions below:

Registered Shareholders: Click "Login" and then enter your control number and password **"loblaw2020"** (case sensitive). The control number located on the form of proxy or in the email notification you received from Computershare is your control number. If you use your control number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote at the Meeting.

Duly appointed proxyholders: Click "Login" and then enter your control number and password **"loblaw2020"** (case sensitive). Proxyholders who have been duly appointed and registered with Computershare as described in this Circular will receive a control number by email from Computershare after the proxy voting deadline has passed.

Guests: Click "Guest" and then complete the online form.

Registered shareholders and duly appointed proxyholders may ask questions at the Meeting and vote by completing a ballot online during the Meeting. If you plan to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the check-in procedures.

Non-registered shareholders who have not duly appointed themselves as proxyholders may listen to the Meeting as guests. Guests will not be permitted to ask questions or vote at the Meeting.

QUESTIONS AND ANSWERS ON THE VOTING PROCESS

Q: What items of business am I voting on?

A: You will be voting on:

- the election of directors;
- the appointment of the auditor and authorization of the directors to fix the auditor's remuneration;
- an advisory resolution on the Corporation's approach to executive compensation; and
- the shareholder proposal set out in Schedule B of this Circular.

Q: Am I entitled to vote?

A: You are entitled to vote if you were a holder of Common Shares as at the close of business on March 9, 2020, which is the record date of the Meeting. Each Common Share is entitled to one vote.

Q: How do I vote?

A: How you vote depends on whether you are a registered or a non-registered shareholder. Please read the voting instructions below that are applicable to you.

Q: Am I a registered shareholder?

A: You are a registered shareholder if you hold Common Shares in your own name and you have a share certificate or direct registration system (DRS) statement. As a registered shareholder, you are identified on the share register maintained by Computershare, as being a shareholder.

Q: Am I a non-registered or beneficial shareholder?

A: Most shareholders are non-registered shareholders. You are a non-registered shareholder if your Common Shares are held in an account in the name of an intermediary, such as a bank, broker or trust company. As a non-registered shareholder, you do not have shares registered in your name, but your ownership interest in Common Shares is recorded in an electronic system. As such, you are not identified on the share register maintained by Computershare as being a shareholder. Instead, the Corporation's share register shows the shareholder of your Common Shares as being the intermediary or depository through which you own your Common Shares.

The Corporation distributes copies of the proxy-related materials in connection with the Meeting to intermediaries so that they may distribute the materials to the non-registered shareholders. Intermediaries often forward the materials to non-registered shareholders through a service company (such as Broadridge Investor Communications Corporation). The Corporation pays for an intermediary to deliver the proxy-related materials to all non-registered shareholders.

Q: How do I vote if I am a registered shareholder?

A: If you are a registered shareholder, you may vote your Common Shares by proxy or during the Meeting by online ballot through the live webcast platform.

1. **Voting at the Meeting**

If you wish to vote your Common Shares at the Meeting, do not complete or return the form of proxy sent to you. Your vote will be taken and counted at the Meeting through the live webcast platform.

2. **Voting by Proxy**

You can vote by proxy whether or not you attend the Meeting. To vote by proxy, please complete the enclosed form of proxy (also available online at www.investorvote.com) and return it by either of the following means:

- by mail, courier or hand to Computershare at the address listed below; or
- by going online at www.investorvote.com.

You may authorize the management representatives named in the enclosed proxy form to vote your Common Shares, or **you may appoint another person or company to be your proxyholder.** The names already inserted on the form of proxy are Galen G. Weston, Executive Chairman, and Gordon A. M. Currie, Executive Vice President, Chief Legal Officer & Secretary of the Corporation. Unless you choose another person or company to be your proxyholder, you are giving these persons the authority to vote your Common Shares at the Meeting.

To appoint another person or company to be your proxyholder, you must insert the other person's or company's name in the blank space provided. That person or company must attend the Meeting to vote your Common Shares by online ballot through the live webcast platform. If you do not insert a name in the blank space, the management representatives named above are appointed to act as your proxyholder. You may also use a different form of proxy than the one included with the materials sent to you.

If you wish to appoint another person or company to be your proxyholder, you must complete the additional step of registering such proxyholder with Computershare at www.computershare.com/LoblawCompaniesLimited after submitting your form of proxy. Failure to register the proxyholder with Computershare will result in the proxyholder not receiving a control number to participate in the Meeting and such proxyholder would only be able to attend the Meeting as a guest.

Please note that in order for your vote to be recorded, your proxy must be received by Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 or online by no later than 5:00 p.m. (Toronto time) on April 28, 2020, or two business days before reconvening any adjourned or postponed Meeting.

Q: How will my shares be voted?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Common Shares or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Common Shares to be voted on a particular issue (by marking FOR, AGAINST or WITHHOLD, as applicable), then your proxyholder must vote your Common Shares accordingly. If you have not specified on the form of proxy how you want your Common Shares to be voted on a particular issue, then your proxyholder can vote your Common Shares as he or she sees fit.

Unless contrary instructions are provided, Common Shares represented by proxies appointing management as the proxyholder will be voted:

- **FOR the election of the directors;**
- **FOR the re-appointment of KPMG LLP as the auditor of the Corporation and the authorization of the directors to fix the auditor's remuneration;**
- **FOR the advisory resolution on the Corporation's approach to executive compensation; and**
- **AGAINST the Shareholder Proposal set out in Schedule B of this Circular.**

Q: How do I vote if I am a non-registered shareholder?

A: If you are a non-registered shareholder, you may vote your Common Shares in one of the following ways:

1. **Through your intermediary**

   A voting instruction form will be included with the materials sent to you. The purpose of this form is to instruct your intermediary on how to vote on your behalf. Please follow the instructions provided on the voting instruction form.

2. **Attend the Meeting**

   If you wish to vote your Common Shares during the Meeting by online ballot through the live webcast platform, you should take these steps:

   - Step 1: Insert your name in the space provided on the voting instruction form provided by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint you as proxyholder. Do not otherwise complete the form, as you will be voting at the Meeting.
   - Step 2: Register yourself as a proxyholder with Computershare at www.computershare.com/LoblawCompaniesLimited by no later than 5:00 p.m. (Toronto time) on April 28, 2020, or two business days before reconvening any adjourned or postponed Meeting. Failure to register yourself as a proxyholder with Computershare will result in you not receiving a control number to participate in the Meeting and you would only be able to attend the Meeting as a guest.

3. **Designate another person to be appointed as your proxyholder**

   You can choose another person (including someone who is not a shareholder of the Corporation) to vote for you as a proxyholder. If you appoint someone else, he or she must attend the Meeting to vote for you. If you wish to appoint a proxyholder, you should insert that person's name in the space provided on the voting instruction form provided to you by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint that person as proxyholder. Do not otherwise complete the form, as your proxyholder will be voting at the Meeting. You must also register your proxyholder with Computershare at www.computershare.com/LoblawCompaniesLimited by no later than 5:00 p.m. (Toronto time) on April 28, 2020, or two business days before reconvening any adjourned or postponed Meeting. Failure to register the proxyholder you have designated to attend the Meeting on your behalf with Computershare will result in the proxyholder not receiving a control number to participate in the Meeting and such proxyholder would only be able to attend as a guest.

   United States Beneficial holders: To attend and vote at the virtual Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to: Computershare, 100 University Avenue; 8th Floor; Toronto, Ontario; M5J 2Y1 or by email to: uslegalproxy@computershare.com.

Q: Can I revoke my proxy or voting instruction?

A: If you are a **registered shareholder**, you may revoke your proxy by taking one of the following steps:

- you may submit a new proxy to Computershare before 5:00 p.m. (Toronto time) on April 28, 2020, or two business days before any adjourned or postponed Meeting is reconvened;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of the Corporation and deposited at the registered office of Computershare at any time up to and including the last business day preceding the day of the Meeting or any reconvening of an adjourned or postponed Meeting, at which the proxy is to be used;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting or the reconvening of an adjourned or postponed Meeting, at which the proxy is to be used; or
- you may vote during the Meeting by submitting an online ballot through the live webcast, which will revoke your previous proxy.

If you are a **non-registered shareholder**, you should contact your intermediary through which you hold Common Shares and obtain instructions regarding the procedure for the revocation of any voting or proxyholder instructions that you have previously provided to your intermediary.

Q: What if there are amendments or if other matters are brought before the Meeting?

A: Your proxyholder has discretionary authority to vote in respect of amendments that are made to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting or the date that any adjourned or postponed Meeting has been reconvened. As of the date of this Circular, management of the Corporation is not aware of any such amendments or other matters to be presented at the Meeting; however, if any such matter is presented, your Common Shares will be voted in accordance with the best judgment of the proxyholder named in the form. If you have not specifically appointed a person as proxyholder, a management representative named in the enclosed proxy form will be your proxyholder, and your Common Shares will be voted in accordance with the best judgment of the management representative.

GENERAL INFORMATION

Q: How many shares are entitled to be voted?

A: As of March 9, 2020, there were 359,548,517 Common Shares outstanding. Each Common Share is entitled to one vote on each matter to be voted upon at the Meeting.

Q: Who counts the vote?

A: Votes cast in advance by way of proxy and votes cast at the Meeting through the live webcast platform will be counted by representatives of Computershare who will be appointed as scrutineers at the Meeting.

Q: Who is soliciting my proxy?

A: Management of the Corporation is soliciting your proxy. Proxies will be solicited primarily by mail, but employees and agents of the Corporation may also use electronic means. Intermediaries will be reimbursed for their reasonable charges and expenses in forwarding proxy materials to non-registered shareholders.

The Corporation will bear the cost of all proxy solicitations on behalf of management of the Corporation.

Q: Can I access the annual disclosure documents electronically?

A: The Corporation's 2019 Annual Report, which includes its annual financial statements and notes, this Circular and the Annual Information Form, are available for review on its website at www.loblaw.ca or under the Corporation's SEDAR profile at www.sedar.com.

Q: Who do I contact if I have questions?

A: If you have any questions, you may call Computershare at 1-800-564-6253 for further information.

SHARE CAPITAL AND PRINCIPAL SHAREHOLDER

As of March 9, 2020, the record date for the Meeting, there were 359,548,517 Common Shares issued and outstanding. George Weston Limited ("Weston") beneficially owned, directly and indirectly, a total of 186,814,916 Common Shares, representing approximately 52.0% of the then outstanding Common Shares. Weston is controlled by Mr. W. Galen Weston. As of March 9, 2020, Mr. W. Galen Weston also beneficially owned 5,280,208 Common Shares, representing approximately 1.47% of the outstanding Common Shares. To the knowledge of the Corporation, no other person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding Common Shares.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the Meeting:

1. **RECEIVE THE FINANCIAL STATEMENTS**
   - Management will present the annual audited consolidated financial statements at the Meeting and shareholders or their proxyholders will be given an opportunity to discuss the financial results with management.
2. **ELECTION OF THE BOARD OF DIRECTORS**
   - Twelve director nominees are proposed for election to the board of directors of the Corporation (the "Board"). Shareholders or their proxyholders will vote on the election of the directors.
3. **APPOINTMENT OF THE AUDITOR**
   - The Board, on the advice of its Audit Committee, recommends the re-appointment of KPMG LLP as the Corporation's auditor. Shareholders or their proxyholders will vote on the re-appointment of the auditor and the authorization of the Board to fix the auditor's remuneration.
4. **VOTING ON THE APPROACH TO EXECUTIVE COMPENSATION**
   - Shareholders or their proxyholders will vote on the advisory resolution on the Corporation's approach to executive compensation, as discussed in more detail under the "Advisory Resolution on Approach to Executive Compensation" section of this Circular.
5. **SHAREHOLDER PROPOSAL**
   - Shareholders or their proxyholders will vote on the shareholder proposal set out in Schedule B of this Circular.

RECEIVE THE FINANCIAL STATEMENTS

The Corporation's audited consolidated financial statements and management's discussion and analysis for the year ended December 28, 2019 together with the auditor's report thereon will be placed before the shareholders at the Meeting. These documents are included in the Corporation's 2019 Annual Report. Copies of the 2019 Annual Report in English or French may be obtained from the Secretary of the Corporation upon request. The 2019 Annual Report in English or French is also available under the Corporation's SEDAR profile at www.sedar.com or on the Corporation's website at www.loblaw.ca.

ELECTION OF THE BOARD OF DIRECTORS

The Board has determined that 12 director nominees will be elected at the Meeting. Eleven nominees are currently directors of the Corporation and all of the nominees have established their eligibility and willingness to serve on the Board for the next annual term. Management does not believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the proxyholder may vote for another nominee at the proxyholder's discretion. At the Meeting, the nominees will be voted on individually, and in accordance with applicable Canadian securities legislation, the voting results for each nominee will be publicly disclosed. The persons named in the enclosed form of proxy intend to vote for the election of the director nominees. Each director will be elected to hold office until the next annual meeting of shareholders or until such office is earlier vacated.

The director nominee profiles, starting on page 9, tell you about each director nominee's experience and other important information to consider, including how much equity they own in the Corporation, and any other public company boards they sit on. The director nominees have been selected based on their sound leadership and professional reputation and their collective ability to address the broad range of issues the Board considers when overseeing the Corporation's business and affairs. As a group, the director nominees complement each other in respect of their respective skills and experiences and diversity of perspectives.

Independence

10 of the 12 nominated directors are independent. None of these independent directors has ever served as an executive of the Corporation or any of its subsidiaries nor do they have relationships with the Corporation that would interfere with the exercise of their independent judgment.

Skills

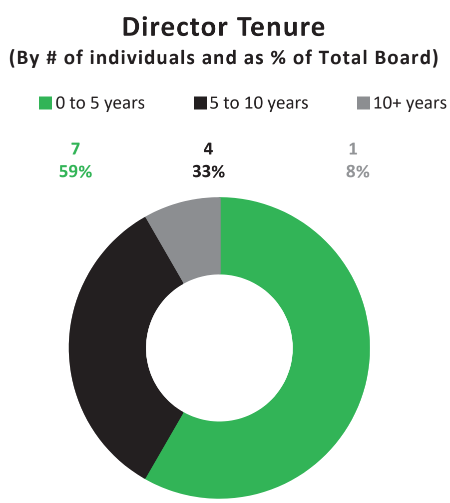
Each director nominee has a wealth of experience in leadership, governance and strategic planning and collectively they possess the skills and expertise that enable the Board to carry out its responsibilities. The skills matrix set out below is used to assess the Board's overall strengths and to assist in the Board's ongoing renewal process, which balances the need for experience and knowledge of the Corporation's business with the benefit of board renewal and diversity. Although the director nominees have a breadth of experience in many areas, the skills matrix lists 12 important qualifications determined by the Board and highlights five key skills for each director nominee. The matrix is not intended to be an exhaustive list of each director nominee's skills.

Skills	Binning	Bonham	Bryant	Clark	Debow	Downe	Fukakusa	Harris	Kotchka	Pritchard	Raiss	Weston
Executive Leadership/Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Retail/Consumer/Marketing					✓				✓	✓		✓
Finance	✓	✓		✓	✓	✓	✓	✓				
Supply Chain/Distribution			✓							✓		
Accounting and Financial Reporting	✓		✓	✓			✓	✓	✓			
Risk Management/Compliance	✓			✓		✓	✓	✓			✓	✓
HR/Compensation						✓					✓	✓
Digital/Technology		✓			✓	✓			✓		✓	
Health & Wellness (Pharmacy & Drug)			✓							✓		
Real Estate		✓		✓			✓					✓
US Market	✓	✓	✓						✓	✓	✓	
Legal					✓			✓				

Each director nominee was nominated in large part because of his or her key leadership attributes. The director nominees have demonstrated informed judgment, knowledge of important business issues and a commitment to operational excellence. Every director is expected to act ethically and with integrity. Directors must understand the Corporation's strategic objectives and reflect its values. Directors are expected to prepare for and actively participate in Board and committee meetings. They must understand the Corporation's corporate governance policies and practices and comply with the Corporation's Code of Conduct (the "Code").

Tenure and Gender Diversity

The Board has a diversity policy and tenure guidelines. The tenure guidelines provide that the Executive Chairman and the Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee") will undertake an assessment of a director's continued participation on the Board upon reaching the age of 75, and annually thereafter, or upon a change in principal occupation. The average tenure of the director nominees is 4.6 years. The following diagram shows director tenure broken down by the applicable time periods set out below:



The Board believes that these tenure statistics, and the high calibre of director nominees who are standing for election for the first time or who have joined the Board in the past several years, demonstrate that the Board's renewal process is working effectively.

The Corporation's board diversity policy has a target that women comprise at least 30% of the Board's directors. This year, approximately 42% of the director nominees are women. Further details on the Corporation's board tenure policy and diversity policy can be found on pages 27 and 37, respectively, of this Circular.

Majority Voting

The directors are elected annually by the shareholders. The Corporation has established a majority voting policy. Under the policy, the Governance Committee reviews and considers the voting results for each director nominee after the Meeting. Any nominee proposed for election as a director in an uncontested election who receives a greater number of votes withheld than votes in favour of their election must immediately tender his or her resignation to the Executive Chairman. In such circumstances, the Governance Committee will expeditiously consider the director's resignation and (absent exceptional circumstances) make a recommendation to the Board to accept the resignation. The Board will have 90 days from the date of the Meeting to make a final decision and will promptly announce that decision (including, if applicable, the reasons for rejecting the resignation) through a news release. Any such resignation will take effect on acceptance by the Board. Any director who tenders his or her resignation will not participate in any meeting of the Board or any committee of the Board at which the resignation is considered. This policy applies only to uncontested elections of directors where the number of nominees is equal to the number of directors to be elected.

Voting Results from the 2019 Annual Meeting of Shareholders

In 2019, each director who stood for election at the Annual Meeting of Shareholders received votes in favour from at least 97% of the votes cast. Below are the voting results for the election of directors at the Corporation's Annual Meeting of Shareholders held on May 2, 2019:

Name of Nominee	Votes For		Votes Withheld	
Paul M. Beeston(1)	320,411,651	98.84%	3,776,511	1.16%
Paviter S. Binning	322,655,314	99.53%	1,532,848	0.47%
Scott B. Bonham	324,134,879	99.98%	53,283	0.02%
Warren Bryant	322,342,477	99.43%	1,845,685	0.57%
Christie J.B. Clark	324,132,779	99.98%	55,383	0.02%
William A. Downe	322,348,120	99.43%	1,840,042	0.57%
Janice Fukakusa	324,134,210	99.98%	53,952	0.02%
M. Marianne Harris	324,144,490	99.99%	43,672	0.01%
Claudia Kotchka	322,348,531	99.43%	1,839,631	0.57%
Beth Pritchard	324,124,030	99.98%	64,132	0.02%
Sarah Raiss	322,343,168	99.43%	1,844,994	0.57%
Galen G. Weston	317,422,148	97.91%	6,766,014	2.09%

(1) Mr. Beeston is not standing for re-election at the Meeting.

Board Interlock Policy

The Board has established a board interlock policy with the aim of ensuring that interlocking director relationships will not adversely affect the relevant directors' independent judgment. The Board determines that a prohibited interlock occurs when more than two Board members are also board members of another public entity. The board interlock policy prohibits such an interlock unless otherwise approved by the Governance Committee. The Governance Committee reviews each interlock and determines if the interlock adversely affects the ability of the relevant directors to exercise their independent judgment. The policy does not apply to the Executive Chairman of the Board or any management directors. There are currently no prohibited interlocks.

Director Profiles

The following is a summary of relevant biographical and compensation information of each director nominee including a description of his or her background and experience, year first elected or appointed as a director, age, meeting attendance, other boards on which he or she sits, public board interlocks with other director nominees, and director fees received. "Director Fees Received" includes compensation received as a director of the Corporation and its subsidiaries. The 2019 and 2018 equity holdings of each director nominee of the Corporation as of March 9, 2020 and March 14, 2019, respectively, consisting of Common Shares and Deferred Share Units ("DSUs") are also indicated. "Total Market Value of Common Shares and DSUs" for non-management directors is calculated for 2019 based on the closing price of the Common Shares on the Toronto Stock Exchange ("TSX") on March 9, 2020, which was $67.11, and for 2018 based on the closing price of the Common Shares on the TSX on March 14, 2019, which was $65.01.

The persons named in the accompanying form of proxy intend to vote **FOR** the nominees listed below:

Paviter S. Binning
Toronto, Ontario, Canada

Age 59

Loblaw Board Details:
Director since 2019
Non-Independent

Mr. Binning is the President and a Director of Wittington Investments, Limited ("Wittington"). Mr. Binning is the former President and Chief Executive Officer of Weston and prior to this was the Chief Financial Officer of Weston. Prior to holding these positions, Mr. Binning was the Chief Financial Officer and Chief Restructuring Officer of Nortel Networks Corporation, Chief Financial Officer of Hanson plc and the Chief Financial Officer of Marconi Corporation plc.

Mr. Binning is a Fellow of the Chartered Institute of Management Accountants (U.K.).

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board[1]	4/4	4/4	100%	2019	$142,875
				2018	—

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	1,772	4,858	6,630	$11,570,522	$900,000	Yes
2018	799	3,780	4,579	$10,862,610		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
George Weston Limited	2019 to present	Galen G. Weston	George Weston Limited
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
George Weston Limited	2012 to 2017		
Loblaw Companies Limited	2014 to 2017		

(1) Mr. Binning was elected to the Board on May 2, 2019.

(2) Pursuant to the Director Share Ownership Guidelines, Mr. Binning's Weston holdings at the time of his election to the Board of the Corporation on May 2, 2019 will count towards his minimum equity ownership in the Corporation. Mr. Binning held 115,124 Weston common shares and deferred share units with a value of $11,125,583 based on the March 9, 2020 Weston common share price of $96.64.

Scott B. Bonham
Atherton, California, United States

Age 58

Loblaw Board Details:
Director since 2016
Independent

Mr. Bonham is a corporate director and a Co-Founder of Intentional Capital LLC, a real estate asset management company, former Co-Founder of GGV Capital, a venture capital firm, and former Vice President of Capital Group Companies.

Mr. Bonham holds a B.Sc. (Honours) in electrical engineering from Queen's University and an M.B.A. from Harvard Graduate School of Business.

In addition to the public board memberships below, Mr. Bonham is a board member of the Canadian Institute for Advanced Research and the DenmarkBridge, an initiative connecting Danish companies to Silicon Valley.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
Audit Committee	5/5	16/16	100%	2019	$240,000
Risk and Compliance Committee	4/4			2018	$187,263

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	—	10,929	10,929	$733,445	$900,000	Yes[1]
2018	—	7,311	7,311	$475,288		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Magna International Inc.	2012 to present	—	—
The Bank of Nova Scotia	2016 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

(1) Mr. Bonham has until December 2023 to satisfy the Director Share Ownership Guidelines. Please see page 15 for more details on the Director Share Ownership Guidelines.

Warren Bryant

Paradise Valley, Arizona, United States

Age 74

Loblaw Board Details:
Director since 2013
Independent

Mr. Bryant, a corporate director, is a former Chairman, President and Chief Executive Officer of Longs Drug Stores Corp. Prior to joining Longs Drug Stores, Mr. Bryant held management and executive positions at Kroger Co., a leading U.S. grocery chain.

Mr. Bryant graduated from California State University with a B.S. and from Azusa Pacific University with an M.B.A. Mr. Bryant is also a graduate of the Executive Financial Management Program at Harvard University.

In addition to his public board memberships listed below, Mr. Bryant is a former member of the Executive Advisory Committee for the Portland State University Food Industry Leadership Center. Mr. Bryant is a former Chairman of the Board of Directors and was a member of the Board Executive Committee for the National Association of Chain Drug Stores (NACDS). Mr. Bryant is a former member of the Board of Directors for the California Governor's Council on Physical Fitness and Sports. Mr. Bryant is also a former director of Longs Drug Stores Corp., Pathmark Stores, Inc. and Office Depot Inc.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	15/15	100%	2019	$262,500
Governance Committee	4/4			2018	$197,500
Risk and Compliance Committee (Chair)	4/4				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(1)	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	—	25,532	25,532	$2,375,340	$900,000	Yes
2018	—	21,333	21,333	$2,015,391		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Dollar General Corporation	2009 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Office Depot Inc.	2004 to 2017		

(1) Mr. Bryant served as a director of Weston between 2010 and 2013. Pursuant to the Director Share Ownership Guidelines, Mr. Bryant's Weston holdings, at the time of his election to the Board of the Corporation in 2013, count towards his minimum equity ownership in the Corporation. Mr. Bryant held 6,849 Weston DSUs with a value of $661,887 based on the March 9, 2020 Weston common share price of $96.64.

Christie J.B. Clark, F.C.P.A., F.C.A.

Toronto, Ontario, Canada

Age 66

Loblaw Board Details:
Director since 2011
Independent

Mr. Clark, a corporate director, is a former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP from 2005 to 2011. Prior to being elected as Chief Executive Officer, Mr. Clark was a National Managing Partner and a member of the firm's Executive Committee from 2001 to 2005.

Mr. Clark graduated from Queen's University with a B.Comm. and the University of Toronto with an M.B.A. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

In addition to his public board memberships listed below, Mr. Clark is a member of the boards of the Canadian Olympic Committee, the Canadian Olympic Foundation, Own The Podium and Sunnybrook Hospital Foundation, and a member of the Advisory Council of The Stephen J.R. Smith School of Business at Queen's University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7				
Audit Committee (Chair)	5/5	20/20	100%	2019	$270,000
Pension Committee	4/4			2018	$321,873
Risk and Compliance Committee	4/4				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	18,078	7,845	25,923	$1,739,693	$900,000	Yes
2018	18,078	5,780	23,858	$1,551,009		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Air Canada	2013 to present	Galen G. Weston	Choice Properties Real Estate Investment Trust
Choice Properties Real Estate Investment Trust	2013 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Hydro One Limited/Hydro One Inc.	2015 to 2018		

Daniel Debow
Toronto, Ontario, Canada

Age 46

Loblaw Board Details:
Nominee Director
Independent

Mr. Debow is currently Vice President, Commercial at Shopify. He was the former founder and Chief Executive Officer of Helpful.com, a video messenger platform for professionals, the co-founder and former Co-Chief Executive Officer of Rypple, a social performance management platform, and a founding team member of Workbrain, a publicly traded workforce management software company.

Mr. Debow holds a B.A. from the University of Western Ontario. He received a J.D./M.B.A. from the University of Toronto, Faculty of Law and Rotman School of Management and an L.L.M. from Stanford Law School.

Mr. Debow currently serves on the board of North Inc. He is also a founding partner of the Creative Destruction Lab at the Rotman School of Management and an adjunct professor at the Faculty of Law at the University of Toronto.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
—	—	#	%	Year	Amount
		—	—	2019	—

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines(1)
2019	—	—	—	—	$900,000	—

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

(1) If elected, Mr. Debow will have five years to satisfy the Director Share Ownership Guidelines.

William A. Downe, C.M.
Winnetka, Illinois, United States

Age 67

Loblaw Board Details:
Lead Director(2)
Director since 2018
Independent

Mr. Downe, a corporate director, is the former Chief Executive Officer of BMO Financial Group from 2007 to 2017, prior to which he was Chief Operating Officer and, from 2001 to 2005, the head of BMO Capital Markets. He also served on the boards of the Bank of Montreal and its subsidiaries BMO Nesbitt Burns Holding Corporation and BMO Financial Corp.

Mr. Downe holds a Bachelor of Business Administration degree from Wilfrid Laurier University, an M.B.A. from the University of Toronto and has been awarded honorary doctorates from Wilfrid Laurier University, the University of Windsor, Cape Breton University and the University of Toronto.

In addition to his public board membership listed below, Mr. Downe serves as the Chairman of Trans Mountain Corporation, as a Director of Rush University System for Health, and on the Social and Economic Policy Advisory Board of Rand Corporation. Mr. Downe has served as a board member and advisor to numerous public and non-profit organizations including the Business Council of Canada, the International Monetary Conference, the Federal Reserve Board's Federal Advisory Council, Catalyst Inc., the Martin Prosperity Institute at the University of Toronto and St. Michael's Hospital.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
Audit Committee(1)	3/3	14/14	100%	2019	$284,450
Governance Committee (Chair)(2)	4/4			2018	$128,150

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	16,000	6,418	22,418	$1,504,472	$900,000	Yes
2018	16,000	2,263	18,263	$1,187,278		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
Manpower Group Inc.	2011 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Bank of Montreal	2007 to 2017		

(1) Mr. Downe stepped down from the Audit Committee on May 2, 2019.
(2) Mr. Downe was appointed Chair of the Governance Committee and Lead Director on May 2, 2019.

Janice Fukakusa, F.C.P.A., F.C.A.
Toronto, Ontario, Canada

Age 65

Loblaw Board Details:
Director since 2019
Independent

Ms. Fukakusa, a corporate director, is the former Chief Financial Officer and Chief Administrative Officer of Royal Bank of Canada, positions which she held separately from September 2004 through to January 2017.

Ms. Fukakusa holds the professional designations of Fellow Chartered Professional Accountant (FCPA and CPA) and Chartered Business Valuator. She obtained a Bachelor of Arts from University of Toronto and a Master of Business Administration from Schulich School of Business and holds an Honorary Doctorate of Laws from York University.

Ms. Fukakusa currently serves on the boards of corporate and not-for-profit organizations, including chairing the Boards of the Canada Infrastructure Bank and The Princess Margaret Cancer Foundation. In addition, Ms. Fukakusa is Chancellor of Ryerson University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board(1)	3/4				
Audit Committee(1)	2/2	5/6	83%	2019	$147,638
				2018	—

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	2,900	2,087	4,987	334,678	$900,000	Yes(2)
2018	—	—	—	—		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Cineplex Inc.	2017 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

(1) Ms. Fukakusa was elected to the Board and appointed to the Audit Committee on May 2, 2019.

(2) Ms. Fukakusa has until May 2024 to satisfy the Director Share Ownership Guidelines. Please see page 15 for more details on the Director Share Ownership Guidelines.

M. Marianne Harris
Toronto, Ontario, Canada

Age 62

Loblaw Board Details:
Director since 2016
Independent

Ms. Harris is a corporate director. Prior to 2013, she was the Managing Director and President of Corporate and Investment Banking for Merrill Lynch Canada Inc. ("Merrill Lynch") and Head of Financial Institutions Group Americas, Merrill Lynch Pierce Fenner & Smith. Prior to Merrill Lynch, she held various investment banking positions with RBC Capital Markets from 1984 to 2000.

Ms. Harris holds an M.B.A. from the Schulich School of Business, a J.D. (Juris Doctor) degree from Osgoode Hall Law School and a B.Sc. (Honours) from Queen's University.

Ms. Harris is also a member of the Dean's Advisory Council at the Schulich School of Business, and the Advisory Council of the Hennick Centre for Business and Law. Ms. Harris is a former Chair of the board of the Investment Industry Regulatory Organization of Canada (IIROC) as well as a member of the Investment Committee of the Princess Margaret Cancer Foundation.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7				
Audit Committee	5/5	20/20	100%	2019	$272,500
Pension Committee	4/4			2018	$199,525
Risk and Compliance Committee	4/4				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	2,337	12,537	14,874	$998,194	$900,000	Yes
2018	2,337	8,784	11,121	$722,976		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Sun Life Financial Inc.	2013 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Agrium Inc.	2014 to 2015		
Hydro One Limited/Hydro One Inc.	2015 to 2018		

Claudia Kotchka
Miami, Florida
United States

Age 68

Loblaw Board Details:
Director since 2016
Independent

Ms. Kotchka, a corporate director, is former Vice President, Design Innovation and Strategy at Procter & Gamble.

Ms. Kotchka obtained a B.B.A., Cum Laude, from Ohio University and is a Certified Public Accountant.

Ms. Kotchka serves on the board of the American Red Cross Greater Miami and the Keys, the Marketing Committee United Way Miami-Dade and is a former Trustee of the Cooper Hewitt Smithsonian Design Museum. She is a member of International Women's Forum and Women Corporate Directors. Ms. Kotchka is also a regular guest lecturer on innovation at Stanford University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	15/15	100%	2019	$240,000
Governance Committee	4/4			2018	$187,263
Risk and Compliance Committee	4/4				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	—	12,202	12,202	$818,876	$900,000	Yes(1)
2018	—	8,562	8,562	$556,616		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
BlackBerry Limited	2011 to 2015		

(1) Ms.Kotchka joined the Board in 2016 and originally had until 2021 to satisfy the Director Share Ownership Guidelines. Effective January 1, 2019, the director ownership requirement under the Director Share Ownership Guidelines increased. As a result, Ms. Kotchka now has until December 2023 to satisfy the Director Share Ownership Guidelines. Please see page 15 for more details on the Share Ownership Guidelines.

Beth Pritchard
New Albany, Ohio,
United States

Age 73

Loblaw Board Details:
Director since 2014
Independent

Ms. Pritchard is a corporate director and former Principal and Strategic Advisor for Sunrise Beauty Studio, LLC. Ms. Pritchard previously served as the North American Advisor to M.H. Alshaya Co., a diverse franchisee group based in the Middle East. Prior to that, Ms. Pritchard was the President and Chief Executive Officer and Vice Chairman of Dean & DeLuca, Inc., President and Chief Executive Officer of Bath & Body Works and Chief Executive Officer of Victoria's Secret Beauty.

Ms. Pritchard has a B.A., International Relations from the University of Wisconsin-Milwaukee and an M.B.A. from Marquette University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	16/16	100%	2019	$240,000
Audit Committee(1)	3/3			2018	$187,263
Governance Committee(1)	2/2				
Risk and Compliance Committee	4/4				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	—	25,322	25,322	$1,699,359	$900,000	Yes
2018	—	21,449	21,449	$1,394,399		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
e.l.f. Beauty, Inc.	2017 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Cabela's Incorporated	2011 to 2017		
Borderfree, Inc.	2014 to 2015		
The Vitamin Shoppe, Inc.	2008 to 2018		

(1) Ms. Pritchard stepped down from the Audit Committee and was appointed to the Governance Committee on May 2, 2019.

Sarah Raiss
Calgary, Alberta, Canada

Age 62

Loblaw Board Details:
Director since 2014
Independent

Ms. Raiss, a corporate director, formerly held senior positions at TransCanada Corporation, including Executive Vice President of Corporate Services.

Ms. Raiss has a B.S. in Applied Math and an M.B.A. from the University of Michigan. She also has an Institute of Corporate Directors ICD.D certification.

Ms. Raiss is the former Chair of the Alberta Electric System Operator board of directors.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	15/15	100%	2019	$247,500
Governance Committee	4/4			2018	$194,763
Pension Committee (Chair)	4/4				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2019	907	40,153	41,060	$2,755,537	$900,000	Yes
2018	907	37,674	38,581	$2,508,151		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Commercial Metals Company	2011 to present	—	—
Ritchie Bros. Auctioneers Incorporated	2016 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Canadian Oil Sands Limited	2012 to 2016		
Vermilion Energy Inc.	2014 to 2018		

Galen G. Weston
Toronto, Ontario, Canada

Age 47

Loblaw Board Details:
Director since 2006
Non-Independent

Mr. Weston is Executive Chairman of the Corporation and Chairman and Chief Executive Officer of Weston. He is the former Chairman and Chief Executive Officer of the Corporation. He previously held several senior executive positions with the Corporation and its subsidiaries. Prior to joining the Corporation, he was an investment banking analyst for Salomon Brothers in the U.K.

Mr. Weston graduated from Harvard University with a B.A. and from Columbia University with an M.B.A.

Mr. Weston is Chairman and director of President's Choice Bank and a director of Wittington. He is also a director of Selfridges Group Limited and President of the W. Garfield Weston Foundation. Mr. Weston is the Chairman and a trustee of Choice Properties Real Estate Investment Trust ("Choice Properties"), a Weston subsidiary.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount(1)
Board	7/7	7/7	100%	2019	—
				2018	—

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	
2019	467,035	—	467,035	The value of Mr. Weston's current eligible holdings is $64,482,896. Mr. Weston satisfies the Executive Share Ownership Guidelines. For details relating to his equity-based share ownership as an executive, please see the table on page 61.
2018	460,829	—	460,829	

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
George Weston Limited	2016 to present	Christie J.B. Clark	Choice Properties Real Estate Investment Trust
Choice Properties Real Estate Investment Trust	2019 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Choice Properties Real Estate Investment Trust	2013 to 2017	Paviter S. Binning	George Weston Limited

(1) Directors who are members of management do not receive any remuneration for their role as directors of the Corporation.

Meeting Attendance

The following table provides a summary of each director's attendance at Board and committee meetings in 2019:

Name	Board (7 meetings)	Audit Committee (5 meetings)	Risk and Compliance Committee (4 meetings)	Governance Committee (4 meetings)	Pension Committee (4 meetings)	Overall Attendance (#)	Overall Attendance (%)
Paul M. Beeston	7/7	5/5	—	—	—	12/12	100%
Paviter S. Binning(1)	4/4	—	—	—	—	4/4	100%
Scott B. Bonham	7/7	5/5	4/4	—	—	16/16	100%
Warren Bryant	7/7	—	4/4	4/4	—	15/15	100%
Christie J.B. Clark	7/7	5/5	4/4	—	4/4	20/20	100%
William A. Downe(2)	7/7	3/3	—	4/4	—	14/14	100%
Janice Fukakusa(3)	3/4	2/2	—	—	—	5/6	83%
M. Marianne Harris	7/7	5/5	4/4	—	4/4	20/20	100%
Claudia Kotchka	7/7	—	4/4	4/4	—	15/15	100%
Nancy H.O. Lockhart(4)	3/3	—	2/2	2/2	—	7/7	100%
Thomas C. O'Neill(5)	3/3	—	—	2/2	—	5/5	100%
Beth Pritchard(6)	7/7	3/3	4/4	2/2	—	16/16	100%
Sarah Raiss	7/7	—	—	4/4	4/4	15/15	100%
Galen G. Weston	7/7	—	—	—	—	7/7	100%
Total	**99%**	**100%**	**100%**	**100%**	**100%**		**99%**

(1) Mr. Binning was elected to the Board on May 2, 2019.

(2) Mr. Downe stepped down from the Audit Committee on May 2, 2019.

(3) Ms. Fukakusa was elected to the Board and appointed to the Audit Committee on May 2, 2019.

(4) Ms. Lockhart did not stand for re-election at the Corporation's annual meeting of shareholders on May 2, 2019.

(5) Mr. O'Neill retired from the Board on May 2, 2019.

(6) Ms. Pritchard stepped down from the Audit Committee and was appointed to the Governance Committee on May 2, 2019.

DIRECTOR COMPENSATION

The Corporation's director compensation program is structured to compensate directors appropriately for their time, commitment and responsibility as Board members and to remain competitive with director compensation practices in Canada. The program is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of the shareholders. To achieve these objectives, directors are required to take 100% of their board retainer and committee fees in DSUs until they satisfy the Director Share Ownership Guidelines, after which a director has the option to receive up to 50% of all fees in cash, with the balance taken in DSUs. Directors who are employees of the Corporation receive no additional compensation for serving as directors.

Director Deferred Share Unit Plan

A DSU is a right to receive an amount from the Corporation equal to the value of one Common Share. The number of DSUs awarded to a director is equal to the value of the compensation that the director elects or is required to receive in the form of DSUs divided by the volume-weighted average trading price of a Common Share on the TSX for the five trading days prior to the date of the award. DSUs are not paid out until the director ceases to serve on the Board and ceases to hold any position with any company related to the Corporation, thereby providing an equity stake in the Corporation throughout the director's term as a Board member. Dividend equivalents in the form of additional DSUs that are equal in value to dividends paid on Common Shares are credited to the director's account on each dividend payment date based on the number of DSUs in the account as of the dividend record date. Following cessation of service with the Corporation and its related entities, payment of DSUs is made in Common Shares purchased on the open market. A director may elect to defer payment until December 15th of the calendar year following the year in which he or she ceases to hold any position with the Corporation or any of its related entities. DSUs do not entitle the director to any voting or other shareholder rights.

Director Share Ownership Guidelines

The Corporation believes that it is important that directors demonstrate their commitment to the Corporation through share ownership. In that regard, the Corporation has established Director Share Ownership Guidelines for non-management directors. Under these Guidelines, non-management directors are required to hold Common Shares or DSUs with a value of not less than four times the amount of the director's annual retainer. Effective January 1, 2019, the ownership requirement under the Director Share Ownership Guidelines increased from $700,000 to $900,000. For purposes of these Guidelines, securities are valued at their market value and directors are expected to meet the required level of share ownership within five years of initially being elected or appointed to the Board. Given the increased share ownership requirement that took effect in 2019, those directors who had not yet met the share ownership requirement at the time of the increase, have until 2023 to meet the incremental share ownership requirement. Directors elected or appointed to the Board who, at the time of election or appointment, were directors or trustees of either Weston and/or Choice Properties are permitted under the guidelines to count their then holdings in Weston and/or Choice Properties towards their target ownership. All directors either meet the required level of share ownership or are in the process of accumulating securities as required under the Guidelines. For the status of each director nominee under the Guidelines, see their profiles on pages 9 to 14 of this Circular. Management directors are not subject to the Guidelines but instead must satisfy the Executive Share Ownership Guidelines described on page 60.

2019 Director Compensation Amounts

A summary of the 2019 director compensation amounts is set out below:

Type of Fee	Amount ($)
Annual Fees	
Total Board Retainer	225,000
Chair and Committee Fees	
Lead Director retainer	50,000
Audit Committee Chair	30,000 (1)
Governance Committee Chair	30,000 (1)
Risk and Compliance Committee Chair	30,000 (1)
Pension Committee Chair	15,000 (1)
Member of Board committee	7,500

(1) Includes fees received as a committee member.

Mr. Weston did not receive any remuneration for his role as a director of the Corporation in 2019. The details of Mr. Weston's executive compensation are set out in the section of this Circular titled "Compensation Discussion and Analysis". If elected, Mr. Weston will not receive any remuneration in 2020 for his role as a director of the Corporation.

2019 Director Compensation Table

The following table sets out the compensation elements and total compensation earned by each non-management director in 2019 and the manner in which the compensation was paid:

	Fees Breakdown						Allocation of Total Director Fees		
Name	Board Retainer ($)(1)	Committee Chair Retainer ($)	Committee Member Retainer ($)	Total Director Fees Earned ($)	All Other Compensation ($)	Total Compensation ($)	Cash ($)	DSUs ($)(2)	Allocation of Fees between Cash and DSUs (%)
Paul M. Beeston	225,000	—	7,500	232,500	52,000 (3)	284,500	—	232,500	100% DSUs
Paviter S. Binning (4)	142,875	—	—	142,875	—	142,875	71,437	71,438	50% DSUs
Scott B. Bonham	225,000	—	15,000	240,000	—	240,000	—	240,000	100% DSUs
Warren Bryant	225,000	30,000	7,500	262,500	—	262,500	—	262,500	100% DSUs
Christie J.B. Clark	225,000	30,000	15,000	270,000	—	270,000	135,000	135,000	50% DSUs
William A. Downe	225,000	53,975 (5)	5,475 (6)	284,450	—	284,450	—	284,450	100% DSUs
Janice Fukakusa(7)	142,875	—	4,763	147,638	—	147,638	—	147,638	100% DSUs
M. Marianne Harris	225,000	—	22,500	247,500	25,000 (8)	272,500	—	247,500	100% DSUs
Claudia Kotchka	225,000	—	15,000	240,000	—	240,000	—	240,000	100% DSUs
Nancy H.O. Lockhart (9)	82,125	—	5,475	87,600	—	87,600	—	87,600	100% DSUs
Thomas C. O'Neill (10)	82,125	31,025	—	113,150	—	113,150	—	113,150	100% DSUs
Beth Pritchard	225,000	—	15,000	240,000	—	240,000	—	240,000	100% DSUs
Sarah Raiss	225,000	15,000	7,500	247,500	—	247,500	123,748	123,752	50% DSUs
Total ($)	**2,475,000**	**160,000**	**120,713**	**2,755,713**	**77,000**	**2,832,713**	**330,185**	**2,425,528**	

(1) Directors are required to take 100% of their board retainer and committee fees in DSUs until they satisfy the Director Share Ownership Guidelines, after which they may elect to receive up to 50% of their total fees in cash, with the balance taken in DSUs.

(2) In accordance with the DSU Plan, amounts reflect the grant date fair value of DSUs based on the volume-weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of the grant. As well, additional DSUs are accumulated based on notional equivalents of dividends paid on Common Shares throughout the year. These notional equivalents of dividends are not included in the table.

(3) Includes the fees that Mr. Beeston received for his role as a director of President's Choice Bank, a subsidiary of the Corporation.

(4) Mr. Binning was elected to the Board on May 2, 2019.

(5) Includes Lead Director fee and fees received for attendance at other meetings of a Board committee.

(6) Includes fees received for attendance at other meetings of a Board committee.

(7) Ms. Fukakusa was elected to the Board on May 2, 2019.

(8) Includes the fees that Ms. Harris received, in cash, for her role as director of President's Choice Bank, a subsidiary of the Corporation.

(9) Ms. Lockhart did not stand for re-election at the Corporation's annual meeting of shareholders on May 2, 2019.

(10) Mr. O'Neill retired from the Board on May 2, 2019.

Outstanding Share-Based Awards

The following table sets forth the value of all share-based awards granted by the Corporation to non-management directors that were outstanding as at January 2, 2020:

Name of Participant	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)[(1)]
Paul M. Beeston	—	—	4,197,707
Paviter S. Binning	—	—	324,272
Scott B. Bonham	—	—	729,511
Warren Bryant	—	—	1,704,261
Christie J.B. Clark	—	—	523,654
William A. Downe	—	—	428,402
Janice Fukakusa	—	—	139,307
M. Marianne Harris	—	—	836,845
Claudia Kotchka	—	—	814,484
Nancy H.O. Lockhart[(2)]	—	—	4,265,058
Thomas C. O'Neill[(3)]	—	—	3,773,311
Beth Pritchard	—	—	1,690,244
Sarah Raiss	—	—	2,680,213

(1) The value of the outstanding DSUs, which are considered to be vested share-based awards, held by the directors is based on the closing price of the Common Shares on the TSX on January 2, 2020, which was $66.75, multiplied by the number of outstanding DSUs. The values also include additional DSUs which were accumulated based on notional equivalents of dividends paid on Common Shares.

(2) Ms. Lockhart did not stand for re-election at the Corporation's annual meeting of shareholders on May 2, 2019.

(3) Mr. O'Neill retired from the Board on May 2, 2019.

APPOINTMENT OF THE AUDITOR

Appointment of the Auditor

The auditor of the Corporation is KPMG LLP. The Board, on the recommendation of the Audit Committee, recommends that KPMG LLP be re-appointed as the auditor of the Corporation to hold office until the next annual meeting of shareholders of the Corporation and that the directors be authorized to fix KPMG LLP's remuneration. The persons named in the accompanying form of proxy intend to vote **FOR** the appointment of KPMG LLP as the Corporation's auditor until the next annual meeting of shareholders.

Audit and Other Service Fees

The Audit Committee oversees the fees paid to the independent auditor, KPMG LLP, for audit and non-audit services. The following table sets forth the aggregate fees billed for professional services rendered by KPMG LLP, for the fiscal years 2019 and 2018, respectively:

	2019 $(000's)	**2018 $(000's)**
Audit fees(1)	5,249	5,526
Audit-related fees(2)	515	888
Tax-related fees(3)	40	129
All other fees(4)	142	234
Total Fees	$5,946	$6,777

(1) Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements, including the audit of Shoppers Drug Mart ("SDM") and President's Choice Bank (each a subsidiary of the Corporation). Audit fees also include fees for services related to the review of quarterly reports, the interpretation of accounting and financial reporting standards, auditor involvement with filings, such as prospectuses, and the acquisition of Canadian Real Estate Investment Trust ("CREIT") by Choice Properties prior to the 2018 reorganization under which the Corporation distributed its approximate 61.6% effective interest in Choice Properties to Weston (the "Reorganization").

(2) Audit-related fees include fees for French translation services associated with the Corporation's financial and regulatory filings, the audit of pension plans and for services rendered for certain special projects such as the Reorganization.

(3) Tax-related fees include fees for tax compliance services and advice and for services rendered for certain special projects.

(4) All other fees are for services related to legislative and/or regulatory compliance.

As part of the Corporation's corporate governance practices, the Audit Committee has adopted a policy prohibiting the auditor from providing non-audit services to the Corporation or its subsidiaries unless the services are approved in advance by the Chair of the Audit Committee. The auditor is required to report directly to the Audit Committee.

ADVISORY RESOLUTION ON APPROACH TO EXECUTIVE COMPENSATION

Advisory Resolution on Approach to Executive Compensation

At the Meeting, the shareholders will be asked to consider an advisory resolution (the "Say on Pay Resolution") regarding the Corporation's approach to executive compensation, which is described in detail in the section of this Circular titled "Compensation Discussion and Analysis", which commences on page 41. In 2019, shareholders were asked to consider an advisory resolution regarding the Corporation's approach to executive compensation, with such advisory resolution receiving the approval of 92.94% of shareholders.

Pay for performance is a cornerstone of the Corporation's compensation philosophy, which is intended to align the interests of the Corporation's executives with those of its shareholders. This compensation philosophy enables the Corporation to attract and retain high-performing executives who will be motivated to create value for shareholders.

The Board and management of the Corporation recommend that the shareholders vote **FOR** the adoption of the advisory Say on Pay Resolution.

The persons named in the accompanying form of proxy intend to vote **FOR** the adoption of the Say on Pay Resolution.

Votes on the Say on Pay Resolution are advisory and will not be binding on the Board or the Corporation. However, the Governance Committee will review and analyze the results of the vote and take them into consideration when reviewing the Corporation's executive compensation philosophy.

The form of Say on Pay Resolution to be submitted to the shareholders at the Meeting, subject to such amendments, variations or additions as may be approved at the Meeting, is set forth below:

BE IT RESOLVED THAT on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the Circular, delivered in advance of the 2020 Annual Meeting of the shareholders of Loblaw Companies Limited.

SHAREHOLDER PROPOSAL

Shareholder Proposal

Shareholders will be asked to consider the shareholder proposal set out in Schedule B of this Circular.

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST THE SHAREHOLDER PROPOSAL FOR THE REASONS SET OUT IN THE STATEMENT OF OPPOSITION.

The persons named in the accompanying form of proxy intend to vote AGAINST the Shareholder Proposal.

The *Canada Business Corporations Act* permits eligible shareholders of the Corporation to submit shareholder proposals for consideration at the Annual Meeting of Shareholders. The final date for submission of proposals by shareholders to the Corporation for inclusion in the Management Proxy Circular in connection with the 2021 Annual Meeting of Shareholders is December 14, 2020.

2 Committee Reports

AUDIT COMMITTEE

Christie J.B. Clark (Chair) Independent

Paul M. Beeston Independent

Scott B. Bonham Independent

Janice Fukakusa Independent

M. Marianne Harris Independent

The Audit Committee, on behalf of the Board, oversees the integrity of the Corporation's financial statements and related public disclosure. In doing so, the Audit Committee oversees the Corporation's internal controls over financial reporting, disclosure controls and procedures and internal audit function. The Committee also oversees procedures for the receipt, retention and follow-up of any complaints regarding the Corporation's accounting, internal controls and auditing matters.

Each year, the Audit Committee reviews and evaluates the qualifications, performance and independence of the auditor and recommends the auditor to the Board for appointment by the shareholders. The Chair of the Audit Committee is involved in the selection process for the Lead Audit Partner at KPMG LLP. The Lead Audit Partner at KPMG LLP may not serve in this role for the Corporation for longer than seven consecutive years and the Audit Committee ensures that a regular rotation occurs as required under current auditing standards.

All members of the Audit Committee are independent and financially literate as required under applicable Canadian securities legislation.

AUDIT COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Audit Committee is pleased to share with you the Audit Committee's report and some of the Committee's significant accomplishments in 2019.

2019 Highlights:

- ✓ Oversaw the implementation of significant new accounting standards
- ✓ Oversaw the design of the 2019 Internal Control Compliance Scoping and Risk Assessment Plan and periodic progress thereon

Overview

The Audit Committee meets at least once every quarter. The Audit Committee's specific duties and responsibilities are based on its mandate and work plan. At each meeting, the Audit Committee meets separately *in camera* with the Chief Financial Officer, representatives of the internal audit group and the external auditor. In addition, it holds an *in camera* session without management present at each meeting. The Audit Committee met five times in 2019.

Each year, the Audit Committee reviews its mandate to ensure its effectiveness in fulfilling its responsibilities. The Audit Committee communicates regularly with management and the internal and external auditors.

The Audit Committee approved its mandate in 2019 and it is available at www.loblaw.ca. The members of the Audit Committee are satisfied that the Committee fulfilled its responsibilities in 2019.

Financial Reporting

The Audit Committee reviewed and discussed with management the Corporation's annual and interim consolidated financial statements and management's discussion and analysis for the year ended December 28, 2019, and the interim quarters. The Audit Committee also reviewed the auditor's reports thereon and heard directly from the auditor on key risk areas. The purpose of this review is to provide reasonable assurance that the Corporation's financial reporting is complete and fairly presented in all material respects, and that the accounting principles used to prepare the financial statements are appropriate, in particular where judgments, estimates and risks are involved. This review also ensures that adequate disclosure of material issues has been provided. The Audit Committee assessed the use of non-GAAP financial measures and their presentation within the financial documents. Based on the considerations above, the Audit Committee recommended to the Board that the Corporation's annual audited consolidated financial statements be approved and released on February 20, 2020.

Implementation of Significant Accounting Standards

Throughout the year, the Audit Committee reviewed with management the implementation of significant accounting standards, most notably the implementation of IFRS 16. The Committee received regular reporting on policies and controls implemented by management in order to ensure the accuracy of the Corporation's lease liability reporting in accordance with IFRS 16.

Internal and External Auditor

Throughout the year, the Chair of the Audit Committee met regularly with the external auditor, representatives of the internal audit group and senior members of the Corporation's financial reporting group. In 2019, the Committee reviewed and approved the annual audit plan of the internal audit group and the external auditor and received regular reports from internal audit. In addition, the Audit Committee received reports on key audit issues from the external auditor.

At the end of the year-end audit cycle, the Audit Committee conducted an annual assessment of KPMG LLP's performance and effectiveness. In conducting this assessment, the Committee considered factors such as the quality of overall audit services and communications to the Committee and KPMG LLP's independence and objectivity. The Audit Committee was satisfied with KPMG LLP's performance and concluded that KPMG LLP is independent from the Corporation and management. The Audit Committee proposed that the Board recommend to the shareholders the appointment of KPMG LLP as auditor of the Corporation at the Meeting.

Internal Control Compliance

Throughout 2019, the Audit Committee oversaw the Corporation's Internal Control Compliance ("ICC") program, including by reviewing the 2019 ICC Scoping and Risk Assessment Plan and periodic progress thereon.

Legal, Regulatory, Related Party Transactions and Tax

Throughout 2019, the Audit Committee reviewed updates on compliance matters relating to financial reporting and updates on material legislative and regulatory developments, material litigation, regulatory filings, material transactions with related parties and tax matters affecting the Corporation.

Respectfully submitted,

Audit Committee
Christie J.B. Clark (Chair)
Paul M. Beeston
Scott B. Bonham
Janice Fukakusa
M. Marianne Harris

For additional information regarding each member of the Audit Committee, please see pages 9 to 14. For additional information regarding the activities of the Audit Committee, see the Corporation's Statement of Corporate Governance Practices on pages 31 to 40.

RISK AND COMPLIANCE COMMITTEE

Warren Bryant
(Chair)
Independent

Scott B. Bonham
Independent

Christie J.B. Clark
Independent

M. Marianne Harris
Independent

Claudia Kotchka
Independent

Beth Pritchard
Independent

The Risk and Compliance Committee, on behalf of the Board, oversees the Corporation's legal and regulatory compliance program, the Corporation's Enterprise Risk Management ("ERM") program and the Corporation's policies, management systems and performance with respect to various key risk areas.

RISK AND COMPLIANCE COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Risk and Compliance Committee is pleased to share with you the Risk and Compliance Committee's report and some of the Committee's significant accomplishments in 2019.

2019 Highlights:

- ✓ Oversaw the Corporation's maintenance of assurance by the International Organization for Standardization ("ISO") of the Corporation's competition law compliance program
- ✓ Supervised the Corporation's Enterprise Risk Assessment and ERM programs and reviewed key risks facing the Corporation and how these risks are being managed
- ✓ Oversaw the Corporation's Food Safety and Drug Safety programs

Overview

The Risk and Compliance Committee meets at least once every quarter. The Committee's specific duties and responsibilities are based on its mandate and work plan. The Risk and Compliance Committee oversees the design and implementation of the Corporation's ERM program, as well as environmental, occupational health and safety, pharmacy, food and product safety and corporate social responsibility ("CSR") programs. At each meeting, the Committee invites key members of management to attend and present on issues that are relevant to the Committee's mandate. Additionally, at each meeting, the Risk and Compliance Committee meets separately *in camera* with the Senior Vice President and Chief Compliance & Ethics Officer and with the Senior Vice President, Audit and Risk Management. The Committee also holds an *in camera* session without management present at each meeting. The Risk and Compliance Committee met four times in 2019.

The Risk and Compliance Committee approved its mandate in 2019 and it is available at www.loblaw.ca. The members of the Risk and Compliance Committee are satisfied that the Risk and Compliance Committee fulfilled its responsibilities in 2019.

The Corporation's Management Risk and Compliance Committee assists the Risk and Compliance Committee in fulfilling its responsibility to oversee the Corporation's ERM and legal and regulatory compliance programs. The main purpose of the Management Risk and Compliance Committee is to oversee and govern the Corporation's programs to ensure that enterprise risks facing the Corporation remain within acceptable tolerances, to ensure that risk mitigation actions are implemented and are effective, to ensure that any matters requiring action are discussed, escalated and reported-on accurately and on a timely basis, to foster a strong compliance culture within the Corporation and to minimize any adverse consequences caused by any non-compliance with applicable law.

Legal and Regulatory Compliance

In executing its mandate, the Risk and Compliance Committee monitors the Corporation's legal and regulatory compliance program and receives regular reports from the Senior Vice President and Chief Compliance & Ethics Officer and the compliance function leads in the Corporation's business. The Risk and Compliance Committee reviews the actions of management to ensure that the Corporation has sound compliance management systems, that employees of the Corporation are aware of the Corporation's policies and procedures regarding legal and regulatory compliance and that the Corporation supports franchised businesses with respect to legal and regulatory compliance standards and programs and timely and effective support and education. The Risk and Compliance Committee also receives and reviews periodic reports from management and independent consultants on legal and regulatory compliance matters.

In 2019, the Risk and Compliance Committee oversaw certain activities required to be completed in order for the Corporation to maintain assurance by the ISO of the Corporation's competition law compliance program. Such activities included the creation and implementation of plans to incorporate more robust compliance controls into business units across the Corporation, the implementation of competition law training modules, the creation and implementation of rigorous competition law control testing and a redesign and relaunch of the Corporation's incident management tool.

Corporate Ethics Framework

In 2019, the Risk and Compliance Committee oversaw management's development of a corporate ethics framework. The Corporation's ethics framework is intended to guide the creation of common ethical values across the Corporation, with the goal of having an enterprise-wide mechanism to assist colleagues in making good decisions and prompting them to report unwanted behaviour. In conjunction with the creation of the ethics framework, which is different from but complementary to, the Corporation's compliance framework, the Risk and Compliance Committee oversaw the creation of 2020 ethics objectives, which focus on communicating ethical values to colleagues and developing educational tools to assist colleagues in day-to-day ethical decision-making.

Enterprise Risk Management

The Risk and Compliance Committee is responsible for overseeing the design and structure of the Corporation's ERM program and for monitoring and assessing its effectiveness. The Risk and Compliance Committee also oversees certain risks delegated to it by the Board and is responsible for satisfying itself that management has taken appropriate actions to ensure the effective management of such risks.

At Risk and Compliance Committee meetings, the Risk and Compliance Committee received reports from management on various key risks facing the Corporation and how they were being mitigated. Management provides quarterly reports to the Risk and Compliance Committee on the status of certain key risks, anticipated impacts in future quarters, and significant changes in key risk indicators.

The Risk and Compliance Committee also reviews management's oversight of risks relating to information technology affecting the Corporation and the Corporation's information technology systems. The Risk and Compliance Committee receives regular reports from management with respect to the Corporation's systems, policies, controls and procedures that management has implemented to identify, manage and mitigate risks related to information technology and the Corporation's information technology systems, including cyber-security.

Food Safety

The Risk and Compliance Committee receives periodic reports from management and reviews the actions taken by management to ensure that the Corporation's food safety programs address safe manufacturing, handling and preparation standards, that suppliers of food products adhere to high safety standards and that best practices are in place for storage, handling, distribution and packaging of food products, along with necessary control systems to monitor compliance with such policies.

Drug Safety

The Risk and Compliance Committee oversees risks related to the production, handling and dispensing of pharmaceuticals and the operation of pharmacies, monitors and assesses the Corporation's effectiveness in managing such risks, and ensures such risks are managed in accordance with best practices. The Risk and Compliance Committee receives periodic reports from management, including a presentation on the Corporation's cannabis business and associated risks and considerations, in order to perform its oversight role.

Environmental, Occupational Health and Safety Matters

The Risk and Compliance Committee also receives periodic reports from management on environmental and occupational health and safety matters.

CSR

On an annual basis, the Risk and Compliance Committee reviews the Corporation's CSR Report and oversees its CSR strategy. The Risk and Compliance Committee also receives periodic reports on the Corporation's CSR initiatives.

Respectfully submitted,

Risk and Compliance Committee
Warren Bryant (Chair)
Scott B. Bonham
Christie J.B. Clark
M. Marianne Harris
Claudia Kotchka
Beth Pritchard

For additional information regarding each member of the Risk and Compliance Committee, please see pages 9 to 14. For additional information regarding the activities of the Risk and Compliance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 31 to 40.

PENSION COMMITTEE

Sarah Raiss
(Chair)
Independent

Christie J.B. Clark
Independent

M. Marianne Harris
Independent

The Pension Committee, on behalf of the Board, oversees the administration, management, design and governance of the Corporation's pension plans, as well as the administration and management of the Corporation's benefit obligations.

PENSION COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Pension Committee is pleased to share with you the Pension Committee's report and some of the Committee's significant accomplishments in 2019.

2019 Highlights:

- ✓ Oversaw the annuitization of certain of the Corporation's defined benefit pension plans
- ✓ Oversaw the strategy for implementing a flexible benefit program
- ✓ Oversaw the strategy and process for merging several of the Corporation's pension plans

Oversight of the Corporation's Pension Plans

The Pension Committee, on behalf of the Board, oversees the governance and administration of the Corporation's pension and benefit plans. To fulfill its oversight responsibilities, the Pension Committee approved the framework within which investment decisions are made for the Corporation's defined benefit plans and reviewed the financial statements of such plans with management and the external auditor. The Pension Committee also received regular reporting on: (i) the Corporation's defined benefit plans, including the investment performance and funded status of such plans, and (ii) the Corporation's defined contribution plans, including the investment performance of the investment options made available to pension plan members. Throughout the year, the Pension Committee also monitored compliance with the Corporation's policies, the pension plan texts and applicable regulatory and legislative requirements.

Annuitization of Certain of the Corporation's Pension Plans

The Pension Committee oversaw the Corporation's annuitization of certain of its pension plans which was undertaken to reduce the financial risks of the Corporation's defined benefit pension plans. In doing so, the Pension Committee assessed the risks associated with the transactions and reviewed and approved the structure of the transactions and the timelines for implementing the transactions.

Flexible Benefit Program

In 2019, the Pension Committee continued its oversight of the strategy for offering a flexible benefit program to employees across Canada. The purpose of such flexible benefit program is to mitigate future cost increases to the Corporation and harmonize core benefits to employees.

Merger of Pension Plans

In 2019, the Pension Committee oversaw the strategy, process and timelines for merging several of the Corporation's pension plans to realize operational efficiencies and thereby reduce costs and administration requirements.

Respectfully submitted,

Pension Committee
Sarah Raiss (Chair)
Christie J.B. Clark
M. Marianne Harris

For additional information regarding each member of the Pension Committee, please see pages 9 to 14. For additional information regarding the activities of the Pension Committee, see the Corporation's Statement of Corporate Governance Practices on pages 31 to 40.

GOVERNANCE COMMITTEE

William A. Downe
(Chair)
Independent

Warren Bryant
Independent

Claudia Kotchka
Independent

Beth Pritchard
Independent

Sarah Raiss
Independent

The Governance Committee believes that good corporate governance is essential to strong performance. The Corporation's governance practices are designed to provide oversight and accountability, ensure trust with stakeholders and promote the long-term interests of its shareholders.

The Governance Committee is responsible for the oversight of the Corporation's governance practices, including the development and implementation of good governance principles, consistent with high standards of corporate governance. On an annual basis, the Governance Committee evaluates the performance and practices of the Board, including a review of Board policies and mandates and, together with the Executive Chairman, a review of the composition of the Board committees.

As part of its mandate, the Governance Committee, together with the Executive Chairman, identifies and recommends candidates for nomination to the Board as directors. The Governance Committee also recommends to the Board for approval any changes to directors' compensation arrangements. In addition, the Governance Committee monitors the orientation program for new directors and continuing education for all directors, and oversees the process for assessing the performance of the Board, its committees and individual directors.

The Governance Committee assists the Board with overseeing the design of the Corporation's executive compensation programs, including its incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 42. The Governance Committee is also responsible for overseeing talent management and succession planning for the Corporation's senior executive positions.

Key Skills and Experiences

The Board believes that the members of the Governance Committee individually and collectively have the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation and general business leadership, to fulfill the Committee's mandate. All members of the Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and have served as directors of other publicly traded companies. The chart below sets out the relevant experience of each member of the Governance Committee:

Name of Member	Experience in Governance and Executive Compensation
Warren Bryant	• Executive experience as former Chairman, President and Chief Executive Officer of Longs Drug Stores • Executive experience at Kroger Co. • Former Chair of the Governance Committee of Office Depot (formerly Office Max) • Director and member of Dollar General Corporation's Compensation Committee
William A. Downe	• Executive experience as former Chief Executive Officer of BMO Financial Group • Lead Director and Chair of the Executive Compensation and HR Committee of Manpower Group Inc. • Trustee and member of the Compensation and HR Committee of Rush University Medical Center • Former director of Bank of Montreal
Claudia Kotchka	• Executive experience as former Vice President, Design Innovation and Strategy at Procter & Gamble • Public company board experience as a former director of BlackBerry Limited
Beth Pritchard	• Executive experience as former President, Chief Executive Officer and Vice Chair of Dean & DeLuca Inc. • Executive experience as former President and Chief Executive Officer of Bath & Body Works • Executive experience as former Chief Executive Officer of Victoria's Secret Beauty • Lead Independent Director of e.l.f. Beauty, Inc. • Former Chair and former member of the Compensation and Governance Committee of The Vitamin Shoppe Inc. • Former member of the Compensation and Governance Committee of Cabela's Incorporated • Former member of the Human Resources and Compensation Committee of Shoppers Drug Mart Corporation • Former member of the Compensation Committee of Zale Corporation
Sarah Raiss	• Executive experience at TransCanada Corporation • Chair of the Compensation Committee of Ritchie Bros. Auctioneers (Canada) Ltd. • Former Chair of the Compensation Committee and current Chair of the Nominating and Corporate Governance Committee of Commercial Metals Company • Former Chair of the Governance and Human Resources Committee of Vermilion Energy Inc. • Former Chair and former member of the Governance and Nominations Committee of the Alberta Electric System Operator • Former Chair of the Corporate Governance and Human Resources Committee of Canadian Oil Sands Limited • Former member of the Human Resources and Compensation Committee of Shoppers Drug Mart Corporation • Former Chair of the Human Resource Committee and former member of the Governance and Nominating Committee at Business Development Bank of Canada

Board Succession Planning and Nomination Process

The Board regularly reviews potential vacancies on the Board. The Governance Committee assists the Board by reviewing an evergreen list of potential candidates and identifying individuals for the Board's consideration at the appropriate time. The Corporation has in place a board tenure policy, which provides that the Executive Chairman and the Governance Committee will undertake an assessment of a director's continued participation on the Board upon reaching the age of 75, and annually thereafter, or upon a change in principal occupation. The board tenure policy does not apply to the Executive Chairman or any management directors.

In addition to the formal board tenure policy, the Governance Committee:

1. undertakes an annual Board effectiveness evaluation that enables the Governance Committee and the Board to solicit feedback regarding director contribution, skill set and expertise;

2. maintains a director skills matrix to ensure that, in choosing director candidates, it focuses appropriately on critical competencies and experience;

3. monitors director turnover through the evaluation process and, to the extent appropriate, from time to time requests directors who are long serving and who have a readily replaceable skill set or experience not to stand for re-election;

4. annually reviews Board committee chairs and memberships with a view to balancing the desire for diverse perspectives with the need for experience and subject matter expertise; and

5. provides disclosure in this Circular of director tenure, the evaluation process and turnover with an explanation of how the Corporation's approach ensures diversity of skills, experience and background and an appropriate level of turnover.

In summary, each year the Governance Committee undertakes a review of the composition of the Board, the performance of the individual directors and the mandate and composition of the committees of the Board. Recommendations for changes, if any, are developed by the Governance Committee and subsequently discussed with the Board and with the controlling shareholder. The Board is of the view that these processes have worked well and have resulted in governance that has been both effective and adaptive to the changing nature of the businesses and the markets in which the Corporation operates.

GOVERNANCE COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Governance Committee is pleased to share with you some of the Committee's significant accomplishments in 2019.

2019 Highlights:

- ✓ Oversaw the Board succession plan
- ✓ Oversaw benchmarking and changes to the compensation of certain senior executives
- ✓ Oversaw the design of the Corporation's 2020 Short Term Incentive Plan and Long Term Incentive Plan

Executive Talent Management and Succession Planning

The Governance Committee is entrusted with the responsibility of overseeing the Corporation's approach to talent management and succession planning for senior executive roles. The Governance Committee receives reports on the development of senior executives, updates on the talent management plans across the organization and performance evaluation processes, which are designed to improve individual leadership and management skills. The succession planning process includes an annual review of each senior executive position and the performance of the incumbent. Effective in January 2019, Sarah R. Davis assumed expanded responsibilities in her role as President. In addition to day-to-day oversight of the Corporation's business performance, she added full responsibility for the Corporation's Management Board, and expanded her direct-reporting lines with the addition of Finance and Human Resources. Ms. Davis continues to report to Galen G. Weston, who became Executive Chairman of the Corporation, effective January 2019.

Board Composition and Succession

The Governance Committee's focus is to maintain a strong, vibrant and engaged Board that understands the Corporation's businesses and the retail industry generally. One of the key areas of responsibility for the Governance Committee is succession planning for the Board. The Committee assesses and evaluates the effectiveness of the Board and identifies areas where the Board may benefit from new directors with additional skills, experience and diverse backgrounds. The Corporation's board diversity policy includes a target that women will comprise at least 30% of the Board's directors. The list of nominees for the upcoming Meeting includes five women out of 12, representing approximately 42% of the Board's composition.

This year, the Governance Committee has again included in this Circular a skills matrix that the Governance Committee used as a tool in managing Board succession. This matrix was used to identify the skills, experience and expertise required on the Board.

In May 2019, Mr. Thomas C. O'Neill and Ms. Nancy Lockhart retired from the Board, after having served 16 years and 14 years, respectively, and Ms. Janice Fukakusa was nominated and elected to the Board for the first time.

Mr. Beeston will be retiring from the Board after having served 15 years. On behalf of the Board, the Governance Committee would like to acknowledge Mr. Beeston for his dedicated service and outstanding contribution to the Corporation.

The Governance Committee is responsible for the process of identifying prospective director nominees. The Governance Committee assesses the appropriate size of the Board and whether any vacancies are expected and reviews the skills matrix of current Board members to determine criteria and qualifications to be considered when recruiting new director nominees. Each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence, interlocking board memberships, or time commitment that the candidate may present. Before being put forward as a director nominee, a candidate must meet the Chair of the Governance Committee, the Executive Chairman and other Board members to discuss the Board's expectations in regards to contribution and commitment obligations.

The Governance Committee has identified Daniel Debow as having the requisite skills, experience and qualifications to be a Board member and therefore is a suitable director nominee. Daniel Debow will stand for election at the Meeting.

Director Compensation

In 2018, the Governance Committee engaged Meridian Compensation Partners ("Meridian") to conduct a comprehensive review of the compensation paid to the Corporation's non-management directors. Meridian completed a comprehensive review of the Board's compensation practices relative to the comparator group of 30 companies used to benchmark executive compensation. To confirm the appropriateness of the comparator group for assessing director compensation, Meridian also reviewed compensation relative to the 30 companies in the TSX 60 with the highest revenues. As part of this review, Meridian analyzed (i) the amount of the base retainer; (ii) committee and chair fees; (iii) the lead director fee; and (iv) minimum share ownership requirements and determined that the Corporation's director compensation was below the market median, compared to the relevant comparator groups.

As a result of this 2018 compensation review, the Governance Committee recommended that the Board approve an increase to director compensation. The Board approved such recommendation such that, effective January 1, 2019: (i) each director's annual base retainer increased from $175,000 to $225,000; (ii) the Governance Committee Chair fee increased from $25,000 to $30,000; and (iii) the Risk and Compliance Chair fee increased from $15,000 to $30,000.

Director Education and Training Program

The Governance Committee is responsible for ensuring the provision of continuing education programs for the Corporation's directors. The educational program includes presentations by internal and external experts on specific topics of interest and importance to the Board and each of its committees and on specialized or complex areas of the Corporation's business, to assist directors in carrying out their responsibilities. These presentations are in addition to regular reporting from senior management and other elements of the Corporation's continuing education program.

KEY PERFORMANCE HIGHLIGHTS IN 2019

The Board reviewed the Corporation's financial performance in 2019 and determined the NEOs' incentive payouts in part based on such performance:

- The Corporation's short-term incentive plan ("STIP") paid out at 106.2% of target for the NEOs (excluding individual performance components).
- The 2017 performance share units ("PSUs") that vested in 2020 had a payout factor at 94.6% of target for the NEOs.

EXECUTIVE COMPENSATION PHILOSOPHY

The Corporation's compensation philosophy guides every aspect of the Corporation's strategy, programs, policies and decisions on executive compensation. The Governance Committee reviews and approves the Corporation's compensation philosophy and programs for executive officers. The philosophy is set out below:

The Corporation believes that its compensation structure must be designed to attract, motivate and retain the best candidates for the challenging roles that the Corporation's executive officers fulfill. To this end, the Corporation strives for executive compensation programs that are competitive with market and industry practices to enable the Corporation to attract, motivate and retain executives with the talent and experience to ensure that the Corporation meets its strategic and operational objectives.

Pay for performance is a cornerstone of the Corporation's compensation philosophy. The compensation programs for all employees, including executives, are results oriented. The Corporation believes that a strong pay-for-performance focus should align compensation with the successful execution of business strategy, sustained long-term performance and shareholder interests. This objective is achieved through the design of the Corporation's STIP and long-term incentive plan ("LTIP"). In particular, the Corporation believes that the granting of PSUs to all executives provides a strong link between pay and performance.

Executive compensation should align with the long-term interests of shareholders. The Corporation believes its STIP and LTIP programs accomplish this objective. The Corporation's STIP is a balanced program comprised of different performance measures that focus executives on the key drivers of the business and value creation over both the short and long-term. The LTIP balances the use of (i) stock options, which align an executive's interest with shareholders in share price appreciation; (ii) restricted share units ("RSUs"), which serve as a key component in retaining executives and aligning their interests with those of shareholders; and (iii) PSUs, which focus executives on the delivery of key objectives set forth in the Corporation's strategic plan. The Corporation also expects executives to meet minimum share ownership guidelines that apply to executives at the senior vice president level and higher to reinforce the alignment between executive compensation and long-term shareholder interests.

Executive compensation programs should have flexibility to be tailored to business objectives. The Corporation believes that its executive compensation programs should be flexible and adaptive to enterprise and divisional needs. The performance measures under the STIP program are designed to focus executives on driving performance across the Loblaw and SDM businesses and include a performance measure based on an enterprise-wide customer satisfaction index (OSAT), to focus management on customer satisfaction.

The principles of good governance must underlie the Corporation's executive compensation programs. The programs are designed to promote responsible decision-making by rewarding senior executives for execution of business strategy without taking undue risks.

Governance Practices

The Governance Committee is committed to ensuring that the Corporation's approach to governance practices satisfies regulatory requirements and aligns with best practices.

The Governance Committee continues to work with management to ensure adherence to a robust process for reviewing and approving related party transactions. This is particularly relevant with Choice Properties given that the Corporation is Choice Properties' largest tenant and an affiliate. The Governance Committee is confident that management has considered the relevant legal and governance considerations associated with related party transactions and has implemented a sound governance framework to address them when they arise.

The Governance Committee is confident that the Corporation has strong and practical governance systems in place. At the same time, the Governance Committee remains committed to the ongoing evaluation of its practices and monitoring emerging best practices to deliver shareholder value.

Respectfully submitted,

Governance Committee
William A. Downe (Chair)
Warren Bryant
Claudia Kotchka
Beth Pritchard
Sarah Raiss

For additional information regarding each member of the Governance Committee, please see pages 9 to 14. For additional information regarding the activities of the Governance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 31 to 40.

3 Statement of Corporate Governance Practices

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's Board and management are dedicated to strong corporate governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and which comply with the Canadian Securities Administrators' Corporate Governance Guidelines (the "Governance Guidelines"). The Governance Committee regularly reviews the Corporation's corporate governance practices to ensure they reflect evolving best practices in a rapidly changing environment.

The Corporation's website, www.loblaw.ca, includes additional governance information, including the Code, Disclosure Policy, Majority Voting Policy, the position description for the Executive Chairman and mandates of the Board and of its committees.

Board Responsibilities and Duties

The Board is responsible for the overall stewardship and governance of the Corporation. It oversees the management of the business and affairs of the Corporation, both directly and through its committees. In addition, the Board has the following responsibilities and duties:

Strategic Oversight

The Board oversees the development, execution and fulfillment of the Corporation's strategic plans and assigns responsibility to management for achievement of that strategy. As part of its responsibility for overseeing the strategic direction of the Corporation, the Board reviews and approves:

- management's strategic plans;
- material capital expenditures, acquisitions, divestitures and restructurings; and
- investments outside the ordinary course of business.

In overseeing the strategic planning of the Corporation, the Board has a high level of engagement with management. In addition to an annual multi-day meeting dedicated to strategic planning, the Board regularly receives updates from management on the Corporation's progress in achieving its strategic plans. At each meeting, the Board monitors the Corporation's performance against both short-term and long-term strategic plans and annual operating objectives.

Oversight of Management

Although the Board delegates to management the responsibility for managing the day-to-day affairs of the Corporation, the Board reviews management's performance and effectiveness on an ongoing basis. The Board's expectations of management are communicated to management directly and through committees of the Board. The Board approves the Corporation's business and operating plans and budgets, which take into account the opportunities and risks of the business. The Board also regularly receives reports on the operating and financial results of the Corporation and on non-operational matters such as pensions, tax, food, pharmacy and workplace safety, treasury and legal matters.

Enterprise Risk Management

The Board has oversight responsibility for ERM activities associated with the Corporation's businesses. In order to identify and address any material risks, the Board undertakes an annual assessment of the Corporation's ERM structure. The annual ERM assessment is carried out through interviews, surveys, and facilitated workshops between management and the Board. Risks are identified and then assessed and evaluated based on the Corporation's vulnerability to the risk and the potential impact that the underlying risks would have on the Corporation's ability to execute its strategies and achieve its objectives. To assist with the ERM process, the Corporation has adopted a risk appetite statement that takes into consideration important aspects of the Corporation's businesses, values and brands. The risk appetite framework articulates key aspects of the Corporation's business, values and brands and provides directional guidance on risk taking. The types of risks the Corporation is exposed to include: strategic; financial; operational; cyber-security; regulatory; human capital; and reputational risks. Management provides periodic updates to the applicable committees of the Board on the status of the key risks including any anticipated near and longer term impacts and significant changes in key risk indicators. In addition, long-term (three to five year) risk levels are assessed to assist in risk mitigation planning activities. Accountability for oversight of each risk is allocated by the Board either to the full Board or to committees of the Board. For more information on the Corporation's ERM program and the types of risks the Corporation is exposed to, refer to Loblaw's 2019 Annual Report and the Annual Information Form for the year ended December 28, 2019, which are available on SEDAR at www.sedar.com.

Internal Controls and Financial Reporting

The Board is responsible for overseeing the Corporation's financial reporting and disclosure obligations to ensure compliance with applicable audit, accounting, regulatory and reporting requirements. The Board, through the Audit Committee, assesses and evaluates the integrity and effectiveness of the Corporation's internal controls over financial reporting and information systems.

Talent Management and Succession Planning

The Board, with support from the Governance Committee, oversees the Corporation's talent management and succession planning for senior executive roles. The Governance Committee receives reports on the development of senior executives and on the talent management plans across the organization and reports on performance evaluation processes, which are designed to improve individual leadership and management skills. The succession planning process includes an annual review of each senior executive position and the performance of the incumbents to ensure the Corporation has a pipeline of talented leaders.

Governance Matters

The Board is responsible for developing and monitoring the Corporation's approach to corporate governance. The Board, through the Audit and Governance Committees, closely monitors any potential conflicts of interest between the Corporation and its affiliates and related parties, including Weston, Wittington (the controlling shareholder of Weston) and Choice Properties, and reviews and approves any material related party transactions.

The Corporation, Weston and Choice Properties, are part of a common control group (the "Weston Group"). Although the entities making up the Weston Group each have their own strategies and, for the most part, focus on different businesses, the entities acknowledge that from time to time new corporate opportunities may arise that potentially could be of interest to more than one entity of the Weston Group. Accordingly, the entities making up the Weston Group have adopted a framework that facilitates the decision making process to deal with any such opportunities in a manner that is consistent with good governance, taking into account existing businesses and other considerations.

A copy of the Board's mandate is attached as Schedule A of this Circular.

Board Leadership Structure

Mr. Weston serves as Executive Chairman of the Corporation. Recognizing the importance of strong independent board oversight, the Board has re-appointed an independent director, Mr. William A. Downe, to serve as Lead Director. The Board's view on the effective role of an independent lead director has also been endorsed by leading corporate governance organizations.

The Board maintains a position description for the Executive Chairman that is reviewed annually and approved by the Governance Committee. The Board also maintains a position description for the Lead Director. The following is a description of the roles of the Executive Chairman and Lead Director:

Executive Chairman
Galen G. Weston

- Directs the operations of the Board
- Chairs each meeting of the Board
- Responsible for the management and effective functioning of the Board
- Provides leadership to the Board on all matters
- Ensures that the Board has all the information it needs to discuss the matters brought before the Board
- Ensures that all of the Board's responsibilities, as set out in the Board mandate, are being fulfilled
- Monitors the reports from the committees of the Board to ensure the committees are fulfilling the responsibilities delegated to them by the Board
- Chairs meetings of shareholders and facilitates the response by management to shareholder concerns
- Ensures that strategic plans are communicated to and evaluated by the Board

Independent Lead Director
William A. Downe

- Provides leadership to the Board and particularly to the independent directors
- Ensures that the Board operates independently of management and that directors have an independent leadership contact
- Chairs meetings when the Executive Chairman is absent and chairs meetings of the independent directors following each Board meeting and on other occasions, as required or desirable
- Regularly meets with the Executive Chairman and serves as liaison between the Executive Chairman and the independent directors
- Works with the Executive Chairman on appropriate agenda items
- Oversees the Board's self-assessment and evaluation of its leadership structure
- Meets periodically with the other independent directors to obtain insight as to areas where the Board and its committees can operate more effectively and to ensure that the Board is able to discharge its responsibilities independently of management

Director Independence

The mandate of the Board provides that the Board shall be comprised of a majority of independent directors. The independence of each director is assessed by the Governance Committee with reference to the Governance Guidelines and the requirements set by the Canadian Securities Administrators in National Instrument 52-110 – *Audit Committees*. In determining independence, the Governance Committee determines whether a director has any material relationship with the Corporation or its affiliated entities that could reasonably be expected to interfere with the exercise of such director's independent judgment. Directors who have a material relationship with the Corporation, including management directors, are not considered independent. This determination is conducted through a due diligence process that includes reviewing the following:

- each director's responses to a detailed annual questionnaire about their individual circumstances;
- biographical information;
- internal records and documents on relationships between a director and any entity affiliated with the director on the one hand, and the Corporation and its affiliated entities, on the other hand; and
- discussions with the director as may be required.

When assessing materiality, the Governance Committee considers all relevant factors and circumstances including transactions between the Corporation and the director directly, immediate family members of the director, and organizations with which the director is affiliated, and the frequency and dollar amounts associated with any such transactions. The Governance Committee has reviewed each existing and proposed director's factual circumstances and relationships with the Corporation to determine whether he or she is independent within the meaning of the Governance Guidelines. The Governance Committee determined that 10 of the 12 director nominees are independent. The Governance Committee reviews its findings with the Board.

The table below describes whether each director nominee is independent or non-independent and, in the case where certain director nominees are of non-independent status, the reason for such status is provided. Mr. Paviter S. Binning, President of Wittington, the ultimate controlling shareholder of Weston, and Mr. Galen G. Weston, the Executive Chairman of the Corporation, Chairman of Choice Properties and Chairman and Chief Executive Officer of Weston and a relative of Mr. W. Galen Weston, Weston's controlling shareholder, were determined not to be independent because they have a material relationship with the Corporation.

	Status of Director Nominees		
Name	**Independent**	**Not Independent**	**Reason for Non-Independent Status**
Paviter S. Binning		x	President of Wittington, the ultimate controlling shareholder of Weston
Scott B. Bonham	x		
Warren Bryant	x		
Christie J.B. Clark	x		
Daniel Debow	x		
William A. Downe	x		
Janice Fukakusa	x		
M. Marianne Harris	x		
Claudia Kotchka	x		
Beth Pritchard	x		
Sarah Raiss	x		
Galen G. Weston		x	Executive Chairman of the Corporation, Chairman and CEO of Weston, Chairman of Choice Properties and a relative of Mr. W. Galen Weston, the Corporation's ultimate controlling shareholder.

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Corporation. The Chair of the Board and of each committee meet separately with the Board or committee members after each meeting without other members of management present. The independent directors meet separately and meet without the non-independent directors or management's presence after each Board meeting. Additional information relating to the directors standing for election, including other public company boards on which they serve as well as their attendance record for all Board and committee meetings during fiscal 2019, can be found on pages 9 to 14 of this Circular.

Lead Director

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. The Board is of the view that having a Lead Director who is independent ensures that any potential conflicts of interest between the Corporation and the controlling shareholder are addressed. The Chair of the Governance Committee serves as the Lead Director. The Lead Director's role is to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected and that the Board is following good governance processes and prioritizing the right matters. The Lead Director has the responsibilities set out above under "Board Leadership Structure".

Board Committees

The Board has four standing committees:

- Audit Committee;
- Governance Committee;
- Pension Committee; and
- Risk and Compliance Committee

The Chair of each committee reports to the Board on material issues discussed and the actions taken at each committee meeting.

Position Descriptions for the Chair of each Committee

The Chair of each committee is responsible for the leadership and effective functioning of the committee. Specifically, the Chair is responsible for the following: maintaining a productive and effective relationship between the committee and management of the Corporation; holding management accountable for matters delegated to the committee by the Board; ensuring the proper flow of information from the committee to the Board regarding the matters discussed and decisions taken at each committee meeting; reviewing the agenda for each meeting of the committee to ensure that all appropriate matters are brought forward for discussion; ensuring that the committee meets as frequently as is necessary to fulfill its mandate; and ensuring, with the assistance of management, that all proper materials and information are brought before the committee in connection with matters to be discussed at each meeting.

Committee Membership

At least once a year, the Governance Committee reviews the composition and chair of each committee and tables its recommendations to the Board for approval. All committees may engage outside advisors or consultants as necessary and have the authority to approve fees for any such engagements.

All committees are comprised solely of independent directors.

Committee Responsibilities

Each committee has a formal mandate and a position description for its Chair, both of which are established by the Board. On an annual basis, each committee reviews its mandate and the position description for its Chair to ensure they reflect best practices and address applicable regulatory and other requirements. The results of those reviews are presented to the Board for approval. Copies of the committees' mandates are available on the Corporation's website at www.loblaw.ca.

The following is a summary of the responsibilities of each committee:

1. ***Audit Committee***

The Audit Committee reviews with management and the auditor the Corporation's annual and interim consolidated financial statements, Management's Discussion and Analysis, Annual Information Form and other matters relating to the Corporation's financial disclosure. The Audit Committee also assesses and evaluates the integrity of the Corporation's internal controls over financial reporting and information systems. In addition, the Audit Committee is responsible for:

- recommending the appointment of the auditor;
- reviewing and approving the annual audit plan for the auditor;
- reviewing the independence of the auditor;
- considering and evaluating with management the adequacy and effectiveness of internal control over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;
- overseeing procedures for the receipt, retention and follow-up of complaints regarding the Corporation's accounting, internal controls and auditing matters and the confidential anonymous submission by employees of concerns regarding such matters;
- reviewing and approving internal audit's annual plan and receiving regular reports thereon;
- reviewing and approving the audit fees paid to the auditor and pre-approval of non-audit related fees to the auditor;
- assessing the performance of the Corporation's internal audit function; and
- reviewing and approving material related party transactions.

The Audit Committee, whose current members are Christie J.B. Clark (Chair), Paul M. Beeston, Scott B. Bonham, Janice Fukakusa and M. Marianne Harris, had five meetings in 2019. Further information relating to the Audit Committee's accomplishments in 2019 is set out in the "Audit Committee Report to Shareholders" on pages 20 to 21.

2. ***Governance Committee***

The Governance Committee oversees succession planning and compensation for directors and senior management. The Governance Committee's specific responsibilities include:

- developing criteria and qualifications for selecting director candidates and identifying and recommending candidates for membership on the Board;
- evaluating the independence of directors and assessing their performance on an ongoing basis;
- assessing and reporting to the Board on its performance and effectiveness and that of its committees;
- assisting in the directors' orientation program;
- overseeing the implementation of the continuing education and training program for the Corporation's directors;
- shaping the Corporation's approach to corporate governance and recommending to the Board the corporate governance principles to be followed by the Corporation;
- assisting the Board in discharging its responsibilities relating to compensation and succession planning processes for the Corporation's senior executives; and
- reviewing and determining the design of the compensation of directors and executive officers.

The Governance Committee, whose current members are William A. Downe (Chair), Warren Bryant, Claudia Kotchka, Beth Prichard and Sarah Raiss, had four meetings in 2019. Further information relating to the Governance Committee's accomplishments in 2019 is set out in the "Governance Committee Report to Shareholders" on pages 26 to 30.

3. ***Pension Committee***

The Pension Committee assists the Board in overseeing the administration and governance of the Corporation's pension plans, benefit plans and other post/retirement arrangements in order to meet applicable legal and fiduciary obligations. Additionally, the Pension Committee is responsible for:

- reviewing the performance of the Corporation's and its subsidiaries' pension plans and pension funds;
- reviewing and recommending managers for the funds' portfolios;
- reviewing the performance of pension fund managers;
- reviewing and approving the assumptions used, the funded status and amendments to the Corporation's and its subsidiaries' pension plans;
- reviewing the management and administration of the Corporation's pension plans, capital accumulation plans, and retiree health and welfare benefit plans;
- reviewing and setting the investment objectives of the Corporation and approving the Statement of Investment Policies and Procedures;
- overseeing management's monitoring, timely identification and mitigation of material risks associated with the administration and investment activities of the plans, and reporting and providing recommendations to the Board in relation to such risks; and
- managing the retention and oversight of all third parties retained for the Corporation's pensions plans, including trustees, actuaries and investment managers.

The Pension Committee, whose current members are Sarah Raiss (Chair), Christie J.B. Clark and M. Marianne Harris, had four meetings in 2019. Further information relating to the Pension Committee's accomplishments in 2019 is set out in the "Pension Committee Report to Shareholders" on page 25.

4. ***Risk and Compliance Committee***

The Risk and Compliance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the Corporation's compliance with legal and regulatory requirements; food safety and product safety matters, including safe preparation and handling standards; pharmacy and pharmaceutical matters; and environmental, health, safety and wellness matters. Although the Board oversees the Corporation's ERM program, it delegates the oversight of certain risks to the Risk and Compliance Committee. The Risk and Compliance Committee reviews the design and structure of the Corporation's ERM program and monitors and assesses its effectiveness. The Committee reviews and recommends to the Board for approval the Corporation's ERM policy and risk appetite statement.

The Risk and Compliance Committee's specific responsibilities include:

- overseeing the Corporation's approach to legal and regulatory compliance matters and receiving reports from the Senior Vice President and Chief Compliance & Ethics Officer;
- reviewing and monitoring the Corporation's policies relating to ethics and conflicts of interest of officers and employees;
- receiving and reviewing reports from management on various key risks affecting the Corporation and how they are being managed;
- reviewing regular reports by management relating to the implementation of the Corporation's information technology systems;
- overseeing the risks associated with the Corporation's pharmacy operations;
- reviewing actions taken by management with respect to food safety programs to address safe manufacturing, handling and preparation standards and receiving timely reports on any major incidents or violation of the Corporation's policies and any food safety issues;
- reviewing actions taken by management with respect to environmental and occupational health and safety matters; and
- receiving and reviewing periodic reports from management on the Corporation's CSR program.

The Risk and Compliance Committee, whose current members are Warren Bryant (Chair), Scott B. Bonham, Christie J.B. Clark, M. Marianne Harris, Claudia Kotchka and Beth Pritchard, had four meetings in 2019. Further information relating to the Risk and Compliance Committee's accomplishments in 2019 is set out in the "Risk and Compliance Committee Report to Shareholders" on pages 22 to 24.

New Director Orientation

The Governance Committee is responsible for the orientation of new directors and their education about the business of the Corporation. The Governance Committee coordinates an in-depth orientation session for all new directors, which is attended by the Executive Chairman, the President and other senior executives of key operating divisions and includes:

- a review of the Corporation's business strategy, financial information and governance processes;
- historical information on the Corporation;
- store and facility visits; and
- one-on-one meetings with the heads of each of the Corporation's principal business divisions.

In addition, new directors are provided with a reference manual in advance of the orientation session describing the Corporation's operations, strategy and business plan, the structure and role of the Board and its committees, the Board's mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and committee meetings.

Director Continuing Education

The Governance Committee is also responsible for the continuing education of the Corporation's directors. On an ongoing basis, as part of regular Board and committee meetings, directors are given presentations on various aspects of the Corporation's operations, take part in site visits to the Corporation's facilities and receive reports from management.

In 2019, the Board and its committees received targeted training on the following topics as part of the Corporation's director continuing education program:

Educational Sessions	Date	Participants
New Accounting Standards	January 16, 2019	Audit Committee
Flexible Work Arrangements	February 19, 2019	Governance Committee
Changes to Stock Option Taxation	April 29, 219	Governance Committee
Proposed Changes to the CBCA	April 29, 2019	Governance Committee
Update on Privacy Trends	April 29, 2019	Risk and Compliance Committee
Drug Reform	April 30, 2019	Board
Customer Centricity	May 1, 2019	Board
Legislative Update	June 5, 2019	Pension Committee
Changes to Stock Option Taxation	July 22, 2019	Governance Committee
Data-Driven Insights	July 23, 2019	Board
Governance Insights	July 22, 2019	Governance Committee
Tour of Facilities	October 8, 2019	Board
Diversity and Inclusion	November 11, 2019	Governance Committee
Governance Insights	November 11, 2019	Governance Committee

Assessment of the Board and its Committees

Each year, the Governance Committee undertakes a review process to assess the performance and effectiveness of the Board and its committees. The results of the review are considered by the Governance Committee and then presented to the full Board by the Lead Director. In 2019, the Chair of the Governance Committee, as Lead Director, undertook to assess the performance and effectiveness of the Board and its committees through written questionnaires, supplemented by focused one-on-one interviews with each of the directors, which includes obtaining peer feedback from the directors and evaluating committee performance.

Each year, the Governance Committee reviews committee composition, recommends committee Chairs and takes recommendations to the Board for approval.

In addition to the assessment that the Governance Committee performs in connection with compensation matters, each year the Governance Committee assesses, with the participation of the entire Board, the performance of the Executive Chairman, the President and other senior executives. The Lead Director also routinely meets with each of the directors who may provide suggestions on the performance and effectiveness of the Board and its committees.

Nomination of Directors

The Governance Committee is responsible for the process of identifying prospective director nominees. The Governance Committee reviews the relevant experience, skills and competencies of nominees. It also recommends the appointment of directors to the various committees.

The Governance Committee meets on an annual basis, or when required, to assess the appropriate size of the Board and whether any vacancies are expected due to retirement in accordance with the board tenure policy or otherwise. As part of this assessment, the Governance Committee reviews an evergreen list of potential candidates, as well as the skills matrix of current Board members to determine criteria and qualifications to be considered when recruiting new director nominees. The members of the Board are canvassed with respect to potential candidates and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. As part of this evaluation process, the Board is mindful of diversity considerations in terms of thought, experiences, perspectives and gender, and recognizes the benefits of promoting diverse candidates to the Board. The Corporation has a target that women comprise at least 30% of the Board's directors. The Governance Committee also assesses any concerns relating to potential conflicts, independence, interlocking board memberships, or time commitment that the candidate may present. The Executive Chairman, the Chair of the Governance Committee, as well as other members of the Governance Committee, meet with the potential candidates to determine their interest, availability and suitability. The Governance Committee then presents its list of potential candidates and recommendations to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

Before being put forward as a director nominee, candidates must meet the Chair of the Governance Committee, the Executive Chairman and other Board members to discuss the Board's expectations in regards to contribution and commitment obligations.

Mr. Beeston will not be standing for re-election at the Meeting. The Board has identified Mr. Daniel Debow who has the requisite skills, experience and qualifications to be a Board member and therefore is a suitable director nominee. Mr. Debow will stand for election at the Meeting.

Diversity and Inclusion - Board and Management

The Corporation values diversity of views, thought, experience, skill sets, gender and ethnicity and supports the identification and nomination of diverse directors and candidates for senior management positions. Diversity is an important factor that is taken into account in identifying and selecting Board members and in considering the hiring, promotion and appointment of senior management. The Board believes that diversity is important to ensure that directors and senior management provide a wide range of thoughts, perspectives, experience and expertise required to achieve effective stewardship of the Corporation.

The Corporation adopted a written board diversity policy in 2015. The board diversity policy sets out guidelines for the Governance Committee to find the best qualified candidates for Board positions given the needs and circumstances of the Board and the Corporation, taking into account the current representation of diverse groups on the Board. The board diversity policy provides that when identifying suitable candidates for appointment to the Board, the Committee must consider candidates on merit using objective criteria with due regard to the benefits of diversity and the needs of the Board and the Corporation. The board diversity policy states that, among other qualities, a nominee's gender, age, ethnicity and geographic background may be considered in his or her assessment. The board diversity policy also requires that the Governance Committee measure and report to the Board annually with respect to the Corporation's progress in identifying and considering diverse candidates for appointment to the Board. To measure the effectiveness of the policy, the Governance Committee reviews: (i) the number of candidates representing various diversity categories considered or brought forward for Board positions; and (ii) the skills, knowledge, experience and character of candidates representing various diversity categories, to ensure that these candidates are being fairly considered relative to other candidates. The results of the Governance Committee's review is taken into account when identifying and nominating candidates for election or re-election to the Board. The Corporation's approach in circumstances where diverse candidates are not selected for Board positions is to satisfy itself that there are justifiable reasons to support the selection.

In 2017, the Board enhanced the board diversity policy by adding a target that women comprise at least 30% of the Board's directors. This year, five of the 12 director nominees are women, representing approximately 42% of the Board's composition. The board diversity policy does not currently specifically address, or include formal targets for, board representation of aboriginal peoples (being Indian, Inuit, Métis), persons with disabilities[(1)] and members of visible minorities (persons other than aboriginal peoples who are non-Caucasian in race or non-white in colour) (together with women, the "designated groups" as defined under Article 3 of the *Employment Equity Act* (Canada)), as diversity is already an important factor that is considered in the director identification process, and ultimately it is the skills, experience, expertise, character and behavioral qualities of an individual that are most important in determining the value that an individual could bring to the Board. However, the Corporation will continue to monitor its level of board diversity and consider whether it would be appropriate to include specific reference to, or formal targets for, the representation of certain other diversity categories, including the designated groups, in future.

(1) *"Persons with disabilities" is defined as meaning persons who have a long term or recurring physical, mental, sensory, psychiatric or learning impairment and who: (i) consider themselves to be disadvantaged in employment by reason of that impairment; or (ii) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment. This definition also includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.*

The Corporation is committed to an inclusive and diverse workplace and recognizes that diversity is an important consideration in creating and maintaining an effective senior management team. The Corporation has a robust Diversity and Inclusion Framework that is put into practice with the involvement of hundreds of colleagues across the organization, including senior leaders. The Framework drives the Corporation's diversity priorities by creating resource groups, generating awareness and implementing activities that embed diversity principles into the culture of the organization at the deepest levels. A number of talent initiatives support the Corporation's diversity and inclusion activities, including diversity-driven mentoring and recruiting practices and talent development strategies that ensure diversity is considered in the Corporation's talent development and succession planning process at various seniority levels, including at the senior management level. These programs were established to ensure that the Corporation's rich and diverse talent pool is supported and provided opportunities to grow their careers to the highest levels within the organization.

In early 2020, Management adopted formal targets in respect of women in senior management positions. Specifically, Management has set a target that at least 40% of Vice President or higher positions be held by women, by 2024. The Corporation's approach in circumstances where female candidates are not selected for senior management positions is to satisfy itself that there are justifiable reasons to support the selection. The Corporation has not adopted targets in respect of other designated groups, as diversity is already an important factor that is considered in hiring and promoting senior management, and ultimately it is the skills, experience, expertise, character and behavioral qualities of an individual that are most important in determining the value that an individual could bring to the Corporation as a member of senior management. However, the Corporation will continue to monitor its level of diversity in senior management and consider whether it would be appropriate to adopt formal targets for the representation of certain other diversity categories, including the designated groups, in future.

In early 2020, the Corporation surveyed the Board and senior management to determine the number and proportion of individuals that self-identified as belonging to one or more of the designated groups. Participation in the survey was voluntary and, as such, the results represent only those individuals who elected to participate and may not be entirely representative of the designated groups at the Board or senior management level.

The Corporation has five director nominees that are women, representing 42% of the Board's composition. Two director nominees have identified as visible minorities, representing 17% of the Board's composition. No director nominees have identified as Aboriginal persons. One director nominee identified as a person with disabilities, representing 8% of the Board's composition and one director nominee preferred not to disclose any information as part of the self-identification survey.

The Corporation's senior management, which is comprised of vice-president level positions and higher, includes: 58 individuals who have identified as women, representing 32% of senior management; 33 individuals who have identified as visible minorities, representing 18% of senior management; and one individual who has identified as Aboriginal, representing 1% of senior management. No member of senior management identified as a person with disabilities.

The Corporation is committed to ensuring that it attracts and retains the most highly qualified and experienced directors and senior management and recognizes that diversity is an important consideration in creating and maintaining an effective Board and senior management team.

CORPORATE GOVERNANCE MATTERS

Ethical Business Conduct

The Corporation's Code of Conduct reflects its commitment to high standards of ethical conduct and business practices. The Board annually reviews the Code to ensure it is current and reflects best practices in ethical business conduct and integrity and includes a strong "tone from the top" message. The Code addresses, among other things, conflicts of interest, compliance issues including compliance with laws, rules and regulations, confidentiality and fair dealing with the Corporation's shareholders, customers and suppliers and reporting of illegal or unethical behavior. All directors, officers and employees of the Corporation are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Audit Committee receives periodic reports on compliance. The Governance Committee also receives periodic reports from management discussing various policies and procedures that support this important area. Material issues under the Code are brought to the attention of the Audit Committee and, if appropriate, to the Board. A copy of the Code is available on the Corporation's website at www.loblaw.ca.

Senior management oversees the implementation of the Code, the education of employees regarding the Code and all material breaches. Senior management also reviews the Code annually to determine if it requires revision or enhancement, and if so, such revisions are reviewed with the Board.

The Code also deals with conflicts of interest. If an officer or employee has a conflict of interest with respect to any matter, that individual is required to bring the conflict to the attention of his or her manager or the Human Resources Department. If a director has a conflict of interest with respect to any matter, he or she may not participate in any discussion and is required to abstain from voting on it. The Code also addresses such matters as the protection of confidential information and the protection and proper use of the Corporation's assets.

The Corporation encourages the reporting of violations and potential violations of the Code and has established an Integrity Action Line (or "whistleblower" line), accessible online and by toll-free phone number, which any employee or director may use to report conduct that he or she feels violates the Code or otherwise constitutes fraud or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal controls and auditing matters. Reports are received periodically by the Audit Committee regarding any concerns reported through any of these procedures. These procedures are available at www.loblaw.ca. Senior management reports regularly to the Audit Committee regarding complaints received through the whistleblower procedures so that the Audit Committee can ensure that any complaints are handled appropriately.

The Corporation has a Vendor Code of Conduct that sets out the Corporation's expectations of its vendor community with respect to ethical conduct and social responsibilities. The Vendor Code of Conduct deals with such matters as labour practices, environmental practices and compliance with applicable laws.

In 2019 the Corporation developed a corporate ethics framework. This framework is intended to guide the creation of common ethical values across the Corporation, with the goal of having an enterprise-wide mechanism to assist colleagues in making good decisions and prompting them to report unwanted behaviour. In conjunction with the creation of the ethics framework, the Corporation developed ethics objectives, which focus on communicating ethical values to colleagues and developing educational tools to assist colleagues in day-to-day ethical decision-making.

Environmental and Social Responsibility

The Corporation's corporate governance principles extend to environmental and social issues, including the management of environmental and social risks. The Corporation believes that its customers, investors, employees and other stakeholders care deeply about the Corporation's commitment to being a force for positive environmental and social change. By integrating consideration of environmental and social risks in its day-to-day business activities, implementing robust compliance and ethics programs and undertaking impactful charitable activities, the Corporation strives to be an inclusive employer and a trusted brand. The Corporation's approach to Corporate Social Responsibility ("CSR") is driven by its purpose - Live Life Well. By sourcing responsibly, respecting the environment and making a positive difference in the communities in which it operates, the Corporation aims to be a leading contributor to Canadian society both today and for generations to come. The Corporation's CSR initiatives include the following:

Sourcing Responsibly

The Corporation strives to source its products in a responsible way, and has made significant strides in sourcing more products sustainably and ethically. The Corporation has identified a number of opportunities to have an impact through its supply chain, particularly in the context of offshore sourcing. Recent and ongoing initiatives in this area include:

- Vendor Code of Conduct - the Corporation's Vendor Code of Conduct commits vendors to behaviours and practices that reflect the Corporation's values and internal code of conduct.
- Working Conditions - the Corporation has developed a tailored process within its supply chain to help ensure its international vendors adhere to local working standards for employees, providing them with safe and secure working conditions.
- Bangladesh Accord on Fire and Building Safety (the "Accord") - the Corporation has played a central role in the creation and development of the Accord, which has achieved significant positive results with regard to building and work safety in Bangladesh.
- Transparency - the Corporation continues to publicly disclose its contracted factory lists for apparel and footwear products. This transparency allows the Corporation to continue to strengthen its process and find ways to collaborate further.
- Local Sourcing - the Corporation takes pride in working with local farmers, fishermen and producers. More than 30% of the Corporation's annual produce purchases are from Canadian growers. During the peak growing season, approximately 50% of the Corporation's produce is Canadian grown. The Corporation's PC Free From poultry and pork is sourced exclusively from Canadian farmers.
- Cotton Sourcing - the Corporation has pledged not to use cotton sourced from Turkmenistan or Uzbekistan because of the use of child-labour during the autumn cotton harvest in such locations.
- Animal Welfare - starting in 2019, the Corporation banned the sourcing and use of mohair and angora in apparel production due to animal welfare concerns and the Corporation only sources veal from loose housing environments.
- Sustainable Commodities - the Corporation analyzes at-risk commodities and seeks to obtain third-party verification of sustainable agricultural practices for certain commodities, including seafood, cocoa, coffee, palm oil and beef.

Respecting the Environment

The Corporation aims to continue reducing the environmental impacts of its operations specifically in the areas of waste, electricity, transportation, refrigeration and packaging:

- In 2016, the Corporation announced a commitment to reduce its carbon footprint 20% by 2020 and 30% by 2030 relative to a 2011 baseline. The Corporation has an action plan focused on energy-efficient stores and distribution centres, fuel-efficient transportation, and managing refrigerant leaks and organic waste diversion. The Corporation intends to deliver carbon reduction in line with Canada's national targets and, along with other forward-looking Canadian companies, demonstrate that these goals can be achieved without sacrificing economic growth. By 2017, the Corporation had already met its 2020 target, having reduced its carbon emissions by 21.9% against its baseline. The Corporation continues to make good progress towards its goal of a 30% carbon reduction by 2030.
- A long-standing initiative that has had a significant impact is the Corporation's plastic bag reduction program. Charging consumers for plastic bags has led to the reduction of nearly 13 billion plastic bags in the Corporation's retail store network since the start of the program.

- The Corporation was one of the first members of the Circular Economy Leadership Coalition, whose members work with industry, non-governmental organizations, academics and government on the development and implementation of circular economy solutions aimed at eliminating waste.
- In 2019, the Corporation joined 18 other leading international companies to launch the One Planet Business for Biodiversity initiative. This program aims to leverage the scope and scale of the participating companies to meaningfully improve biodiversity around the world.
- While retail is a relatively small contributor to food waste volumes, the Corporation understands the impact it can have throughout the value chain and with consumers. That is why in 2018, the Corporation committed to reducing food waste by 50% by 2025. The Corporation is making important progress towards that goal, through reclamation, diversion and donation programs. The Corporation is one of Canada's largest food bank donors with over 11.5 million pounds of perishable food donated in 2019. The Corporation has been partnering with Second Harvest for nearly 35 years, and with Food Banks Canada since 2009. More than 450 stores donate perishable food items to local food banks and food rescue organizations.
- In 2019, the Corporation announced a partnership with Flashfood in furtherance of its commitment to reduce store-generated food waste. The Flashfood program allows customers to purchase food items that are nearing their expiration date, at a reduced price of up to 50% off, at select stores. In 2019, the Corporation installed Flashfood cases in over 400 of its stores and as a result, has diverted more than 4.6 million pounds of food from landfills.
- In 2019, the Corporation announced a partnership with Loop™ to bring innovative reusable packaging to the Canadian marketplace.

Making a Positive Difference in Communities

The Corporation undertakes several charitable activities, which underpin its community-oriented approach to CSR. The Corporation's principal charitable activities center on helping Canadian families Live Life Well by putting women's health first and tackling childhood hunger:

- President's Choice Children's Charity (the "Charity") has been tackling childhood hunger since 2008 and over that time has granted more than $70 million to schools and non-profits. As Canada's largest charitable funder of school meal programs and through new and existing partnerships, the Charity continues to feed and help teach children the importance of nutrition and how it affects their well-being, reaching over 700,000 Canadian children in 2019.
- The LOVE YOU by Shoppers Drug Mart program works together with local charities to help advance women's health in mind, body and spirit, and provides support systems to help put women's health first. Since 2011, more than $70 million has been raised and granted to support women's health initiatives in communities across Canada.
- Each of the Corporation's participating grocery stores is paired with a local food bank. These food banks are supported throughout the year, including through bi-annual food drives. In 2019, the Corporation, through in-store donations of non-perishable food items, contributed more than 2 million pounds of food and $3.2 million to foods banks across the country.
- In 2018, the Corporation raised and donated more than $77 million to charities and non-profits across Canada.

Additional information on the Corporation's key environmental and social initiatives and achievements is included in its Corporate Social Responsibility Report, which is reviewed and updated annually and available on the Corporation's website at www.loblaw.ca. The CSR Report is prepared by management's CSR committee and is reviewed with the Risk and Compliance Committee. In examining environmental and social opportunities, the Corporation prioritizes them based on the urgency of an issue, their importance to the Corporation's customers, their relevance to the Corporation's businesses and the potential for the Corporation to make a large impact.

Disclosure Policy

The Corporation has adopted a corporate disclosure policy to deal with the timely dissemination of all material information. The disclosure policy establishes guidance for determining what information is material and how to ensure that all material information is publicly disclosed on a timely basis to avoid selective disclosure. The Board, directly and through its committees, reviews and approves the content of major disclosure documents, including annual and interim consolidated financial statements, the Annual Report, the Annual Information Form, Management's Discussion and Analysis and the Management Proxy Circular. The Corporation seeks to communicate to its shareholders through these documents as well as by means of news releases, its website and investor relations calls and meetings.

Disclosure Committee

A Disclosure Committee comprised of the Corporation's senior management oversees the Corporation's disclosure process as outlined in its disclosure policy. The Disclosure Committee's mandate includes ensuring that effective controls and procedures are in place to enable the Corporation to satisfy all of its continuous disclosure obligations including evaluating events to determine whether they give rise to material information that must be publicly disclosed and reviewing all disclosure documents before they are presented to the Audit Committee and the Board. In addition, the Disclosure Committee is responsible for ensuring that the policies and procedures contained in the Corporation's disclosure policy are in compliance with regulatory requirements.

The Corporation's website, www.loblaw.ca, sets out governance information, including the Code, disclosure policy and mandates of the Board and of its committees.

4 Compensation Discussion and Analysis

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INTRODUCTION

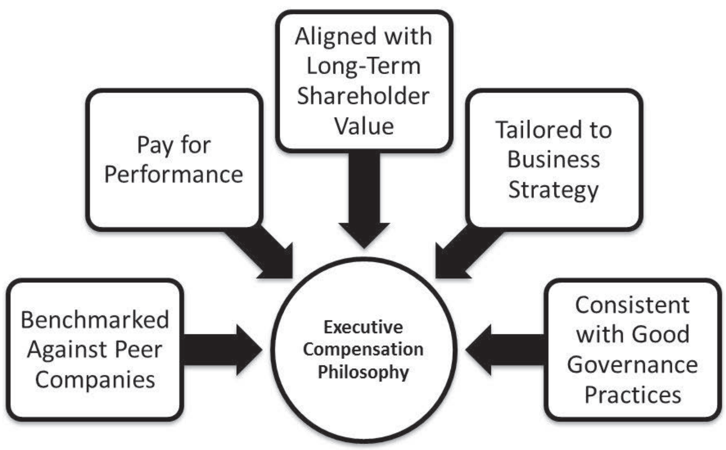
This Compensation Discussion and Analysis describes the compensation programs of the NEOs. For 2019, the NEOs were:

Name	Position
Galen G. Weston	Executive Chairman (former Chairman and Chief Executive Officer)
Darren Myers	Chief Financial Officer
Sarah R. Davis	President
Garry Senecal	Chief Customer Officer
Barry Columb	President, President's Choice Financial

Effective January 2019, Mr. Weston was appointed Executive Chairman. He previously held the position of Chairman and Chief Executive Officer. Effective in January 2019, recognizing Ms. Davis' performance over the past two years, the Corporation announced that Ms. Davis would assume expanded responsibilities in her role as President. In addition to day-to-day oversight of the Corporation's business performance, Ms. Davis added full responsibility for the Corporation's Management Board, and expanded her direct-reporting lines with the addition of Finance and Human Resources. Ms. Davis continues to report to Mr. Weston. Mr. Senecal tendered his resignation as an officer of the Corporation in February 2020, effective June 2020.

EXECUTIVE COMPENSATION PHILOSOPHY

The Corporation's executive compensation programs are designed to attract, retain and incent outstanding executives who are committed to improving the Corporation's performance and creating value for its shareholders. Five key principles underlie the Corporation's executive compensation programs, as set out below:



1. Benchmarked Against Peer Companies

Competitive compensation is important as it enables the Corporation to attract and retain talented and qualified individuals to lead the business. The Corporation has developed processes to ensure that its compensation programs are competitive with market and industry practices and support the attraction and retention of high quality executives. The Corporation periodically benchmarks compensation and incentive design relative to peer companies.

2. Pay for Performance

The Corporation structures its compensation programs to align executive compensation with the financial and strategic performance of the Corporation and the performance of its Common Shares. A significant portion of executive compensation is in the form of at-risk pay, namely STIP and LTIP compensation. This creates a performance-based corporate culture that rewards individual and team-based contributions to the achievement of the Corporation's operational and financial goals and aligns compensation with total return to shareholders. The at-risk components for the NEOs in 2019 ranged from 76.9% to 86.8% of their total direct target compensation, as discussed under "Components of Executive Compensation for 2019" on page 48.

3. Aligned with Long-Term Shareholder Value

The Corporation structures its executive compensation programs to align the interests of its executives with those of its shareholders. A significant portion of executive compensation takes the form of long-term equity-based awards. Structuring executive compensation in this manner rewards executives for the creation of sustainable, long-term shareholder value.

4. Tailored to Business Strategy

The Corporation believes that it should be flexible in applying its compensation programs to company and divisional needs. Incorporating appropriate flexibility into the design of the Corporation's incentive plans, such as in the design of performance measures in the STIP program, drives alignment at enterprise and divisional levels to key business and strategic objectives.

5. Consistent with Good Governance Practices

The Corporation structures its executive compensation programs to reward senior executives for the execution of business strategies while also taking an expected and reasonable level of risk. In 2019, the Corporation's STIP and LTIP programs were comprised of multiple performance measures to reduce the risk of executives focusing on a single performance measure.

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

RISK MITIGATION PRACTICES

The Corporation has risk mitigation practices that include balanced incentive plans that are not focused on a single financial measure, a clawback policy for short and long-term compensation, share ownership requirements for NEOs and other senior executives and trading restrictions and hedging prohibitions.

1. Incentive Plan Design

The Corporation's 2019 STIP and LTIP included a variety of performance measures, including share price appreciation, earnings, sales performance, compliance, operating leverage, an enterprise-wide customer satisfaction index, Overall Satisfaction ("OSAT"), return on capital, and an individual performance factor. Using multiple performance measures requires that the operating results of the Corporation and its operating businesses outperform in all key metrics in order for executives to achieve the maximum compensation award. This balanced approach is intended to reduce the risk of a disproportionate focus by executives on any single aspect of the business for the sole purpose of increasing their compensation.

Short-term incentives are designed to focus executives on the key drivers of the operating businesses and on value creation over both the short and long term and, as such, minimize the likelihood of inappropriate or excessive risk-taking. The Corporation's STIP has a maximum payout level that limits the amount that an executive can be paid, thereby limiting the incentive to take excessive risk.

As part of its annual review process, the Governance Committee reviews stress testing of the STIP design to illustrate the payouts under various scenarios. The testing is intended to ensure that the performance shoulders (i.e. threshold to target to maximum) are set appropriately, such that performance levels are achievable with significant effort but without taking excessive risk.

The Governance Committee also carefully considers the sharing of profit between the Corporation's management and its shareholders in various performance scenarios. The affordability of payouts in different performance scenarios and the portion of profit that is allocated to employees and to shareholders provide comfort around the reasonableness or affordability of STIP payouts in light of performance achieved. The Governance Committee reviews the five year history of the Corporation's STIP performance and its correlation to key financial performance measures over this period. The stress testing and look back analyses are used to evaluate and confirm the reasonableness and affordability of the STIP payout results.

A significant portion of executive compensation is allocated to long-term incentives to focus executives on sustainable value creation. The Corporation's objective is to design incentive plans that do not motivate executives to take excessive or unexpected risks given the potential negative impacts on the long-term equity components of their compensation. The Governance Committee also requires that a sensitivity analysis be performed prior to any increase in an NEO's incentive compensation to ensure that the potential payouts are evaluated in the context of the Corporation's long-term plan and anticipated share price performance.

The Governance Committee regularly reviews each compensation plan and has the ability to make adjustments to incentive awards and actual payouts, as appropriate.

2. Clawback Policy

The Corporation has a clawback policy for STIP and LTIP payments for senior executives, including the NEOs. Under the policy, the Corporation can require an executive to repay STIP and LTIP payouts if: (i) the executive engages in gross negligence, misconduct or fraud that results in the need for the correction or restatement of financial results; (ii) the executive receives an award calculated on the achievement of those financial results; and (iii) the award received would have been lower had the financial results been properly reported. The clawback policy also provides that the Governance Committee of the Board may, in its discretion, claw back an executive's STIP and LTIP payouts if the executive commits a material breach of the Code whether or not it resulted in a correction or restatement of financial results. The policy applies to all incentive payments received by the executive over the two-year period preceding the triggering event.

3. Share Ownership Requirements

Senior executives, including the NEOs, are required to maintain a significant equity investment in the Corporation. The Corporation's Executive Share Ownership Guidelines (the "Guidelines") are designed to align executives' interests with those of the Corporation's shareholders, and to mitigate the likelihood of undue risk taking. These Guidelines establish minimum share ownership levels for executives which are set at a multiple of an executive's base salary, with the multiple increasing to reflect the level and responsibility of an executive.

The Corporation imposes a mandatory hold period requiring the Executive Chairman and the President to maintain their respective required share ownership levels for one year following the end of their respective employment.

Senior executives, including NEOs, are subject to a mandatory holding requirement that requires an executive subject to the Guidelines to retain 50% of any after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been met. The Guidelines apply to a broad group of senior management, as further discussed under Executive Share Ownership Guidelines on page 60.

4. Trading Restrictions and Hedging Prohibitions

Directors, officers, executives, employees and certain other designated persons are subject to the Corporation's securities trading policy, which prohibits trading, directly or indirectly, in the securities of Weston, Loblaw or Choice Properties while in possession of material undisclosed information. The securities trading policy also prohibits informing unauthorized persons of such information and recommending or encouraging others to trade in the companies' securities while in possession of material undisclosed information.

Hedging transactions involving the securities of Weston, Loblaw or Choice Properties are prohibited. The prohibition covers transactions such as prepaid variable forward contracts, short sales, puts or calls, equity swaps or other equity monetization transactions, that are designed to hedge or offset a decrease in the market value of securities of Weston, Loblaw or Choice Properties.

The Corporation has regularly scheduled quarterly closed trading windows which include the period during each fiscal quarter when the Corporation's financial results are being compiled but not released to the public. Directors and executive officers must not trade in the securities or exercise options of Weston, Loblaw or Choice Properties outside prescribed open trading windows.

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN THE COMPENSATION AND EVALUATION PROCESS

In 2019, the Executive Chairman, together with the President, participated in the compensation design process, evaluated the performance of key senior executives and made recommendations to the Governance Committee with respect to the compensation of the other NEOs at such time and the specific business goals to be used as performance targets for the various incentive programs. The views of the Executive Chairman and President are valued because of their ongoing involvement with key senior executives. As a result, they are in the best position to effectively assess the performance of the NEOs, other than themselves, and how the NEO's efforts have contributed to the achievement of the Corporation's strategic objectives and operational targets.

These evaluations are based on the achievement of objectives and targets related to both the individual and the Corporation and include an assessment of leadership capabilities and team development. The results of these evaluations are presented to the Governance Committee. The Executive Vice President and Chief Human Resources Officer assists the Executive Chairman and President in developing and presenting to the Governance Committee management's recommendations and supporting material regarding the design of the incentive plans and the compensation of the other senior executives.

COMPARATIVE MARKET DATA

Comparative market data is one factor used in setting the compensation of each NEO. Other factors include the scope of the role, individual performance and experience, leadership ability, internal equity among executives and the operating results of the business or area for which the NEO has responsibility. From time to time, the Governance Committee uses benchmarking or comparisons of compensation programs from a peer group of companies to confirm that the Corporation's programs remain competitive. See the discussion below under the heading "Compensation Comparator Group" for a detailed description of the comparator group. When performing compensation reviews, the Governance Committee has determined that its compensation positioning should be targeted within a competitive range of the 50th percentile (median) of the Corporation's comparator group based on target total direct compensation, which is comprised of base salary, short-term and long-term compensation targeted amounts.

ROLE OF MERIDIAN COMPENSATION PARTNERS

In 2018, Meridian was retained to review and benchmark Mr. Galen G. Weston's compensation, in addition to other senior executives, relative to Loblaw's executive compensation comparator group. Meridian was also engaged to assist in evaluating the competitiveness of the Corporation's STIP and LTIP with its peers and industry, as well as for alignment with the Corporation's growth- and efficiency-focused strategic initiatives. The results of this analysis led to a few "housekeeping" changes to the Corporation's compensation comparator group.

Meridian is not an independent compensation advisor. In 2019 and 2018, Meridian received $95,792 and $165,532, respectively, from the Corporation for advisory services to the Corporation.

The Governance Committee regularly evaluates whether to formally retain an independent compensation advisor to assist in compensation matters. As part of its annual assessment of governance practices, the Governance Committee determined that it did not require the services of an independent compensation advisor in 2019 or 2018.

ROLE OF OTHER COMPENSATION CONSULTANT PARTNERS

In 2019, Willis Towers Watson was engaged to assist with benchmarking compensation for the President, President's Choice Financial. Willis Towers Watson is not an independent compensation advisor.

COMPENSATION COMPARATOR GROUP

In addition to its periodic review of individual executive compensation, in 2018, Meridian reviewed the comparator group used to benchmark Loblaw's executive compensation and confirmed that, although it remained size and industry appropriate, a few changes were necessary in order to better reflect a comparable peer group based on availability of compensation data and change in business focus.

Determining a comparator group to benchmark NEO compensation is challenging in light of Loblaw's presence in the Canadian market as one of the largest companies in Canada by revenue and number of employees. Loblaw also has a limited number of direct retail peers in Canada and there are few large, Canadian companies outside of the financial services and resource based industries against which Loblaw may easily compare.

The Committee approved a blended comparator group comprised of three types of companies: (i) Canadian retail companies; (ii) US retail companies; and (iii) large (non-retail) Canadian companies. The US retail companies reflect the broader retail talent market and are direct competitors for talent at the senior executive level. The large Canadian companies were selected to reflect how Canadian companies pay executives for their skill set and experience. Most of the comparators listed below are within one-third to three times Loblaw's revenue size. Revenue was selected as the criterion for members of each comparator group because it is generally a stronger and more predictive measure for compensation comparisons for a retail company than other criteria (e.g. assets or market capitalization). Loblaw was positioned at the 63rd percentile based on revenue and at the 32nd percentile based on market capitalization of this blended comparator group in 2018.

The group of comparator companies is set out below:

Canadian Retail Companies	US Retail Companies	Large Canadian Companies	
Alimentation Couche-Tard Inc.	Best Buy Co Inc.	BCE Inc.	Imperial Oil Limited
Canadian Tire Corporation, Limited	Costco Wholesale Corporation	Bombardier Inc.	Nutrien Ltd.
Empire Company Limited	Dollar General Corp.	Brookfield Asset Management Inc.	Power Corporation of Canada
Metro Inc.	Dollar Tree Inc.	Canadian Natural Resources Limited	Rogers Communications Inc.
	The Home Depot, Inc.	Cenovus Energy Inc.	Suncor Energy Inc.
	The Kroger Co.	Enbridge Inc.	TELUS Corporation
	Lowe's Companies, Inc.	Husky Energy Inc.	
	Publix Super Markets, Inc.		
	Rite Aid Corporation		
	Sysco Corporation		
	Target Corporation		
	Walgreen Co.		
	US Foods Holdings Corporation		

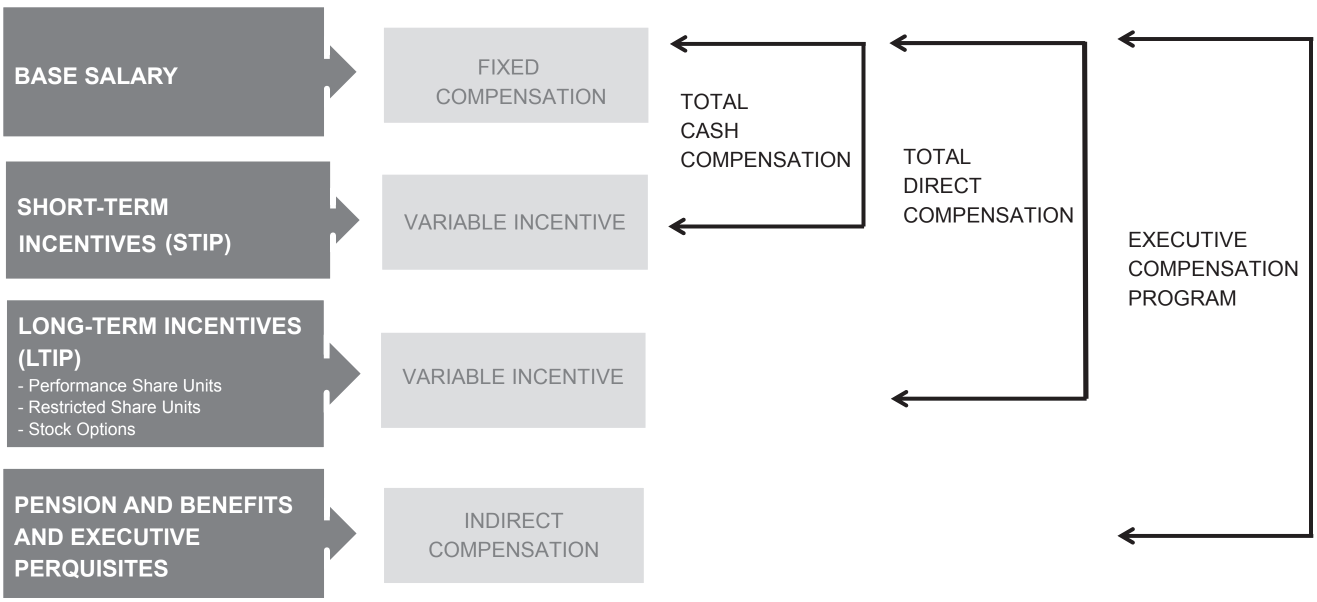
2019 COMPENSATION ANALYSIS

The Governance Committee reviews the compensation of the NEOs on a bi-annual basis. In 2019, the Governance Committee reviewed the results of the compensation analysis performed by Meridian and Towers Willis Watson in determining applicable executive compensation.

COMPONENTS OF COMPENSATION

SUMMARY OF THE COMPONENTS OF COMPENSATION

The Corporation's executive compensation program is comprised of the elements described in this Compensation Discussion and Analysis, as summarized below:



COMPENSATION DISCUSSION AND ANALYSIS

OVERVIEW OF COMPONENTS

The 2019 NEO compensation was comprised principally of base salary, short-term cash incentives (which executives may elect to receive in the form of Executive Deferred Share Units ("EDSUs")) and long-term incentives (RSUs, PSUs and stock options) as described in the table that follows. Benefits, pensions and perquisites comprise a relatively small part of an NEO's total annual compensation.

Base Salary	Short-Term Incentives	Long-Term Incentives	Pension and Benefits	Perquisites
Compensate executives for fulfilling their day- to-day responsibilities	Reward executives for meeting annual financial and/or operating performance targets	Motivate and reward executives for increasing shareholder value and serve to retain executives	Assist executives in providing for their health and retirement planning	Provide additional benefits to executives that are competitive with market practice

Components		Form	Period	Program Objectives and Details
Fixed Compensation	Base Salary	Cash	Annual	• Reflects the executive's level of responsibility and experience, market competitiveness, internal equity among executives and the executive's overall performance.
Variable Compensation	Short-Term Incentive Plan (STIP)	Cash	Annual	• Each executive has a target annual bonus (% of base salary). • Actual payout is determined by the achievement of predetermined financial and/or operating performance objectives and the individual performance of each NEO. • Payouts range from zero to a maximum of 200% of an executive's target bonus.
		EDSUs (Elective)	Annual election; EDSUs held until cessation of employment	• Each executive can choose to receive all or a portion of the executive's STIP payout in the form of EDSUs, to a cumulative maximum of three times the executive's base salary. • Align executives' interests with those of shareholders and count towards the Executive Share Ownership Guidelines. • EDSUs are settled in Common Shares purchased on the open market no later than December 15th of the year following the year in which the executive's employment ceases for any reason. • EDSU Plan provides for the crediting of additional EDSUs in respect of dividends paid on Common Shares for the period when an EDSU is outstanding. Dividend EDSUs vest at the same time as EDSUs.
	Long-Term Incentive Plan (LTIP)	RSUs	3 year vesting period	• Motivate and reward executives for increasing shareholder value. • Serve as a key component in retaining executives. • RSU grants are generally made once per year. • RSUs typically comprise one-third of the total value of annual LTIP grants to executives. • RSUs are settled in Common Shares purchased on the open market at the end of the applicable vesting period. • RSU Plan provides for the crediting of additional RSUs in respect of dividends paid on Common Shares for the period when a RSU is outstanding. Dividend RSUs vest at the end of the applicable vesting period.
		PSUs	3 year performance period	• Motivate and reward executives for increasing shareholder value. • PSU grants are generally made once per year. • PSUs typically comprise one-third of the total value of annual LTIP grants to executives. • PSU vesting is based on the Corporation's success in achieving revenue and return on capital targets. • The overall number of PSUs that vest at the end of a performance period ranges from 0% to 200% of the initial grant. • PSUs are settled in Common Shares purchased on the open market at the end of the applicable performance period. • PSU Plan provides for the crediting of additional PSUs in respect of dividends paid on Common Shares for the period when a PSU is outstanding. Dividend PSUs vest at the same time and based on the same performance factor as the PSUs.
		Stock Options	5 year vesting period (20% per year); 7 year term	• Motivate and reward executives for increasing share price. • Stock option grants are generally made once per year. • Stock options typically comprise one-third of the total value of annual LTIP grants to executives.
Benefits	Group health, dental and insurance benefits		Employment and post- employment	• Executive benefit plans provide health, dental, disability and insurance coverage.
Pensions	Executive Defined Benefit Plan		Post-employment	• The Corporation's executive pension plan is designed to provide a reasonable level of retirement income to executives to reward them for their service. • Pension entitlements for an executive in the Corporation's Executive DB Plan are based on length of service and eligible salary. • The total annual benefits payable under the Corporation's Executive DB Plan are capped at $125,000 per year. • The Executive DB Plan was closed to new participants in 2006.
	Executive Defined Contribution Plan		Post-employment	• Since 2006, new executives participate on a non-contributory basis in the Corporation's Executive DC Plan. • Contributions were set as a percentage of base salary (maximum of $250,000) and in 2019 were capped at $27,230 per year.
	Supplemental Executive Retirement Plan ("SERP")		Post-employment	• The SERP is an unfunded obligation of the Corporation. • Senior executives of the Corporation whose pension benefits exceed the prescribed limits under the applicable tax legislation may participate in the SERP on a non-contributory basis if they comply with certain eligibility provisions.
Perquisites	Cash allowance/ reimbursement for professional services		Annual	• A limited number of personal benefits are provided, including use of a car or car allowance, an annual medical examination and a discretionary health care spending account and the ability to participate in the employee share ownership plan.

COMPONENTS OF EXECUTIVE COMPENSATION FOR 2019

BASE SALARY

Base salaries for the NEOs are set on an individual basis and not within formal salary ranges, taking into account the level of responsibility and experience, market competitiveness, internal equity among executives and the executive's overall performance both individually and in relation to the executive's business unit or division. The Governance Committee reviews the base salary of each NEO bi-annually. The Governance Committee may make adjustments to an NEO's salary as a result of a change in the NEO's duties and responsibilities, or in the performance and contribution of the NEO, both on an individual basis and in relation to the performance of the NEO's business unit or division.

The following table sets out the base salary for each NEO for 2019. For further details with respect to the reasons for any increase in annualized base salary from 2018, refer to the section titled "2019 Compensation Decisions Regarding the Named Executive Officers" on page 61.

Name	2019 Annualized Base Salary ($)	Increase From 2018 (%)
Galen G. Weston	480,000 (1)	1.7 (1)
Darren Myers	820,000	Nil
Sarah R. Davis	1,000,000	11.1
Garry Senecal	700,000	Nil
Barry Columb	575,000	Nil

(1) Mr. Weston's aggregate base salary of $1,200,000 is allocated 60% to Weston and 40% to Loblaw, with Weston paying $720,000 and Loblaw paying $480,000 towards Mr. Weston's base salary in 2019. While Mr. Weston's base salary from Loblaw decreased by 18.6% from 2018 due to the decrease in the allocation to Loblaw of his aggregate base salary from 50% to 40%, his aggregate base salary of $1,200,000 represented an increase of 1.7% over his 2018 aggregate base salary.

SHORT-TERM INCENTIVE PLAN

All NEOs participate in the Loblaw STIP. For 2019, the STIP was designed so that NEOs would be focused on key drivers of the Loblaw and SDM businesses, with an additional focus on compliance. The STIP program is designed to incent executives, including the NEOs, to meet certain annual business and financial objectives. Each fiscal year, the performance of the executives is measured by the achievement of specific financial and operational goals, which may vary from year to year. The Governance Committee believes that the STIP program is balanced as it is comprised of various performance measures that are designed to focus executives on the key drivers of the operating businesses and value creation over both the short and long-term and, therefore, reduce the risk of inappropriate or excessive risk-taking behaviour by executives.

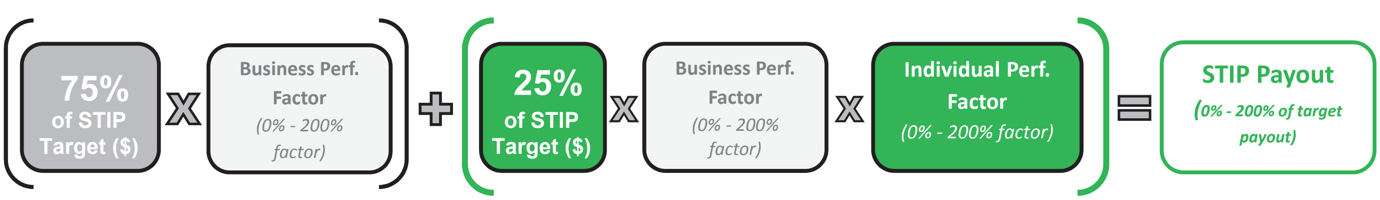
The Governance Committee is responsible for approving the plan design and awards made by the Corporation pursuant to the STIP. The Governance Committee receives periodic reports on the performance of the STIP metrics, including performance against targets.

All participating executives have STIP award targets that are expressed as a percentage of their base salary, with such targets determined by the executive's position and level within the organization. Depending on actual performance relative to the performance targets, payouts for each performance target range from zero to a maximum of 200% of target for each component of the STIP, with a maximum payout under the STIP of 200%.

The 2019 STIP also included an individual performance component weighted at 25% of each NEO's overall STIP target. In assessing individual performance, the Governance Committee took into account the executive's role in the overall achievement of the Corporation's goals, as well as the individual performance objectives and leadership qualities of the executive. Mr. Weston's overall STIP design was determined by the Governance Committees of the Corporation and Weston, to reflect his responsibilities at both organizations.

Under the STIP, awards are determined separately for each performance measure and then aggregated to determine the final amount. The STIP award payments are made in cash, although executives may elect to receive all or a portion of their STIP award in EDSUs, to a cumulative maximum of three times the executive's base salary.

STIP awards are determined using the following formula:



Plan Design

The STIP is designed to incent executives to achieve the Corporation's overall business plan and strategic objectives, while maintaining a strong focus on compliance. At the beginning of each fiscal year, the Governance Committee establishes the STIP design, including specific business performance measures, weightings and targets, and presents it to the Board for approval. In determining the performance measures, weightings, targets and payout ranges for each fiscal year, the Governance Committee takes into account the key components of the Corporation's annual business plan, budget and strategic objectives. Following year-end, the Governance Committee reviews the financial results of the Corporation against the performance targets and considers, in its judgment, whether any adjustments are required to account for unexpected events during the year.

As part of its annual review process, the Governance Committee reviews stress testing of the STIP design to illustrate the payouts under various scenarios. The testing is intended to ensure that the performance shoulders (i.e. threshold to target to maximum) are set appropriately, such that performance levels are achievable with significant effort and without taking excessive risk.

The Governance Committee also carefully considers the sharing of profit between the Corporation's management and its shareholders in various performance scenarios. The affordability of payouts in light of actual performance is important to understand as it relates to the portion of profit that is allocated to employees and to shareholders. Analysis of the respective allocation of profits between the Corporation's management and its shareholders provides context that supports the reasonableness and affordability of STIP payouts in light of performance achieved. The Governance Committee reviews the five year history of the Corporation's STIP performance and its correlation to key financial performance measures over this period. The stress testing and look back analyses are used to evaluate and confirm the reasonableness and affordability of the STIP payout results.

The following table sets forth details regarding the STIP targets and maximum aggregate STIP awards for each NEO:

Name	Base Salary ($)[1]	STIP Target as Percentage of Base Salary (%)	STIP Target ($)	Maximum STIP ($)
Galen G. Weston [2]	480,000	150	720,000	1,440,000
Darren Myers	820,000	125	1,025,000	2,050,000
Sarah R. Davis	1,000,000	150	1,500,000	3,000,000
Garry Senecal	700,000	100	700,000	1,400,000
Barry Columb	575,000	100	575,000	1,150,000

(1) 2019 STIP awards are calculated using each NEO's actual base salary received in the year.

(2) Mr. Weston's aggregate base salary of $1,200,000 is allocated 60% to Weston and 40% to Loblaw, with Weston paying $720,000 and Loblaw paying $480,000 towards Mr. Weston's base salary in 2019. Mr. Weston's aggregate STIP target from Weston and Loblaw is $1,800,000 , and his aggregate maximum STIP is $3,308,400.

2019 STIP Performance Measures

In 2019, the STIP was designed so that NEOs would be focused on key drivers of the Loblaw and SDM businesses, with an additional focus on compliance. The STIP was designed with the following five business performance measures, weightings and targets to drive the Corporation's strategic goals in 2019:

Loblaw STIP - 2019 Business Performance Measures [1]

Consolidated Sales (35%)	Consolidated Earnings (35%)	Compliance (10%)	Operating Leverage (10%)	Consolidated OSAT [2] (10%)

(1) Business Performance Measures applicable to Ms. Davis and Messrs. Weston, Myers and Senecal. For the Business Performance Measures applicable to Mr. Columb, which include measures specific to President's Choice Financial, please see the section "2019 STIP Performance Measures Applicable to Barry Columb, President, President's Choice Financial".

(2) OSAT refers to the new customer satisfaction index, Overall Satisfaction.

Descriptions of each performance measure and charts summarizing performance ranges and payout percentages are set forth below:

Consolidated Sales Target

The consolidated sales target for 2019 ($46,618 million) was designed to focus executives on growth in consolidated revenues (excluding the consolidation of franchises).

		Threshold		Target		Maximum
Performance Range	Less than $46,152 million	$46,152 million	Each additional 0.20% ($93.2 million)	$46,618 million	Each additional 0.15% ($69.9 million)	$47,317 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Consolidated Earnings Target

The consolidated earnings target for 2019 ($3,564 million) was designed to focus executives on delivering adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"*) (excluding the consolidation of franchises) pursuant to Loblaw's and SDM's combined annual and multi-year business plans.

		Threshold		Target		Maximum
Performance Range	Less than $3,475 million	$3,475 million	Each additional 0.5% ($17.8 million)	$3,564 million	Each additional 0.5% ($17.8 million)	$3,742 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

*Non-GAAP financial measure. Please see note in the "Other Information" section of this Circular.

Compliance

The compliance target for 2019 was designed to focus executives on Loblaw's ongoing commitment to legal and regulatory compliance. Achievement of the compliance metric was determined based on Loblaw's three compliance initiatives of ISO Assurance; operational effectiveness testing (for occupational health and safety, food safety, pharmacy, competition law, IT phishing and risk management by design); and on-time completion of mandatory compliance training (for occupational health and safety, food safety, competition law and pharmacy). If Loblaw achieved its compliance target, then to the extent that the combined performance of the consolidated sales, consolidated earnings, operating leverage and consolidated OSAT targets exceeded 100%, the same combined performance factor would be applied to the compliance metric. To the extent that the compliance targets were not met, any performance payout for the compliance metric would be at the discretion of the Governance Committee. There would be no payout in respect of the compliance metric in the event the Corporation experienced a major non-compliance incident, even if the compliance targets were achieved.

Initiative	Target
ISO Assurance	Yes/No achievement
Operational Effectiveness Testing	Established targets
On-time completion of mandatory compliance training	Established targets

Operating Leverage Target

The operating leverage target for 2019 was based on achieving an improvement in the Corporation's retail selling, general and administrative expenses (SG&A) (excluding depreciation and amortization and the consolidation of franchises) expressed as a percentage of sales. The target for 2019 was 20.60%.

		Threshold		Target		Maximum
Performance Range	Higher than 20.65%	20.65%	Each 1.0 basis point improvement	20.60%	Each 0.5 basis point improvement	20.55% or lower
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Overall Satisfaction Target

For 2019 the consolidated NPS/CSI metric (being the Net Promoter Score of the Loblaw business and the Customer Satisfaction Index of the SDM business) was replaced by an enterprise-wide customer satisfaction index, OSAT, which was designed as a more direct measure of customer interaction in-store. The OSAT target for 2019 (59.9%) was designed to focus executives on customer satisfaction in the short term to drive loyalty in the longer term. The 2019 target and performance range were developed taking into account the changes from the previous NPS/CSI survey methodology and channel response rates and associated scores, with the target representing a proposed improvement of 30 basis points in the Corporation's OSAT.

		Threshold		Target		Maximum
Performance Range	Less than 56.9%	56.9%	Each 0.60% improvement	59.9%	Each 0.30 % improvement	62.9%
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

2019 Loblaw STIP Calculation

In February 2020, the Governance Committee reviewed Loblaw's 2019 financial results and determined that revenue performance would be capped at 100% to address the impact of higher than budgeted inflation and decline in tonnage share in 2019. Following the adjustment, the Loblaw 2019 STIP payout was approved as follows:

Performance Objective	Weighting (%)	Target	Actual	Performance	Payout Factor (% of Target)
Consolidated Sales	35	$46,618 million	$46,618 million	100.0%	35.0%
Consolidated Earnings	35	$3,564 million	$3,538 million	85.4%	29.9%
Compliance	10	Established Targets	Targets Achieved	106.0%	10.6%
Operating Leverage	10	20.6%	20.4%	200.0%	20.0%
Overall Satisfaction	10	59.9%	60.1%	107.0%	10.7%
Overall STIP Payout					**106.2%**

Key Factors Influencing Results

Early in 2020, the Governance Committee reviewed the Corporation's 2019 financial results and determined the key factors contributing to each component's performance relative to target. These factors included:

- The increase in consolidated sales relative to target was largely driven by strong sales in Drug, partially offset by unfavourability in Food Retail.
- The decrease in consolidated earnings relative to target was driven by challenges in Food Retail offset by strong performance in SDM and lower store support costs.
- Operating leverage was favourable relative to target, partly driven by strong contribution from process and efficiency initiatives.

In 2019, the Corporation continued to focus on compliance, with industry-leading competition compliance programs administered by the independent compliance function led, in 2019, by the Senior Vice President, Chief Compliance & Ethics Officer. In 2019, robust competition law compliance controls were incorporated into business units across the Corporation and the Corporation achieved all of its compliance targets by the end of 2019. In 2019, the Corporation successfully maintained its ISO Assurance for Compliance Management Systems.

2019 STIP Performance Measures Applicable to Barry Columb, President, President's Choice Financial

For 2019, the STIP for Mr. Columb, as President of President's Choice Financial, was designed so that Mr. Columb would be focused on both the strategy and performance of President's Choice Financial, as well as the integration of the President's Choice Financial business with that of the Corporation, all with a focus on compliance. The STIP for Mr. Columb was based on sales, earnings and compliance measures that included both President's Choice Financial components and Loblaw consolidated components; the Loblaw operating leverage and OSAT measures; and a strategic projects measure specific to President's Choice Financial.

The STIP for the President of President's Choice Financial was designed with the following five business performance measures and overall weightings to drive the strategic goals of the Corporation and President's Choice Financial in 2019:

2019 STIP - Business Performance Measures Applicable to the President, President's Choice Financial

Sales 20% PCF - 10% Loblaw - 10%	**Earnings 40%** PCF - 25% Loblaw - 15%	**Compliance 10%** PCF - 5% Loblaw - 5%	**Loblaw Operating Leverage 5%**	**Loblaw OSAT 5%**	**PCF Strategic Projects 20%**

Descriptions of the performance measures applicable to Mr. Columb are set forth below:

Loblaw Components

The components of the business performance measures applicable to Mr. Columb that are comprised of Loblaw performance measures, including performance ranges, payout percentages, final payout factors and factors influencing results, are all as set out above.

President's Choice Financial Sales Target

The President's Choice Financial sales target for 2019 ($1,179 million) was designed to focus President's Choice Financial executives on revenue growth based on (i) Financial Services from Interest on outstanding balances and fees earned on purchase volume activity (estimated at 80%), and (ii) PC Services from Telecom sales and Margin of Gift Card sales (estimated at 20%).

President's Choice Financial Earnings Target

The President's Choice Financial earnings target for 2019 ($145 million) was designed to focus President's Choice Financial executives on delivering earnings before tax pursuant to President's Choice Financial's annual and multi-year business plan.

President's Choice Financial Compliance Target

The President's Choice Financial compliance target for 2019 was designed to focus President's Choice Financial executives on President's Choice Financial's ongoing commitment to legal and regulatory compliance. Achievement of the compliance metric was determined based on President's Choice Financial's three compliance initiatives: (i) remain within the risk appetite determined by President's Choice Financial's Enterprise Risk Management and Compliance function; (ii) deliver established compliance plans for 2019; and (iii) on-time completion of mandatory compliance training. If President's Choice Financial achieved its compliance target, then to the extent that the combined sales and earnings performance of the Corporation and President's Choice Financial exceeded 100%, the same combined performance factor would be applied to the compliance metric. To the extent that the compliance targets were not met, any performance payout for the compliance metric would be at the discretion of President's Choice Financial's Governance Committee. There would be no payout in respect of the compliance metric in the event President's Choice Financial experienced a major non-compliance incident, even if the compliance targets were achieved.

President's Choice Financial Strategic Projects Target

The President's Choice Financial Strategic Projects target for 2019 related to certain projects not publicly disclosed. For 2019, if the Strategic Projects targets were not met then the remaining measures would be capped at 100%. If President's Choice Financial overachieved its target in respect of Strategic Projects, then to the extent that the combined sales and earnings performance of the Corporation and President's Choice Financial exceeded 100%, the same combined performance factor would be applied to the Strategic Projects metric. To the extent that the Strategic Projects targets were not met, any performance payout for this metric would be at the discretion of President's Choice Financial's Governance Committee.

2019 STIP Calculation applicable to the President of President's Choice Financial

In February 2020, the Governance Committees of President's Choice Financial and Loblaw reviewed the 2019 financial results of the respective entities and assessed the 2019 performance measures applicable to the President, President's Choice Financial as follows:

Performance Objective	Weighting (%)	Target	Actual	Performance	Payout Factor (% of Target)
PCF Sales	10	$1,179 million	$1,196 million	107.2%	10.7%
PCF Earnings	25	$145 million	$145 million	100.0%	25.0%
PCF Compliance and Risk	5	Established Targets	Targets Achieved	100.0%	5.0%
PCF Strategic Projects	20	Established Targets	Targets Achieved	100.0%	20.0%
Loblaw Consolidated Sales	10	$46,618 million	$46,618 million	100.0%	10.0%
Loblaw Consolidated Earnings	15	$3,564 million	$3,538 million	85.4%	12.8%
Loblaw Compliance	5	Established Targets	Targets Achieved	106.0%	5.3%
Loblaw Operating Leverage	5	20.6%	20.4%	200.0%	10.0%
Loblaw Overall Satisfaction	5	59.9%	60.1%	107.0%	5.4%
Overall STIP Payout					**104.2%**

Key Factors Influencing President's Choice Financial Results

Early in 2020, the President's Choice Financial Governance Committee reviewed President's Choice Financial's 2019 financial results and determined the key factors that contributed to President's Choice Financial's achievement of its financial targets, including:

- an increase in President's Choice Financial's customer base, coupled with an increase in average credit card receivables; and
- an increase in total interchange income in the face of headwinds related to interchange rate reductions.

The aggregate payout factor for the business performance measures for Mr. Columb was 104.2%.

Individual STIP Components

Galen G. Weston, Executive Chairman (former Chairman and Chief Executive Officer)

The 2019 STIP award for Mr. Weston reflected Mr. Weston's role as Executive Chairman during the year and included an individual performance component weighted at 25% of his overall Loblaw STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Weston's performance in achieving the Corporation's strategic objectives and his role in the overall achievement of the Corporation's 2019 financial plan. The Governance Committee also considered qualitative factors, such as Mr. Weston's leadership qualities in the implementation of the Corporation's compliance and ethics plan implementation, new organizational structure, succession plan and in driving the organization's culture plan objectives. Based on these criteria, the Committee awarded Mr. Weston an individual performance component of $191,160, representing 100% of target.

Darren Myers, Chief Financial Officer

The 2019 STIP award for Mr. Myers reflected Mr. Myers' role as Chief Financial Officer during the year and included an individual performance component weighted at 25% of his overall STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Myers' role in supporting and driving the Corporation's strategic initiatives and operating efficiencies and in the execution of the Corporation's business plan. The Governance Committee also considered qualitative factors, such as Mr. Myers' leadership qualities. Based on these criteria, the Committee awarded Mr. Myers an individual performance component of $340,172, representing 125% of target.

Sarah R. Davis, President

The 2019 STIP award for Ms. Davis reflected Ms. Davis' role as President of Loblaw during the year, and included an individual performance component weighted at 25% of her overall STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Ms. Davis' role in implementing the compliance and ethics plan and delivering on the Corporation's strategic initiatives and 2019 business plan. The Governance Committee also considered qualitative factors, such as Ms. Davis' leadership qualities and her role in implementing the Corporation's strategic and culture plans. Based on these criteria, the Committee awarded Ms. Davis an individual performance component of $398,250, representing 100% of target.

Garry Senecal, Chief Customer Officer

The 2019 STIP award for Mr. Senecal reflected his role as Chief Customer Officer during the year and included an individual performance component weighted at 25% of his overall STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Senecal's role in building the 2019 strategic plans and the build-out of the Corporation's digital business and culture plans. The Governance Committee also considered qualitative factors, such as Mr. Senecal's leadership qualities and role in driving compliance and ethics awareness. Based on these criteria, the Committee awarded Mr. Senecal an individual performance component of $204,435, representing 110% of target.

Barry Columb, President, President's Choice Financial

The 2019 STIP award for Mr. Columb reflected his role as President of President's Choice Financial during the year and included an individual performance component weighted at 25% of his overall STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Columb's role in strategic initiatives at President's Choice Bank and the operation of the PC loyalty program. The Governance Committee considered qualitative factors, such as Mr. Columb's leadership qualities and role in driving compliance and ethics awareness. Based on these criteria, the Committee awarded Mr. Columb an individual performance component of $164,766, representing 110% of target.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for Ms. Davis and Messrs. Weston, Myers, and Senecal for 2019:

2019 Loblaw STIP Award (1)

Name	Consolidated Sales ($)	Consolidated Earnings ($)	Compliance ($)	Operating Leverage ($)	Overall Satisfaction ($)	STIP (Business Performance at 106.2%) ($)	Individual Performance ($)(2)	Loblaw STIP Award ($)
Galen G. Weston(3)	189,000	161,460	57,240	108,000	57,780	**573,480**	191,160	**764,640**
Darren Myers	269,063	229,856	81,487	153,750	82,256	**816,412**	340,172	**1,156,584**
Sarah R. Davis	393,750	336,375	119,250	225,000	120,375	**1,194,750**	398,250	**1,593,000**
Garry Senecal	183,750	156,975	55,650	105,000	56,175	**557,550**	204,435	**761,985**

(1) STIP awards are calculated using the NEO's actual base salary received in 2019, as applicable.

(2) Individual Performance dollar value is calculated as 25% of the STIP target dollar value multiplied by the business performance factor and the individual performance factor.

(3) Mr. Weston also receives a STIP award from Weston. Mr. Weston's base salary is paid 40% by the Corporation and 60% by Weston, with each applicable allocation thereof being subject to the Corporation's STIP and Weston's STIP, respectively. Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

The following table sets forth the performance measures and aggregate weightings that were used in determining the STIP award for Mr. Columb for 2019:

2019 STIP Award Applicable to Barry Columb(1)

Name	Sales (PCF and Loblaw) ($)	Earnings (PCF and Loblaw) ($)	Compliance (PCF and Loblaw) ($)	Operating Leverage ($)	Overall Satisfaction ($)	Strategic Projects ($)	STIP (Business Performance at 104.2%) ($)	Individual Performance ($)(2)	Loblaw STIP Award ($)
PCF component	46,144	107,813	21,563	n/a	n/a	86,250	**261,770**		
Loblaw component	43,125	55,200	22,856	43,125	23,287	n/a	**187,593**		
Total							**449,363**	**164,766**	**614,129**

(1) STIP awards are calculated using the NEO's actual base salary received in 2019, as applicable.

(2) Individual Performance dollar value is calculated as 25% of the STIP target dollar value multiplied by the business performance factor and the individual performance factor.

Executive Deferred Share Unit Plan

The Corporation's EDSU Plan enables an executive to receive up to 100% of his or her STIP payout in any year in EDSUs, subject to a cumulative cap of three times the executive's base salary. All EDSUs held by an executive will be paid out in Common Shares purchased on the open market by no later than December 15th of the year following the year in which the executive's employment ceases for any reason. An election to participate in the EDSU Plan in any year must be made before the beginning of that year and is irrevocable. The number of EDSUs granted in respect of any year will be determined by dividing the STIP payout that is subject to an EDSU Plan election by the value of a Common Share on the date the STIP bonus would otherwise be paid. For this purpose, and for purposes of determining the value of an executive's EDSUs upon redemption, the value of a Common Share is calculated by using the volume-weighted average of the trading price of the Common Shares on the TSX for the five trading days prior to that valuation date. Additional EDSUs are accumulated based on notional equivalents of dividends paid on Common Shares while an EDSU is outstanding.

LONG-TERM INCENTIVE PLAN

The Corporation's equity-based LTIP is designed to retain executives and align their interests with long-term shareholder value creation by providing them with equity-based incentive awards that vest over time. Under the LTIP, the Corporation awards executives long-term incentives in the form of stock options, RSUs and PSUs, the values of which are directly linked to the market value of the Common Shares. Executives eligible for LTIP grants generally receive them on an annual basis.

Annual LTIP grants for NEOs are comprised of 1/3 stock options, 1/3 RSUs and 1/3 PSUs by grant date fair value (which proportions may vary immaterially due to rounding). The Board, on recommendation of the Governance Committee, after consultation with Meridian, has determined that the current LTIP mix is an appropriate balance of (i) stock options, which align an executive's interest with shareholders in share price appreciation; (ii) RSUs, which serve as a key component in retaining executives and aligning their interests with those of shareholders; and (iii) PSUs, which focus executives on the delivery of key objectives set forth in the strategic plan. A balanced approach of equal weighting for stock options, RSUs and PSUs continues to be competitive in North America and well aligned to the Corporation's long term strategy.

The value of an LTIP grant to a participating executive is generally determined as a percentage of the executive's base salary. All grants are reviewed and approved by the Governance Committee as part of its regular review of compensation. Annual LTIP awards are granted in the first quarter during the open trading window following the announcement of the Corporation's year-end financial results in accordance with the Corporation's securities trading policy. "Off-cycle" grants are made to newly hired executives and to executives promoted part way through a year, during open trading windows following the release of quarterly financial results.

In 2019, the Governance Committee approved LTIP awards to the NEOs as follows:

Name	Base Salary ($)(1)	Annual LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)(2)	Type of LTIP Grant(3)
Galen G. Weston	480,000	500	2,399,949 (4)	Stock Options, RSUs and PSUs
Darren Myers	820,000	300	2,460,063	Stock Options, RSUs and PSUs
Sarah R. Davis	1,000,000	400	4,000,044	Stock Options, RSUs and PSUs
Garry Senecal	700,000	275	1,925,009	Stock Options, RSUs and PSUs
Barry Columb	575,000	200	1,150,009 (5)	Stock Options, RSUs and PSUs

(1) Other than one-time grants, LTIP awards are calculated using each NEO's actual base salary on the date of grant. Mr. Weston's aggregate base salary of $1,200,000 is allocated 60% to Weston and 40% to Loblaw, with Weston paying $720,000 and Loblaw paying $480,000 towards Mr. Weston's base salary in 2019.

(2) The grant date fair value of a PSU award assumes vesting at 100% of target.

(3) Stock options, RSUs and PSUs each comprise one-third of the annual LTIP grant.

(4) In addition to Mr. Weston's annual LTIP grant from the Corporation, he received an annual LTIP grant from Weston with a grant date fair value of $3,600,043. Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

(5) Mr. Columb received an annual LTIP grant comprised of 39,357 stock options, 5,848 RSUs and 5,848 PSUs, with an aggregate grant date fair value of $1,150,009, representing approximately 200% of his base salary. In 2019 Mr. Columb also received a special one-time RSU grant of 2,288 RSUs with a grant date fair value of $149,978, representing approximately 26% of his base salary. The full details of Mr. Columb's LTIP grant are set out in the section "2019 Compensation Decisions Regarding the Named Executive Officers" on page 61.

The key features of the Corporation's stock option plan (the "Stock Option Plan"), RSU Plan and PSU Plan are described below.

Stock Option Plan

Under the Stock Option Plan, the size of the annual award an executive receives is determined by reference to the executive's total LTIP award. The Governance Committee administers the Stock Option Plan, approves the participants, makes grants of options and establishes any limitations, restrictions and conditions on any grants. Any employee of the Corporation or any of its affiliates, as determined by the Governance Committee, may participate in the Stock Option Plan.

The table below provides details regarding the outstanding options to purchase Common Shares and Common Shares available for future option grants:

As at:	December 28, 2019	March 9, 2020
Issued and Outstanding Common Shares	360,064,475	359,548,517
Outstanding Options to Purchase Common Shares		
Number Outstanding	6,317,922	7,900,348
Number Outstanding as a Percentage of the Issued and Outstanding Common Shares	1.8%	2.2%
Maximum Number of Common Shares Issuable Pursuant to the Stock Option Plan at Any Time		
Number Issuable	28,137,162	28,137,162
Number Issuable as a Percentage of the Issued and Outstanding Common Shares	7.8%	7.8%
Common Shares Available for Future Option Grants		
Number Available	7,028,509	5,279,835
Number Available as a Percentage of the Issued and Outstanding Common Shares	2.0%	1.5%

The Stock Option Plan provides that Common Shares issuable pursuant to outstanding options that are cancelled, expired, forfeited or terminated for any reason without having been exercised will again be available for grant under the Stock Option Plan. Stock options are not transferable or assignable otherwise than by will or by laws of descent and distribution, and during the lifetime of an optionee will be exercisable only by the holder. Please see page 62 for details regarding the treatment of stock options upon the resignation, termination with or without cause, or retirement of a participant as well as the effect of a change of control of the Corporation.

The exercise price for options may not be less than the fair market value of a Common Share, which is defined as the greater of: (i) the volume-weighted average of the trading price of a Common Share on the TSX for the five trading days prior to the grant date; or (ii) the volume-weighted average of the trading price of a Common Share on the TSX on the trading day immediately preceding the grant date. The exercise price for options granted to U.S. participants is no less than the closing price of the Common Shares on the TSX on the day immediately preceding the grant date.

Options may not be exercised prior to the first anniversary of the date of the grant. The vesting of options is determined on the grant of the option. Under the Stock Option Plan, each option has a term of not less than five and not more than 10 years. Generally, options vest over a five-year period at a rate of 20% per year and expire at the end of seven years.

If the expiry date of an option occurs during a blackout period or other period during which an insider is prohibited from trading in securities of the Corporation pursuant to its securities trading policy, the expiry date will automatically be extended for 10 business days after the blackout period ends.

The aggregate number of Common Shares issued to insiders within any 12 month period, or issuable to insiders at any time, under the Stock Option Plan and any other security based compensation arrangement of the Corporation, may not exceed 5% of the total number of issued and outstanding Common Shares during such period of time.

In the event of a consolidation, subdivision or reclassification of the Common Shares, or any stock dividend of Common Shares paid otherwise than in lieu of a normal cash dividend, or any amalgamation or reorganization of the Corporation, the Board will make appropriate adjustments to the number of Common Shares subject to any options then outstanding and the exercise price thereof. The Stock Option Plan provides that shareholder approval is not required for any amendments to the Stock Option Plan or an option granted under the Stock Option Plan, except for any amendment or modification that:

1. increases the number of Common Shares that can be issued under the Stock Option Plan, including an increase to a fixed number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
2. reduces the exercise price of an option (including, without limitation, a cancellation and re-grant of an option, constituting a reduction of the exercise price of such option), except in connection with a change in the number of the Corporation's outstanding Common Shares by reason of a stock dividend or split, recapitalization, reorganization, amalgamation, consolidation, combination or exchange of Common Shares, or another corporate change affecting Common Shares;
3. extends the term of an option beyond its original expiry date, except where the expiry date would have occurred during a blackout period or at any other time when the holder may be prohibited from trading in securities of the Corporation pursuant to the Corporation's securities trading policy;
4. changes the provisions relating to the transferability of an option;
5. extends eligibility to participate in the Stock Option Plan to a non-employee director;
6. permits awards, other than options, to be made under the Stock Option Plan;
7. requires shareholder approval under applicable laws, regulations or stock exchange rules; or
8. affects the amending provisions of the Stock Option Plan.

Subject to any required regulatory review or approval, the Board may make all other amendments to the Stock Option Plan without shareholder approval. These amendments include, but are not limited to, the termination of the Stock Option Plan; amendments designed to comply with applicable laws or regulatory requirements; and "housekeeping" administrative changes (such as correcting an immaterial inconsistency or curing any ambiguity).

House-keeping changes were made to the Stock Option Plan in February 2019 to (i) clarify certain definitions in connection with retirement, and (ii) to provide for a 30-day period post-employment in which a participant who has resigned from the Corporation is permitted to exercise any vested options.

The Corporation's annual burn rate, which represents the number of Stock Options awarded under an arrangement divided by the weighted average number of Common Shares outstanding as at the end of a fiscal year, under the Stock Option Plan was 0.42% in 2019, 2.57% in 2018 and 0.40% in 2017. The burn rate in 2018 was impacted by the Reorganization, as a result of which the Corporation cancelled all 6,725,773 options outstanding as at October 31, 2018 and granted 8,013,333 stock options effective November 1, 2018. Further details regarding the Reorganization are set out in the Corporation's Management Proxy Circular dated May 2, 2019, which is available at www.sedar.com.

In 2019, the NEOs received stock option grants from the Corporation as described in the table below:

Name	Options Granted (#)	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Galen G. Weston	82,136 (1)	65.55	800,005	20% per year over 5 years	7 years
Darren Myers	84,189	65.55	820,001	20% per year over 5 years	7 years
Sarah R. Davis	136,893	65.55	1,333,338	20% per year over 5 years	7 years
Garry Senecal	65,880	65.55	641,671	20% per year over 5 years	7 years
Barry Columb	39,357	65.55	383,337	20% per year over 5 years	7 years

(1) Mr. Weston received grants of stock options from Weston in 2019 with a grant date fair value of $1,799,999. The full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Restricted Share Unit Plan

RSUs entitle an executive to receive the value of the RSU award in Common Shares purchased on the open market at the end of the applicable vesting period, which is usually three years in length. An executive receives the number of Common Shares equal to the number of RSUs granted, with the ultimate award value determined by the Common Share price at the end of the applicable vesting period. Dividend equivalents in the form of additional RSUs that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of RSUs in the account as of each dividend record date. The additional RSUs are subject to the same vesting conditions applicable to the related RSUs.

In 2019, the NEOs were awarded RSUs from the Corporation as follows:

Name	RSUs Granted (#)	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	12,204 (1)	65.55	799,972	February 28, 2022
Darren Myers	12,510	65.55	820,031	February 28, 2022
Sarah R. Davis	20,341	65.55	1,333,353	February 28, 2022
Garry Senecal	9,789	65.55	641,669	February 28, 2022
Barry Columb	5,848	65.55	383,336	February 28, 2022
	2,288 (2)	65.55	149,978	February 28, 2022

(1) For 2019 Weston changed the composition of its LTIP awards such that the annual grants for senior executives were comprised of stock options and PSUs, with no RSUs granted to its senior executives. The full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

(2) Mr. Columb received a special one-time RSU award in February 2019. The full details of Mr. Columb's LTIP grant are set out in the section "2019 Compensation Decisions Regarding the Named Executive Officers" on page 61.

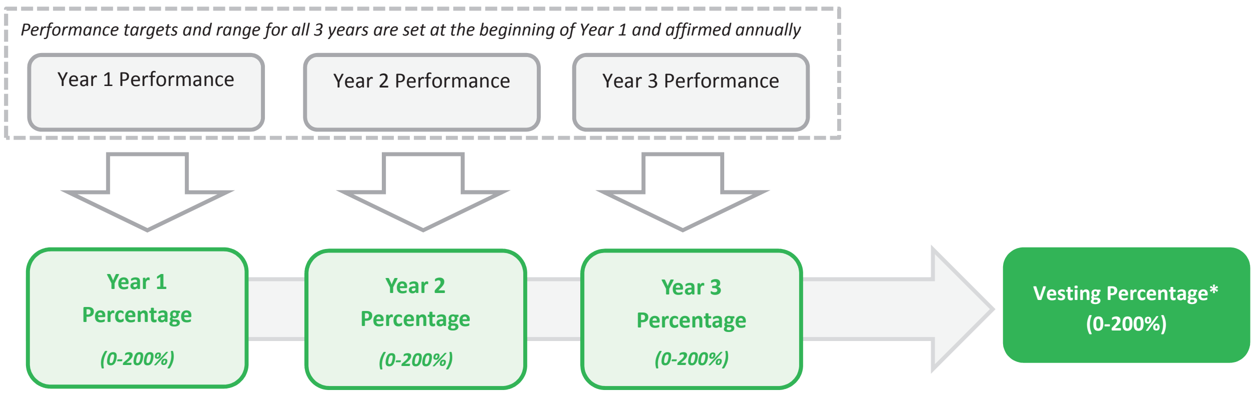
Performance Share Unit Plan

PSUs represent a form of at-risk long-term compensation that serves to motivate the recipient to deliver on objectives set forth in the Corporation's strategic plan. PSUs serve to focus executives on selected key drivers of corporate performance and reduce the number of stock options granted and potential shareholder dilution. PSUs also serve as a pay-for-performance incentive to reward executives for the achievement of prescribed corporate goals and share price appreciation. PSUs entitle an executive to receive the value of a PSU award in Common Shares purchased on the open market at the end of the applicable performance period, typically three years in length. However, the number of PSUs that vest during such period depends on the achievement of certain performance measures. For 2019, the Corporation's PSU performance measures were consolidated revenue, excluding gas bar and consolidated franchises, and return on capital.

Though the Governance Committee closely monitors the Corporation's performance relative to that of its peers when making compensation decisions, the Governance Committee believes that the best approach for the Corporation is to tie its executive compensation to performance metrics that are aligned with the Corporation's strategy and operating plans and that can be directly impacted by its executives. Consolidated revenue and return on capital are important indicators of retail performance. The Governance Committee has determined that relative total shareholder return is not an appropriate performance measure for the PSUs due to the lack of size-appropriate Canadian retail peers and the significantly different inflation, foreign exchange and macro-economic factors to which comparable U.S. retailers are subject.

The Governance Committee has determined that consolidated revenue is appropriate as a significantly-weighted performance measure for the PSUs, notwithstanding its inclusion as a measure for the STIP, as it serves as a proxy for market share and is intended to reward growth of the business. Growth in revenue and market share is critical to the success of the Corporation and to the Corporation remaining competitive relative to its peers. Using consolidated revenue as a factor in the LTIP and STIP aligns the interests of executives with those of shareholders.

PSUs vest at the end of the applicable three-year performance period, however the performance factor that determines the number of PSUs that vest is determined by averaging results against target in each year in the performance period. Setting yearly performance targets reduces the need for the Corporation to make provisions for adjustments or moderation of macro-economic impacts which may be more likely over a longer term. The results in each year, in turn, are determined based upon the level of achievement of each of the performance conditions during that year. When setting the three one-year targets, the Governance Committee considers the longer term financial operating model of the Corporation. The setting of three one-year targets, as opposed to one three-year target, aligns with the emerging trend among retail organizations to set targets over shorter periods and reflects a retail industry specific incentive design. The overall number of PSUs that vest at the end of a performance period range from 0% to 200% of the initial grant as illustrated below:



Calculated as a simple average of performance in Years 1, 2, and 3.

Each PSU measure has a threshold, target and maximum performance level. Where performance is below threshold, PSUs do not vest. PSUs vest at 100% if target performance is achieved and at 200% if maximum performance is achieved.

For performance between threshold and target and target and maximum, vesting of PSUs is determined on a linear basis. Dividend equivalents in the form of additional PSUs that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of PSUs in the account as of the dividend record date. The additional PSUs are subject to the same vesting conditions applicable to the underlying PSUs.

The performance targets for the PSUs granted in 2019 relate to a three-year period ending January 1, 2022 and were developed taking into account the Corporation's confidential business strategies, plans and initiatives and its expectations regarding financial and operational performance. These targets are intended to be challenging – neither impossible nor easy to achieve. These measures were stress-tested to ensure they were appropriately challenging in 2019 taking into consideration historical trends and budget growth expectations in the Corporation's financial plan. PSU targets are forward-looking and disclosure of them before the end of the performance period would seriously prejudice the Corporation's interests. As a result, targets are disclosed at the time of payout of PSUs.

In 2019, the following NEOs were awarded PSUs from the Corporation for which the grant date fair value assumes vesting at 100% of target:

Name	PSUs Granted (#)	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	12,204 [(1)]	65.55	799,972	February 28, 2022
Darren Myers	12,510	65.55	820,031	February 28, 2022
Sarah R. Davis	20,341	65.55	1,333,353	February 28, 2022
Garry Senecal	9,789	65.55	641,669	February 28, 2022
Barry Columb	5,848	65.55	383,336	February 28, 2022

(1) Mr. Weston also received grants of PSUs from Weston in 2019 with a grant date fair value of $1,800,044. The full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Performance of 2017 PSUs

In 2017, the Corporation's NEOs were awarded PSUs whose vesting was tied to consolidated revenue, excluding gas bar and consolidated franchises, and return on capital targets over a three-year period. The return on capital measure was defined as adjusted earnings before interest and income taxes ("Adjusted EBIT"*) divided by capital at the start of the year. At the time of grant, the performance targets relating to the 2017 return on capital and enterprise consolidated revenue metrics were forward-looking as they related to the three-year period ending in 2019 and were developed taking into account the Corporation's business strategies, plans and initiatives and its expectations regarding financial and operational performance. The targets were intended to be challenging – neither impossible nor easy to achieve.

*Non-GAAP financial measure. Please see the note in the "Other Information" section of this Circular

In early 2020, the Governance Committee reviewed the performance of the 2017 PSU grants and determined the following results based on the average of the three year performance:

- the enterprise consolidated revenue component achieved a performance result of 40.0%; and
- the return on capital component achieved a performance result of 54.6%.

The target and performance for each component for PSUs awarded in 2017 which were equally weighted on results from 2017, 2018 and 2019 and paid out in 2020, are set out below:

Measures	2017		2018		2019		Overall Result
	Target	***Results***	*Target*	***Results***	*Target*	***Results***	
Enterprise Consolidated Revenue ***50% weighting***	*Max: $46,195* **$45,512** *Min. $45,171*	**$45,171**	*Max. $46,553* **$45,865** *Min. $45,521*	**$45,795**	*Max. $47,317* **$46,618** *Min. $46,152*	**$46,618**	**40.0%**
Loblaw Return on Capital ***50% weighting***	*Max. 14.75%* **14.25%** *Min. 13.75%*	**14.50%**	*Max. 15.27%* **14.77%** *Min. 14.27%*	**14.73%**	*Max. 16.29%* **15.79%** *Min. 15.29%*	**15.72%**	**54.6%**
Performance	**99.9%**		**91.4%**		**92.7%**		—
Vesting	**33.3%**		**30.4%**		**30.9%**		—
Overall Payout							**94.6%**

2017 PSU Payout Summary

In 2020, the Governance Committee determined that the 2017 grant of PSUs paid out at 94.6% of target. The number of PSUs that vested pursuant to these performance results is set out in the table below:

	Vesting of 2017 PSU Award					
Name	**2017 PSUs Granted (#)**	**Total number of PSUs vested prior to application of performance factor** [1]	**Return on Capital Component (#)**	**Enterprise Consolidated Revenue Component (#)**	**Total number of PSUs Vested (#)**	**Actual Settlement Value ($)**
Galen G. Weston	13,393	14,030	7,661	5,612	13,273	892,996 [2]
Darren Myers	14,468	15,064 [3]	8,225	6,025	14,250	956,318 [3]
Sarah R. Davis	15,322	16,051	8,764	6,421	15,185	1,021,651 [2]
Garry Senecal	7,377	7,728	4,220	3,091	7,311	491,916 [2]
Barry Columb	6,242	6,539	3,570	2,616	6,186	416,194 [2]

(1) The total number of PSUs vested prior to application of performance factor reflects the original number of PSUs granted plus the dividend equivalents earned subsequent to the grant date.

(2) The actual value of the PSU settlements was based on the market price of the Common Shares on March 2, 2020, the vesting date of the PSUs, which was $67.2786.

(3) Mr. Myers' 2017 PSUs vest on September 1, 2020. These amounts are the estimated value of the PSU settlement, based on the number of PSUs held on March 9, 2020 and the closing price of the Common Shares on the TSX on March 9, 2020, which was $67.11. The actual number of units held on September 1, 2020, being the vesting date of the PSUs, will include dividend equivalents earned between March 9, 2020 and September 1, 2020, and the actual value of the PSU settlement at that time will be based on the market price of the Common Shares on or about September 1, 2020.

Long-Term Incentive Plan Clawback

All LTIP grants include a clawback provision stating that if an executive accepts employment with a competitor of the Corporation within six months after leaving the employment of the Corporation, the gross dollar value of all stock option, RSU and PSU payments received in the 12 months of employment immediately prior to the date of cessation of employment must be repaid to the Corporation.

Securities Authorized for Issuance under Equity Compensation Plans as of December 28, 2019

The following table shows the number of securities authorized for issuance under equity compensation plans of the Corporation:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders			
• Stock Option Plan	6,317,922	$57.57	7,028,509
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	**6,317,922**	**$57.57**	**7,028,509**

RETIREMENT AND PENSION ARRANGEMENTS

The Corporation's retirement and pension arrangements are designed to provide a reasonable level of retirement income to executives. Senior executives of the Corporation, other than Mr. Weston, participate in the Corporation's executive defined contribution registered pension plan (the "Executive DC Plan"). All new Loblaw executives join the Executive DC Plan. Mr. Weston does not participate in any of the Corporation's or Weston's pension plans.

In addition, senior executives of the Corporation whose pensionable earnings exceed prescribed levels participate in a non-contributory SERP.

The details of these retirement and pension arrangements are set out in the section "Pension Plan and Long Service Executive Arrangements" on page 69.

EXECUTIVE BENEFIT PLANS

The Corporation provides the NEOs with designated health, dental, disability and insurance coverage through executive benefit plans paid for by the Corporation.

PERQUISITES

NEOs receive a limited number of perquisites. For Loblaw's NEOs, these include the use of a car or car allowance, an annual medical examination, a discretionary health care spending account and the right to participate in the employee share ownership plan.

EXECUTIVE SHARE OWNERSHIP GUIDELINES

The Corporation maintains Executive Share Ownership Guidelines to further align the interests of senior executives with those of the Corporation's shareholders. The Guidelines establish minimum share ownership levels for executives which, based on their executive level, are set at a multiple of their base salary.

Under the Guidelines, Common Shares, EDSUs and the in-the-money value of vested stock options of the Corporation are the only eligible holdings included in determining an executive's ownership value. The Guidelines apply to every executive at the senior vice president level and higher. Senior executives who serve the Corporation as well as Weston may include their eligible holdings of Weston to satisfy the Guidelines.

Under the Guidelines, senior executives are expected to own eligible equity-based holdings with a value equal to a multiple of their base salary as determined by their position:

Executive Chairman	5x base salary
President	3x base salary
COO/CFO/CCO	2x base salary
Executive Vice Presidents/Divisional Presidents	2x base salary
Senior Vice Presidents	0.5x base salary

Executives are expected to attain the required ownership level within five years of their appointment. The Executive Chairman and the President of the Corporation are each subject to a post-employment hold period which requires them to maintain their share ownership level for one year following the end of their employment.

Any executive subject to the Guidelines is required to retain a minimum of 50% of his or her after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been attained.

The dollar values of each NEO's eligible equity-based holdings, based on the market value as at March 9, 2020 of $67.11, are set forth in the table below, along with the dollar value of those equity-based holdings that are not eligible to be included in determining an executive's ownership value.

	Ownership Requirement		Value of Eligible Equity-Based Holdings				Value of Ineligible Equity-Based Holdings			
Name	($)	Multiple of Salary	Common Shares ($)	DSUs and EDSUs ($)	Vested In-the-Money Stock Options ($)	Eligible Total ($)	RSUs ($)	PSUs [3] ($)	Unvested In-the-Money Stock Options ($)	Ineligible Total ($)
Galen G. Weston[1]	2,400,000	5	62,176,291	206,948	2,099,657	64,482,896	3,337,794	6,918,664	3,035,414	13,291,872
Darren Myers[2]	1,640,000	2	102,544	—	942,075	1,044,619	7,108,985	3,718,561	1,478,746	12,306,292
Sarah R. Davis	3,000,000	3	781,026	—	3,313,408	4,094,434	4,988,890	3,791,075	1,420,736	10,200,701
Garry Senecal	1,400,000	2	345,348	—	1,771,306	2,116,654	1,470,261	1,470,261	955,519	3,896,041
Barry Columb	1,150,000	2	675,596	—	1,288,191	1,963,787	1,808,422	1,277,425	607,843	3,693,690

(1) Mr. Weston is also subject to Weston's Executive Share Ownership Guidelines. The cost of Mr. Weston's aggregate base salary of $1,200,000 is paid 40% by Loblaw ($480,000) and 60% by Weston ($720,000). Mr. Weston's aggregate ownership requirement is $6,000,000. His Weston equity-based holdings are set forth in the table based on their value on March 9, 2020 at $96.64, being the price on the TSX of a Weston common share on that date. For a description of Weston's Executive Share Ownership Guidelines in respect of Mr. Weston, please refer to the Weston Management Proxy Circular available at www.sedar.com.

(2) Mr. Myers was appointed Chief Financial Officer effective January 1, 2018 and has 5 years from that date to reach his ownership requirement.

(3) The value of PSU awards assumes vesting at 100% of target.

2019 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the Corporation's NEOs for 2019.

Galen G. Weston, Executive Chairman

Recognizing Mr. Weston's unique position as Chair of the Board and Chief Executive Officer for Weston and Executive Chairman (effective January 1, 2019) for Loblaw, and to further reflect the complexity of managing these multiple roles, the Governance Committee approved an aggregate base salary increase for Mr. Weston from $1,180,000 to $1,200,000, effective January 1, 2019, and an increase in Mr. Weston's LTIP target from 400% to 500% of his base salary. Mr. Weston's annual target STIP remained at 150%. Effective January 1, 2019, the cost of Mr. Weston's base salary and LTIP is paid 40% by Loblaw and 60% by Weston. Each of Loblaw and Weston determine and fund its respective share of Mr. Weston's STIP. 40% of Mr. Weston's STIP is subject to the Loblaw STIP and 60% is subject to the Weston STIP.

Mr. Weston's annual Loblaw LTIP grant for 2019 had an aggregate grant date fair value of $2,399,949, comprised of 82,136 stock options, 12,204 RSUs and 12,204 PSUs. Mr. Weston's annual LTIP grant from Weston for 2019 had an aggregate grant date fair value of $3,600,043, comprised of 145,867 stock options and 19,320 PSUs. As discussed in the section "Individual STIP Components" on page 53, the Governance Committee awarded Mr. Weston $191,160 for the 25% individual performance component of his 2019 STIP award.

Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Darren Myers, Chief Financial Officer

Mr. Myers' compensation arrangements were set in September 2017 when he joined Loblaw as Executive Vice President, Finance and did not change upon his appointment as Chief Financial Officer effective January 1, 2018. Mr. Myers' base salary of $820,000 and his STIP and LTIP targets of 125% and 300%, respectively, of base salary, did not change in 2019. For 2019, Mr. Myers received an LTIP grant comprised of 84,189 stock options, 12,510 RSUs and 12,510 PSUs, with an aggregate grant date fair value of $2,460,063. In addition, as discussed in the section "Individual STIP Components" on page 53, the Governance Committee awarded Mr. Myers $340,172 for the 25% individual performance component of his 2019 STIP award.

Sarah R. Davis, President

Ms. Davis' compensation arrangements were set in 2017 when she was appointed President of Loblaw and did not change in 2018, apart from a one-time award. In 2018, the Board engaged Meridian to review and benchmark Ms. Davis' compensation relative to the Loblaw compensation comparator group. The results of the 2018 review suggested that Ms. Davis' total direct compensation was below the market median and the Corporation's compensation policy objective. To reflect Ms. Davis' increasing responsibilities as President and her key leadership position in the Corporation, the Governance Committee amended the terms of Ms. Davis' compensation arrangements to take effect on January 1, 2019. On that date, Ms. Davis' base salary increased from $900,000 to $1,000,000, her STIP target for purposes of the annual STIP determination increased from 125% to 150% of her base salary, and her target annual LTIP grant as a percentage of her base salary increased from 300% to 400%. For 2019, Ms. Davis received an annual LTIP award comprised of 136,893 stock options, 20,341 RSUs and 20,341 PSUs, with an aggregate grant date fair value of $4,000,044. In addition, as discussed in the section "Individual STIP Components" on page 53, the Governance Committee awarded Ms. Davis $398,250 for the 25% individual performance component of her 2019 STIP award.

Garry Senecal, Chief Customer Officer

Mr. Senecal's compensation arrangements were set upon his appointment to the role of Chief Customer Officer of Loblaw in January 2018 and his base salary of $700,000, STIP target of 100% of base salary and LTIP target of 275% of base salary did not change in 2019. For 2019, Mr. Senecal received an LTIP grant comprised of 65,880 stock options, 9,789 RSUs and 9,789 PSUs, with an aggregate grant date value of $1,925,009. In addition, as discussed in the section "Individual STIP Components" on page 53, the Governance Committee awarded Mr. Senecal $204,435 for the 25% individual performance component of his 2019 STIP award. In February 2020, Mr. Senecal announced that he will resign from the Corporation, effective June 2020.

Barry Columb, President, President's Choice Financial

Mr. Columb's compensation arrangements were set in 2018 and his base salary of $575,000, STIP target of 100% of base salary and LTIP target of 200% of base salary did not change in 2019. For 2019, Mr. Columb received an annual LTIP grant comprised of 39,357 stock options, 5,848 RSUs and 5,848 PSUs, with an aggregate grant date fair value of $1,150,009. Mr. Columb also received a special one-time grant of 2,288 RSUs with a grant date fair value of $149,978 to recognize his leadership in implementing strategic initiatives at President's Choice Bank. In addition, as discussed in the section "Individual STIP Components" on page 53, the Governance Committee awarded Mr. Columb $164,766 for the 25% individual performance component of his 2019 STIP award.

TERMINATION AND CHANGE OF CONTROL BENEFITS

None of the NEOs' employment agreements provide for change of control benefits; however, the Corporation's compensation plans have termination and change of control provisions. The table below summarizes the termination and change of control benefits provided under each plan in situations that result in cessation of employment. The actual amounts that a NEO would receive upon termination of employment can only be determined at the time he or she leaves the Corporation.

	Separation Event(1)					Change of Control
Type of Compensation	**Resignation**	**Termination without Cause**	**Termination with Cause**	**Retirement after age 55 with at least 10 years of service (the "Conditions")**	**Retirement that does not meet the Conditions**	
Short-Term Incentive Plan	No payment	Bonus for the applicable year is prorated to the termination date	No payment	Bonus for the applicable year is prorated to the retirement date	Bonus for the applicable year is prorated to the retirement date	Governance Committee discretion to grant or adjust bonus
Stock Option Plan	30 days from the last day of active employment to exercise vested options	90 days from notice of termination to exercise vested options	All outstanding options forfeited at time of notice of termination	Options will continue to vest and pay out in the normal course, with the exception of any award granted in the calendar year of retirement	90 days from the date of retirement to exercise vested options	Governance Committee discretion to accelerate vesting of options
Restricted Share Unit Plan	Units forfeited upon the last day of active employment	Value of units paid out on a prorated basis for units granted at least 12 months prior to termination date	All outstanding units forfeited upon the last day of active employment	RSUs will continue to vest and pay out in the normal course, with the exception of any award granted in the calendar year of retirement	Value of outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Performance Share Unit Plan	Units forfeited upon the last day of active employment	Value of units paid out on a prorated basis for units granted at least 12 months prior to termination date	All outstanding units forfeited upon the last day of active employment	PSUs will continue to vest and pay out in the normal course, with the exception of any award granted in the calendar year of retirement	Value of outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Executive Deferred Share Unit Plan	NEO has until December 15th of the year following resignation to redeem	NEO has until December 15th of the year following termination to redeem	NEO has until December 15th of the year following termination to redeem	NEO has until December 15th of the year following retirement to redeem	NEO has until December 15th of the year following retirement to redeem	Governance Committee to ensure substantially similar award following a change of control event

(1) For executives who die or become disabled, their RSUs and PSUs will continue to vest and pay out in the normal course. All vested and unvested stock options will immediately vest and executives (or their estates) will have 2 years from the date of death or disability (or, if earlier, expiry of the term) to exercise vested options.

The Governance Committee has discretion to make adjustments to the general plan provisions for a particular executive if considered appropriate in the circumstances. The following summarizes the termination benefits described above as they relate to the specific arrangements under each NEO's employment agreement as at December 28, 2019.

Galen G. Weston, Executive Chairman

Mr. Weston is not contractually entitled to severance, termination or change of control payments other than applicable incentives and share based payments as provided for under the terms of the STIP and the LTIP. Upon termination, Mr. Weston would be subject to certain non-competition and confidentiality undertakings.

Darren Myers, Chief Financial Officer

If Mr. Myers' employment is terminated without cause, he would be entitled to receive for a period of 18 months plus one additional month for every completed year of service from the effective date of his most recent employment agreement up to a maximum of 24 months: (a) his base salary and car allowance, (b) his target STIP bonus, and (c) his health care and dental benefits, participation in the employee/family assistance program and pension accrual. Mr. Myers would also be entitled to applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Mr. Myers would be subject to certain non-competition and confidentiality undertakings.

Sarah R. Davis, President

If Ms. Davis' employment is terminated without cause, she would be entitled to receive for a period of 20 months plus one additional month for every completed year of service from the effective date of her most recent employment agreement up to a maximum of 24 months: (a) her base salary, (b) her target STIP bonus, (c) participation in the Corporation-leased car program, and (d) her health care and dental benefits, participation in the employee/family assistance program and pension accrual. Ms. Davis would also be entitled to applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Ms. Davis would be subject to certain non-competition and confidentiality undertakings.

Garry Senecal, Chief Customer Officer

Mr. Senecal announced his resignation from Loblaw in February 2020, effective June 2020. In consideration for Mr. Senecal providing certain transitional services prior to his departure and subject to satisfaction of certain performance objectives, he will be entitled to certain payments up to a maximum amount of approximately $2,580,000 and settlement of his outstanding LTIP awards on a pro-rata basis up to his date of departure.

Barry Columb, President, President's Choice Financial

If Mr. Columb's employment is terminated without cause, he would be entitled to receive for a period of 18 months plus one additional month for every completed year of service from the effective date of his most recent employment agreement up to a maximum of 24 months: (a) his base salary and car allowance, (b) his target STIP bonus, and (c) his health care and dental benefits, participation in the employee/family assistance program and pension accrual. Mr. Columb would also be entitled to applicable incentive and share based payments as provided for under the terms of the LTIP, and under the terms of certain performance appreciation rights granted to Mr. Columb in January 2017. Upon termination, Mr. Columb would be subject to certain non-competition and confidentiality undertakings.

POTENTIAL AMOUNTS PAID ON TERMINATION

The following table sets forth the estimated incremental payments or benefits that the NEOs would have received upon termination of employment on December 28, 2019 for the various reasons described below:

		Amounts Due on Termination							
		Contractual Severance							
						Long-Term Incentive Plans			
Name	**Event**	**Salary ($)** (1)	**Annual Bonus ($)** (1)	**Benefits ($)**	**Other ($)**	**Stock Options ($)**(2)	**RSUs ($)**(3)	**PSUs ($)**(3)	**Total ($)**
Galen G. Weston	Termination with cause	—	—	—	—	—	—	—	—
Executive Chairman	Termination without cause	—	—	—	—	—	—	—	—
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Darren Myers	Termination with cause	—	—	—	—	—	—	—	—
Chief Financial Officer	Termination without cause	1,366,667 (4)	1,708,333 (5)	84,799 (6)	35,600 (7)	—	—	—	3,195,399
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Sarah R. Davis	Termination with cause	—	—	—	—	—	—	—	—
President	Termination without cause	1,750,000 (4)	2,625,000 (5)	110,213 (6)	37,380 (7)	—	—	—	4,522,593
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Barry Columb	Termination with cause	—	—	—	—	—	—	—	—
President, President's Choice Financial	Termination without cause (8)	958,333 (4)	958,333 (5)	104,965 (6)	35,600 (7)	—	—	—	2,057,231
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—

(1) The Salary and Annual Bonus figures reflect contractual entitlements and may be paid by salary continuance, subject to mitigation obligations.

(2) The NEOs are entitled to exercise vested options following termination without cause in accordance with the Stock Option Plan. NEOs are entitled to continued vesting and payout of stock options in the normal course if they retire at age 55 with 10 years of service.

(3) RSUs and PSUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RSU Plan and PSU Plan, respectively. NEOs are entitled to continued vesting and payout of RSUs and PSUs if they retire at age 55 with 10 years of service.

(4) Calculated based on 18 months' salary, for Messrs. Myers and Columb, and 20 months, for Ms. Davis, plus one additional month for every completed year of service from the effective date of the NEO's most recent employment agreement, which amounts to 20 months and 21 months, respectively.

(5) Annual bonus is valued at target level.

(6) Includes benefits and pension accrual for 20 months, for Messrs. Myers and Columb, and 21 months, for Ms. Davis, as per the terms of their respective employment agreements.

(7) Includes annual car allowance for 20 months, for Messrs. Myers and Columb, and 21 months, for Ms. Davis.

(8) In the event of Mr. Columb's termination without cause, he would be entitled to a pro-rated payment in respect of performance appreciation rights granted to him in January 2017, such pro-ration period to be determined according to the methodology set out in the applicable Instrument of Grant. See "Summary Compensation Table" for further details regarding the valuation method applicable to such performance appreciation rights.

COMPENSATION DECISIONS FOR 2020

INTRODUCTION

Darren Myers, Chief Financial Officer

Mr. Myers' compensation arrangements were last set when he joined Loblaw in September 2017. For 2020, the Governance Committee approved an increase in Mr. Myers' base salary from $820,000 to $865,000, effective January 1, 2020.

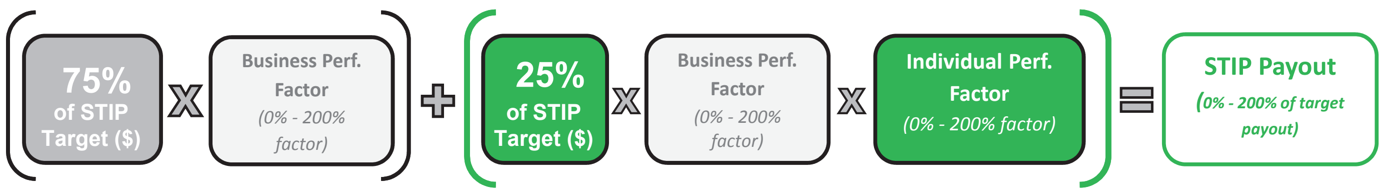
Barry Columb, President, President's Choice Financial

Mr. Columb's compensation arrangements were last set in 2018. In 2019, Willis Towers Watson was engaged to assist in benchmarking and setting 2020 compensation for the President, President's Choice Financial. Effective January 1, 2020, the Governance Committee approved an increase in Mr. Columb's base salary from $575,000 to $625,000. Mr. Columb's STIP and LTIP targets remained unchanged at 100% and 200% of base salary, respectively.

2020 SHORT-TERM INCENTIVE PLAN

The Governance Committee has approved the performance measures and weightings for the 2020 STIP as set out below.

Consistent with its ongoing commitment to legal and regulatory compliance, the Corporation will continue to include a compliance measure in its STIP targets for 2020 as the compliance initiatives are included in the Corporation's operational best practices. For 2020 the Corporation will also continue to include the customer satisfaction index, OSAT. For 2020 the STIP design will include a revenue qualifier whereby consolidated revenue performance will be capped at 100% if year-over-year adjusted food tonnage share declines, normalized for a change in the square footage share.



Loblaw STIP - 2020 Business Performance Measures

Consolidated Sales (35%)	Consolidated Earnings (35%)	Compliance (10%)	Operating Leverage (10%)	Consolidated OSAT (10%)

2020 LONG-TERM INCENTIVE PLAN GRANTS

In February 2020, the Governance Committee approved LTIP awards to the Corporation's NEOs as set out below. These annual LTIP grants were comprised of equal grants (by grant value) of stock options, RSUs and PSUs, and were awarded on February 27, 2020. As in 2019, in 2020 40% of the cost of Mr. Weston's LTIP compensation arrangements will be paid by the Corporation and 60% of his LTIP compensation arrangements will be paid by Weston.

Name	Grant Date Fair Value ($)[(1)]	Stock Options (#)[(2)]	RSUs (#)	PSUs (#)
Galen G. Weston	2,400,028 [(3)]	97,919	11,419	11,419
Darren Myers	2,595,061	105,875	12,347	12,347
Sarah R. Davis	3,999,960	163,199	19,031	19,031
Barry Columb	1,249,964	51,000	5,947	5,947

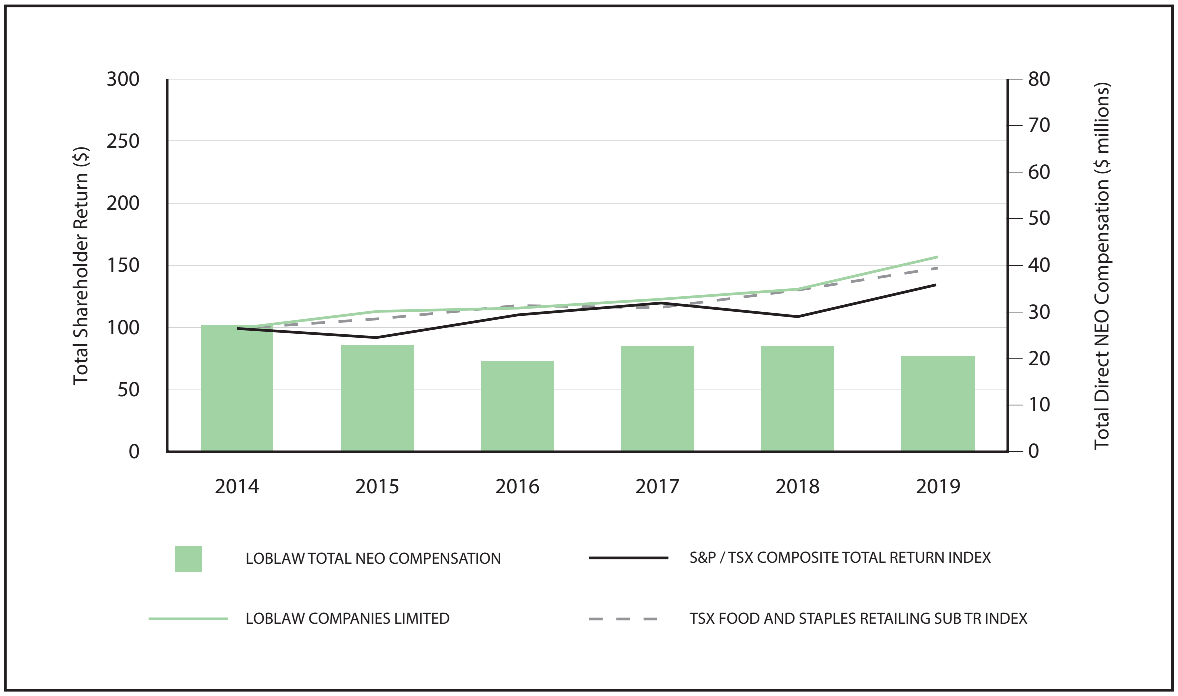
(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated in the following manner: RSU or PSU Value = Number of RSUs or PSUs Granted x the greater of the volume-weighted average share price for the one or five trading days preceding the grant date, which was $70.06 as of February 27, 2020. The grant date fair value of a PSU award assumes vesting at 100% of target.

(2) The exercise price of the stock options is $70.06.

(3) In addition to Mr. Weston's annual LTIP grant for 2020 from the Corporation, he received an annual LTIP grant for 2020 from Weston with a grant date fair value of $3,600,022. Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares on December 31, 2014, with the cumulative annual total return of the S&P/TSX Composite Total Return Index over the same period (assuming all dividends were reinvested). The graph also shows the Corporation's total direct NEO target compensation (which includes base salary, STIP and LTIP) over the same period.



Five-Year Cumulative Total Shareholder Return on $100 Investment

	2014	2015	2016	2017	2018	2019
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$ 100	$ 92	$ 111	$ 121	$ 110	$ 136
LOBLAW COMPANIES LIMITED	$ 100	$ 113	$ 116	$ 123	$ 131	$ 157
TSX FOOD AND STAPLES RETAILING SUB TR INDEX	$ 100	$ 107	$ 118	$ 116	$ 130	$ 148

Total Direct NEO Compensation

	2014	2015	2016	2017	2018	2019
TOTAL DIRECT NEO COMPENSATION ($ millions)	$ 27.3	$ 22.9	$ 19.4	$ 22.8	$ 22.9	$ 20.6

For the five-year period ended December 28, 2019, the Corporation's total shareholder return, as shown above, out-performed the S&P/TSX Composite Total Return Index. During the period, the total cumulative shareholder return for $100 invested in Common Shares was $157 as compared to $136 for the S&P/TSX Composite Total Return Index. The Corporation's total shareholder return was positively affected by key strategic initiatives, including the Corporation's acquisition of SDM, Choice Properties' acquisition of CREIT and the Reorganization.

The Corporation's total shareholder return has steadily trended upwards, with the total compensation for the Corporation's NEOs having undergone minor fluctuations over the course of the last five fiscal years ended December 28, 2019. Year-over-year fluctuations in the reported total compensation are in part due to changes in the constitution of the NEO group. Over this period, the mix of NEO compensation has also changed such that equity-based incentives (LTIP awards) account for approximately 57.6% of all NEO compensation in 2019.

The NEO compensation disclosed in the Summary Compensation Table is not strongly correlated to shareholder returns in the short to medium term, in part because equity-based incentives are calculated at the time of grant using grant date fair values, which do not reflect the actual value of compensation received when such incentives vest or are exercised. In the longer term, NEO compensation is directly affected by the Corporation's share price performance. Stock option, RSU and PSU awards directly correlate to the share price and are therefore aligned with shareholder returns.

A substantial portion of NEO pay is at-risk. In addition to the LTIP awards, the Corporation's STIP awards are made based on the successful performance of key financial objectives that are tied to the business plan. These at-risk components (the STIP and LTIP awards) for the Loblaw NEOs in 2019 ranged from 76.9% to 86.8% of their total direct target compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2019, 2018 and 2017, as applicable:

					Non-Equity Incentive Plan Compensation				
Name and Principal Position	**Year**	**Salary ($)**	**Share-Based Awards ($)(1)**	**Option-Based Awards ($)(2)**	**Annual Incentive Plans ($)**	**Long-Term Incentive Plans ($)**	**Pension Value ($)**	**All Other Compen-sation ($)(3)**	**Total Compensation ($)**
Galen G. Weston	2019	480,000 (4)	1,599,944 (5)	800,005 (5)	764,640	—	— (6)	26,129	3,670,718
Executive Chairman and	2018	590,000 (4)	1,573,336 (5)	786,671 (5)	1,104,259	—	— (6)	32,705 (7)	4,086,971
former Chairman and Chief Executive Officer	2017	590,000 (4)	1,573,296 (5)	786,670	—	—	— (6)	80,176 (7)	3,030,142
Darren Myers	2019	820,000	1,640,062	820,001	1,156,584	—	32,500	69,349	4,538,496
Chief Financial Officer	2018	820,000	1,640,056	820,002	1,139,928	—	32,500	65,541	4,518,027
	2017	273,333 (8)	4,389,971	819,999	269,061	—	11,000	2,766,962	8,530,326
Sarah R. Davis	2019	1,000,000	2,666,706	1,333,338	1,593,000	—	42,500	78,861	6,714,405
President	2018	900,000	2,799,938	900,004	1,403,719	—	42,500	58,884	6,105,045
	2017	888,782	1,799,956	899,996	—	—	38,000	73,975	3,700,709
Garry Senecal	2019	700,000	1,283,338	641,671	761,985	—	37,500	56,134	3,480,628
Chief Customer Officer	2018	700,000	1,283,292	641,663	787,981	—	37,500	87,490 (9)	3,537,926
	2017	643,750	866,666	433,335	519,627	—	37,500	59,478	2,560,356
Barry Columb	2019	575,000	916,650	383,337	614,129 (10)	—	42,500	45,457	2,577,073
President,	2018	575,000	1,066,585	383,332	852,855 (10)	—	42,500	49,327	2,969,599
President's Choice Financial	2017	550,000	733,280	366,662	405,016 (10)	— (11)	42,500	49,807	2,147,265

(1) Amounts represent the grant date fair value of RSUs and PSUs awarded to the NEOs, calculated in the following manner: RSU Grant Date Value + PSU Grant Date Value. RSU Grant Date Value = Number of RSUs Granted x the greater of the volume-weighted average share price for the one or five trading days preceding the grant date. PSU Grant Date Value = Number of PSUs Granted x the greater of the volume-weighted average share price for the one or five trading days preceding the grant date. The grant date fair value of an RSU or PSU award is the same as the accounting grant date fair value of such award on the applicable grant date. The grant date fair value of a PSU award assumes vesting at 100% of target. The number of PSUs that may vest will range between 0% and 200% of the number granted.

(2) These amounts reflect the grant date fair value of the options when granted. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The Corporation has chosen to use Black-Scholes-Merton model as the methodology for calculating the grant date fair value of the options granted as this methodology is commonly used by issuers. To determine the grant date fair value of options granted using the Black-Scholes-Merton model an expected life of 7 years is used, which is based on the contractual term of the options. The other assumptions used in the model are based on relevant market data on the day of the valuation. The Corporation also uses the Black-Scholes-Merton model for accounting purposes. However, the accounting value ascribed at the grant date for the stock options is based on an expected life that reflects historical exercise patterns, as opposed to the contractual term of the option which is used for compensation reporting purposes (see Notes 2 and 27 to the Corporation's annual audited consolidated financial statements for the year ended December 28, 2019, for the other assumptions and estimates used for this calculation). As a result, when using the Black-Scholes-Merton value method, there is a difference between the grant date fair value per option for compensation reporting purposes, and the accounting value per option as set forth below:

Grant Date	**Accounting Value, in Relation to Grant Date Fair Value for Compensation Reporting Purpose, Per Option**	**Applicable NEO Optionholder(s)**
March 2, 2017	Lower by $0.15	G. Weston, S. Davis, G. Senecal, B. Columb
September 1, 2017	Lower by $0.10	D. Myers
March 1, 2018	Higher by $0.41	G. Weston, S. Davis, D. Myers, G. Senecal, B. Columb
February 28, 2019	Lower by $1.99	G. Weston, S. Davis, D. Myers, G. Senecal, B. Columb

(3) Amounts under All Other Compensation include the value of perquisites and payments made by the Corporation under the employee share ownership plans.

(4) In 2019, Mr. Weston's base salary was allocated 40% to the Corporation and 60% to Weston, with Weston paying $720,000. In 2017 and 2018, Mr. Weston's base salary was split equally between Loblaw and Weston, with each company paying $590,000.

(5) Mr. Weston's annual LTIP grants from the Corporation in 2019, 2018 and 2017 had aggregate grant date values of $2,399,949, $2,360,007 and $2,359,966, respectively.

(6) Mr. Weston does not participate in any retirement plans and does not have any other retirement or pension arrangement with the Corporation.

(7) In 2017, Mr. Weston received $43,470 in compensation for his role as Chairman of Choice Properties, which at the time was a subsidiary of the Corporation. Mr. Weston's compensation for his role as Chairman of Choice Properties subsequent to his reelection to that Board in 2019 in not within scope for his compensation for purposes of this Loblaw proxy circular, as subsequent to the Reorganization, Choice Properties is a direct subsidiary of Weston and not Loblaw.

(8) Mr. Myers received a base salary from the Corporation commencing when he joined the Corporation in September 2017.

(9) In 2018 Mr. Senecal received a one-time payment of $31,356 representing a make-whole and tax gross-up in connection with certain stock options granted in 2010 that were restricted from being exercised as a result of a Loblaw-imposed trading blackout.

(10) Mr. Columb's STIP awards in 2019, 2018 and 2017 were based on performance measures that included components that were specific to President's Choice Financial as well as Loblaw consolidated components.

(11) Effective January 1, 2017, Mr. Columb received a one-time grant of 371,471 performance appreciation rights ("PAR") with a vesting date of December 31, 2021, the payout of which are based on a threshold, target and maximum performance level of certain fundamental metrics of President's Choice Financial. Each PAR represents a right to receive a cash payment on March 15, 2022, equal to (i) the value of the PAR calculated as at the last day of the performance period, minus (ii) the PAR grant price, multiplied by (iii) a vesting percentage based on the achievement against the performance levels.

INCENTIVE PLAN AWARDS

INCENTIVE PLAN AWARDS – OUTSTANDING OPTION-BASED AWARDS AND SHARE-BASED AWARDS

The following table sets forth the number and value of all unexercised option-based and share-based awards granted to NEOs outstanding as at December 28, 2019:

	Option-Based Awards				Share-Based Awards		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In The Money Options ($)(1)**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards That Have Not Vested ($)(2)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
Galen G. Weston	35,667	53.41	March 5, 2022	512,535	81,812	5,545,228	—
Executive Chairman and former Chairman and Chief Executive Officer	60,730	58.00	March 3, 2023	593,939			
	93,333	59.00	March 2, 2024	819,464			
	104,364	55.69	March 1, 2025	1,261,761			
	82,136	65.55	March 4, 2026	183,163			
Darren Myers	102,161	56.86	September 1, 2024	1,115,598	136,014	9,219,049	—
Chief Financial Officer	108,786	55.69	March 1, 2025	1,315,223			
	84,189	65.55	March 4, 2026	187,741			
Sarah R. Davis	45,156	39.97	March 28, 2021	1,255,788	124,293	8,424,560	—
President	46,610	53.41	March 5, 2022	669,786			
	2,191	58.75	July 30, 2022	19,785			
	44,859	58.00	March 3, 2023	438,721			
	106,778	59.00	March 2, 2024	937,511			
	119,400	55.69	March 1, 2025	1,443,546			
	136,893	65.55	March 4, 2026	305,271			
Garry Senecal	7,450	39.97	March 28, 2021	207,185	59,000	3,998,992	—
Chief Customer Officer	30,398	53.41	March 5, 2022	436,819			
	16,292	53.40	May 13, 2022	234,279			
	43,133	58.00	March 3, 2023	421,841			
	51,412	59.00	March 2, 2024	451,397			
	85,127	55.69	March 1, 2025	1,029,185			
	65,880	65.55	March 4, 2026	146,912			
Barry Columb	40,531	53.41	March 5, 2022	582,430	46,948	3,182,137	—
President, President's Choice Financial	37,958	58.00	March 3, 2023	371,229			
	43,502	59.00	March 2, 2024	381,948			
	50,855	55.69	March 1, 2025	614,837			
	39,357	65.55	March 4, 2026	87,766			

(1) The value of outstanding vested and unvested option-based awards is calculated based on the closing price for the Common Shares on the TSX on December 28, 2019, which was $67.78.

(2) The value of RSUs and PSUs held by the NEOs is calculated based on the closing price of the Common Shares on the TSX on December 28, 2019, which was $67.78, multiplied by the number of RSUs or PSUs held, as applicable. The value of a PSU award assumes vesting at 100% of target.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth the value of option-based and share-based awards of the NEOs that vested during fiscal 2019, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2019. The dollar value of the option-based and share-based awards is calculated using the number of units vested/earned multiplied by the closing price of the Common Shares on the TSX on the applicable vesting date.

Name	Option-Based Awards — Value Vested During The Year ($)	Share-Based Awards — Value Vested During The Year ($)	Non-Equity Incentive Plan Compensation — Value Earned During The Year(1) ($)
Galen G. Weston			
Executive Chairman and Former Chairman and Chief Executive Officer	1,436,450	3,485,952	764,640
Darren Myers			
Chief Financial Officer	527,290	—	1,156,584
Sarah R. Davis			
President	756,616	1,029,981	1,593,000
Garry Senecal			
Chief Customer Officer	548,612	990,288	761,985
Barry Columb			
President of President's Choice Financial	497,241	871,494	614,129

(1) Payments made in accordance with the Corporation's STIP.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

The Corporation's retirement programs are designed to facilitate the retirement of executives who have served over the long-term. The NEOs, other than Mr. Weston, who does not participate in any pension plan, participate in the same retirement programs as other executives and receive no additional enhancements in determining their pension benefits. The NEOs (other than Mr. Weston) participate in the Corporation's Executive DC Plan. All newly hired or newly appointed executives join the Corporation's Executive DC Plan.

EXECUTIVE DEFINED CONTRIBUTION PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain senior executives of the Corporation participate on a non-contributory basis in the Corporation's Executive DC Plan. During 2019, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $27,230 per year, as set forth in the following table:

Age + Years of Service	Employer Contributions as a Percentage of Base Salary
<50	13%
50-60	15%
60+	17%

The Corporation or Weston have entered into retirement agreements with certain executives who participate in the Corporation's or Weston's Executive DC Plan to provide SERP benefits to those executives with allocations for contributions in excess of the annual $27,230 registered plan limit. As noted above, the SERP is an unfunded obligation of the Corporation or Weston and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Corporation.

The following table sets forth details regarding Messrs. Columb, Myers and Senecal and Ms. Davis who participated in the Corporation's Executive DC Plan and SERP during 2019:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)(1)
Barry Columb	650,400	42,500	806,800
Sarah R. Davis	559,200	42,500	694,800
Darren Myers	41,600	32,500	84,300
Garry Senecal	559,700	37,500	709,600

(1) The accumulated value includes interest (investment returns) earned by each member during the financial year ended December 28, 2019.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of March 9, 2020, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries was indebted to the Corporation or any of its subsidiaries (other than "routine indebtedness" under applicable Canadian securities laws). The following table sets forth certain indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) of the current and former employees of the Corporation and any of its subsidiaries as of March 9, 2020.

AGGREGATE INDEBTEDNESS ($)

Purpose	To the Corporation or its Subsidiaries	To Another Entity
Share purchases	—	—
Other	1,942,500	—

COMPENSATION DISCUSSION AND ANALYSIS

OTHER INFORMATION

DIRECTOR AND OFFICER LIABILITY INSURANCE

The Corporation maintains insurance for the benefit of its directors and officers, and the directors and officers of its subsidiaries, in respect of the performance by them of their duties. This insurance policy is shared with Weston. The Corporation's annual insurance premium in 2019 was $680,411 half of which was paid by Weston. The insurance limit is $200 million per year on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and a deductible of up to $1 million for the Corporation.

NORMAL COURSE ISSUER BID

The Corporation has a Normal Course Issuer Bid (the "NCIB") on the TSX which allows for the purchase and cancellation of up to 18,455,884 Common Shares at market price. A copy of the Corporation's Notice of Intention to make a NCIB, which has been filed with the TSX, can be obtained by the shareholders, without charge, by contacting the Corporation.

On February 25, 2020, the Corporation announced an amendment to its NCIB. The amendment permits the Corporation to purchase Common Shares of the Corporation from Weston pursuant to an automatic disposition plan agreement in order for Weston to maintain its proportionate interest in the Corporation. The maximum number of Common Shares that may be purchased pursuant to the NCIB will be reduced by the number of Common Shares the Corporation purchases from Weston. The current NCIB expires on April 30, 2020. The Corporation intends to refile the NCIB.

NON-GAAP FINANCIAL MEASURES

Certain financial measures discussed in this Circular, such as Adjusted EBITDA and Adjusted EBIT, are non-GAAP financial measures. For more information on the Corporation's use of non-GAAP financial measures, please see section 17, "Non-GAAP Financial Measures", included in the MD&A of the Corporation's 2019 Annual Report.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

ADDITIONAL INFORMATION

The Corporation is a reporting issuer under the applicable legislation of all of the provinces and territories of Canada and is required to file consolidated financial statements and information circulars with the various securities commissions. The Corporation has filed its Annual Information Form with those securities commissions which, among other things, contained all of the disclosure required by Form 52-110F1 under National Instrument 52-110 – *Audit Committees*.

Copies of the Corporation's latest Annual Information Form, the Corporation's 2019 Annual Report and this Circular can be obtained upon request from the Vice President, Investor Relations of the Corporation at 1 President's Choice Circle, Brampton, Ontario L6Y 5S5.

Financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Additional information about or relating to the Corporation can also be found at www.loblaw.ca and www.sedar.com or by dialing in for regularly scheduled conference calls. Additional information regarding Weston can be found at www.weston.ca and www.sedar.com.

CONTACTING THE BOARD OF DIRECTORS

Shareholders, employees and other interested parties may communicate directly with the Board through the Lead Director by writing to:

Lead Director
c/o Chief Legal Officer & Secretary
Loblaw Companies Limited
22 St. Clair Avenue East, Suite 2001 Toronto, Ontario M4T 2S7

Shareholders may also contact the Lead Director with any proposals for director nominees.

BOARD APPROVAL

The contents and sending of this Circular to shareholders entitled to receive notice of the Meeting, to each director, to the external auditor of the Corporation and to the appropriate government agencies have been approved by the Board.

Gordon A. M. Currie
Executive Vice President, Chief Legal Officer & Secretary

Dated in Toronto, Ontario

March 13, 2020

SCHEDULE A
LOBLAW COMPANIES LIMITED

Mandate of the Board of Directors

1. **ROLE**

The role of the Board is to provide governance and stewardship to the Corporation which consists of reviewing corporate strategy, assigning responsibility to management for achievement of that strategy, establishing limitations on the authority delegated to management and overseeing performance against approved objectives. In fulfilling this role, the Board regularly reviews management's strategic plans so that they continue to be responsive to the changing business environment in which the Corporation operates. The Board oversees the Corporation's approach to corporate governance, succession planning, capital structure and finance matters, risk management activities, compliance and ethics matters, internal control over financial reporting, disclosure controls and procedures, and information systems. Through its oversight, the Board ensures that the Corporation accurately and fairly reports financial and other information to shareholders, other stakeholders and the public. The Board is required to appoint corporate officers. The Board satisfies itself as to the integrity of senior management, that the Corporation engages in ethical and legal conduct and that senior management maintains a culture of integrity throughout the Corporation.

2. **RESPONSIBILITIES**

To ensure that it fulfills its role, the Board, or any Committee so delegated by the Board, will oversee the following:

(a) **Strategic Goals, Corporate Performance, Performance Objectives and Operational Policies**

The Board will review and, if advisable, approve broad strategic objectives and values against which corporate performance will be measured. In this regard, the Board will:

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.
- Evaluate performance against both corporate strategic goals and objectives.
- Approve long-term strategies.
- Review and approve management's strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies within which management will operate.
- Approve significant acquisitions, sales of assets or shares, and material financing arrangements.
- Review and approve the Corporation's dividend policy and approve the payment of dividends.
- Approve targets and budgets against which to measure corporate and executive performance.

(b) **Finance and Capital Matters**

- Review with management and receive periodic reports on the Corporation's target capital structure.
- Review with management and receive periodic reports on the Corporation's consolidated balance sheet, including cash, investment assets and debt position.
- Receive periodic reports from rating agencies and updates on any material discussions or communications with rating agencies.

(c) **Executive Compensation and Succession Planning**

- Satisfy itself of the appropriateness of all executive and colleague compensation matters and that a portion of executive compensation is linked appropriately to corporate performance.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.

(d) **Delegation of Management Authority to the Executive Chairman**

- Delegate to the Executive Chairman the authority to manage and supervise the business of the Corporation, including making any decisions regarding the Corporation's ordinary course of business and operations that are not specifically reserved to the Board under the terms of that delegation of authority.
- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(e) **Financial Disclosure**

- Oversee the Corporation's financial reporting and disclosure obligations in accordance with applicable law.
- Approve the Corporation's financial statements, management's discussion and analysis and related releases.

- Oversee the Corporation's compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures.

(f) **Enterprise Risk Management Program**

- Overseeing the Corporation's enterprise risk management program, including its design and structure and assessment of its effectiveness.
- Approve the Corporation's enterprise risk management policy, the risk appetite statement, and management's approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of the principal risks. Satisfy itself as to the effective oversight of risk management of individual risks by the Board or by the Risk and Compliance Committee, through the receipt of periodic reports from the Committee Chair or management, as appropriate.
- Delegate, as appropriate, the oversight of enterprise risk management design and structure, assessment of its effectiveness and the oversight of the principal risks to the Risk and Compliance Committee.

(g) **Related Party Transactions**

- Approve all proposed material related party transactions and any related party transactions that are not dealt with by a "special committee" of independent directors pursuant to applicable securities legislation.

(h) **External Communications**

- Satisfy itself that there is effective communication between the Board and the Corporation's shareholders, other stakeholders and the public.
- At least annually, with the assistance of the Audit Committee, review and approve any material changes to the Corporation's disclosure policy.

(i) **Corporate Governance**

- Develop, and review compliance with, a set of corporate governance principles and guidelines.
- Appoint a lead director who is independent to provide leadership to the Board and the independent directors, including presiding over meetings or sessions of the non-management directors and consulting with the Executive Chairman on any matters arising out of such sessions.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- On the recommendation of the Governance, Employee Development, Nominating and Compensation Committee, approve the appointment of directors or recommend the election of director nominees to the Board at the annual general meeting of shareholders.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Executive Chairman, the lead director and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.
- Oversee significant compensation decisions for the directors and for senior executive management.

(j) **Corporate Social Responsibility, Integrity and Ethics**

- Oversee actions taken by management to ensure that senior executives maintain a culture of integrity throughout the Corporation.
- Adopt a written code of conduct which is applicable to employees, officers and directors of the Corporation, and oversee compliance with the code.
- Receive and review periodic reports on policies and practices related to corporate social responsibility.
- Receive periodic reports on the Corporation's compliance and ethics matters.

3. COMPOSITION

The Board shall be comprised of a majority of independent directors. For this purpose, a director is independent if he or she would be independent within the meaning of the applicable Canadian securities laws, as the same may be amended from time to time.

4. COMMITTEES

The Board may establish committees of the Board where required or prudent. The Board may delegate to such committees of the Board matters for which the Board is responsible, including the approval of Board and management compensation, the conduct of performance evaluations and oversight of internal controls, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities. The Board has established the following committees:

- the Audit Committee (comprised entirely of independent directors);
- the Governance, Employee Development, Nominating and Compensation Committee (comprised entirely of independent directors);
- the Risk and Compliance Committee (no more than one member of the Committee shall be a management director); and
- the Pension Committee (a majority of whom shall be non-management directors).

The Board shall provide a forum for discussion and reporting of all matters considered by the committees. Circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of authority and responsibilities amongst committees. The authority and responsibilities of each committee are set out in a written mandate, as approved by the Board. At least annually, each mandate shall be reviewed by the respective committee and submitted to the Board for approval with such amendments as the committee proposes. Each Committee Chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following such Committee's meeting.

5. ORIENTATION AND CONTINUING EDUCATION

With the Governance, Employee Development, Nominating and Compensation Committee, the Board shall ensure that all directors receive a comprehensive orientation program and continuing education in connection with their role, responsibilities, the business of the Corporation, and the skills they must use in their roles as directors.

6. EQUITY OWNERSHIP BY DIRECTORS

The Board shall oversee directors' compliance with the Corporation's Share Ownership Policy.

7. RETENTION OF EXPERTS

The Board may engage any professional advisors including legal, accounting or other experts, at the expense of the Corporation, as it considers necessary to perform its duties.

SCHEDULE B
SHAREHOLDER PROPOSAL

The following Shareholder Proposal has been submitted for consideration at the Meeting by B.C. Government and Service Employees' Union General Fund and the B.C. Government and Service Employees' Union Strike Fund. The proposal and statement of support are set out in italics below.

Resolved: Shareholders request the Board of Directors of Loblaw enhance the mandate of the Risk and Compliance Committee to assign it with specific responsibility for human rights risk assessment, mitigation and prevention, as well as policy formulation and adoption.

SUPPORTING STATEMENT

As part of the Board's responsibility for determining and addressing the company's principal risks, proponents believe that the Board of Directors should embed respect for human rights in the company's culture, knowledge and practices, and review the company's efforts to manage the company's salient human rights risks.

There is increasing recognition that company risks related to human rights violations, such as reputation damage, fulfillment delays and disruptions, and litigation, can adversely affect shareholder value:

- *KnowTheChain gave Loblaw a total score of 16/100, scoring it poorly on monitoring, traceability/risk assessment, commitment and governance*[1]
- *The Corporate Human Rights Benchmark (CHRB) gave Loblaw a total score of 6.93 out of 100, placing it 167th of 196 companies analyzed globally. Loblaw failed to meet indicators on governance, commitments from the top, board discussions, and failed to identify, assess, act, track and communicate on key human rights risks.*[2]

Furthermore, the Loblaw Supplier Code of Conduct does not impose meaningful protections relating to paying a living wage in the supply chain, and Loblaw does not appear to make purchasing decisions in consideration of human rights issues.[3] *While Loblaw has stopped sourcing in certain countries in response to concerns over child labour, CHRB notes that Loblaw failed to meet indicators on the prohibition on child labour.*[4]

Expanding the mandate of the Risk and Compliance Committee would better position Loblaw to quickly identify and mitigate human rights risks and would allow shareholders to better understand their potential impact on shareholder value.

We urge shareholders to support this proposal.

[1] *https://knowthechain.org/benchmarks/comparison_tool/5/*
[2] *https://www.corporatebenchmark.org/download-benchmark-data*
[3] *https://www. loblaw.ca/content/dam/lclcorp/pdfs/Responsibilitv/SupplierCodeOfConduct/SuPDlier%2QCode%20ot1%20Conduct%20-LCL-2016.pdf*
[4] *https://www.corporatebenchmark.org/download-benchmark-data*

THE BOARD OF DIRECTORS OF THE CORPORATION RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL

The Board of Directors recommends that shareholders vote against the shareholder proposal.

Loblaw has a robust corporate governance framework in place, which includes an in-depth risk monitoring and reporting process and a strong corporate social responsibility program overseen by the Risk and Compliance Committee of the Board. Through this framework, Loblaw assesses and protects human rights both domestically and abroad.

Colleagues are protected by a code of conduct that guides behaviors and identifies risks, including with respect to human rights. This code is managed through Loblaw's Compliance and Ethics Office, and it is reviewed and updated annually. In 2019, the Ethics Office worked with third-party experts on a reinvigorated integrity action line (a whistle-blower program) and proactively marketed it to colleagues with the simple encouragement: "Speak Up". This program will be extended to suppliers in 2020.

Internationally, Loblaw's supplier code of conduct applies to foreign producers and manufacturers making goods sold in our stores. The code is focused on worker rights and protections with elements that clearly speak to the importance of protecting human rights in our supply chain. This includes controls on safety, child and forced labor, discrimination, abuse, harassment, freedom of association, and respect for working hours, wages and conditions. The code is actively monitored and sites are audited, with violations reported immediately to Loblaw's responsible executives. Human rights violations have resulted in factories being removed from Loblaw's supply chain.

In addition to assessing and mitigating risk, Loblaw has various programs to foster and promote human rights among its workforce of nearly 200,000 Canadians. This includes an executive-led diversity and inclusion program that examines and celebrates the experience of colleagues who are female, from ethnic and visible minorities (including first nations communities), LGBTQ+, or living with disabilities.

Additionally, Loblaw has been recognized as a corporate leader in environmental, social and governance matters in a variety of reports. Loblaw prides itself on contributing to the well-being of Canadians through the products and services offered in our stores, on our efforts to promote health and wellness and on giving back to the communities where we operate.

While the Board of Directors recommends voting against the shareholder proposal, Loblaw acknowledges that its publicly available materials do not fully reflect the Corporation's commitment to human rights. To that extent, in 2020 Loblaw will review its CSR, policy and board-related documents to re-assess the terminology and clarity of the Corporation's commitment to human rights.

The Board of Directors recommends that shareholders vote AGAINST the Shareholder Proposal.

Loblaw
Companies
Limited