Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

LOBLAW COMPANIES LIMITED
ANNUAL MEETING OF SHAREHOLDERS

MAY 6, 2021

THIS DOCUMENT CONTAINS:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

MANAGEMENT PROXY CIRCULAR

Loblaw Companies Limited

March 26, 2021

Dear Fellow Shareholder,

On behalf of the Board and management of Loblaw Companies Limited (the "Corporation"), I am pleased to invite you to our Annual Meeting of Shareholders which will be held on Thursday, May 6, 2021, at 11:00 a.m. (Eastern Daylight Time). Due to the ongoing COVID-19 pandemic, and to mitigate risks to the health and safety of our shareholders, colleagues and other stakeholders, this year's meeting will be held as a virtual meeting 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.

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. It also contains information on our corporate governance practices and our approach to executive compensation. At the meeting, shareholders will be voting on important matters and we hope that you take the time to review these meeting materials and exercise your vote. You may vote either by attending the virtual meeting or by completing and sending in your proxy form. Please refer to 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 https://web.lumiagm.com/474726351. This meeting is an opportunity to listen to and ask questions of the people who are responsible for the performance of the Corporation. Additional information on how to attend the virtual meeting is enclosed and a webcast will be archived on our website afterward.

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 2021 Annual Meeting of Shareholders of Loblaw Companies Limited (the "Meeting") will be held on Thursday, May 6, 2021, at 11:00 a.m. (Eastern Daylight Time) for the following purposes:

1. to receive the consolidated financial statements for the financial year ended January 2, 2021, 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 15, 2021 will be entitled to vote at the Meeting.

Due to the ongoing COVID-19 pandemic, the 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.

You can attend the Meeting by joining the live webcast online at https://web.lumiagm.com/474726351. You will need the latest version of Chrome, Safari, Microsoft Edge or Firefox. **Please do not use Internet Explorer as it is not a supported browser for the Meeting.** You should allow ample time to join the Meeting to check compatibility and complete the related procedures. See "How do I attend and participate in 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 and the annual consolidated financial statements and management's discussion and analysis for the year ended January 2, 2021 (the "Annual Report" and together with the Circular, the "Meeting Materials"). 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 Meeting Materials, you are receiving this Notice of Meeting which contains information about how to access the Meeting Materials 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 Meeting Materials are Posted

The Meeting Materials 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 and/or the Annual Report, 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 Meeting Materials

All shareholders may request that paper copies of the Circular and/or the Annual Report 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, or outside Canada and the United States, at 303-562-9305 (English) or 303-562-9306 (French). A request must be received by April 26, 2021 (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 and/or the Annual Report 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 and/or the Annual Report: (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 26, 2021 (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 and/or the Annual Report 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. (Eastern Daylight Time) on May 4, 2021 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.

BY ORDER OF THE BOARD OF DIRECTORS,

Gordon A. M. Currie
Executive Vice President, Chief Legal Officer & Secretary
March 26, 2021
Toronto, Ontario

1 About the Meeting

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

Loblaw Companies Limited (the “Corporation” or “Loblaw”) is providing you with this Management Proxy Circular (this “Circular”) and other proxy materials in connection with the 2021 Annual Meeting of Shareholders (the “Meeting”) of the Corporation to be held on Thursday, May 6, 2021, at 11:00 a.m. (Eastern Daylight Time). Due to the ongoing COVID-19 pandemic, the 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.

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 15, 2021 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, which includes the annual consolidated financial statements and management’s discussion and analysis for the year ended January 2, 2021 (the “2020 Annual Report”), 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 the 2020 Annual Report (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, the 2020 Annual Report and proxy-related materials have been posted on the Corporation’s website and explaining how to access them.

On or about April 5, 2021, 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 and/or the 2020 Annual Report.

QUESTIONS AND ANSWERS ON THE VIRTUAL MEETING

Q: Why will the Meeting be completely virtual?

A: Due to the ongoing COVID-19 pandemic and in consideration of the health and safety of our shareholders, colleagues and the broader community, the 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 https://web.lumiagm.com/474726351. You will need the latest version of Chrome, Safari, Microsoft Edge or Firefox. **Please do not use Internet Explorer as it is not a supported browser for the Meeting.** You should allow ample time to join the Meeting to check compatibility and complete the related procedures.
- Step 2: Follow the instructions below:

Registered Shareholders: Click "Login" and then enter your control number and password **"loblaw2021"** (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 **"loblaw2021"** (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 15, 2021, 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 Common 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:

a by mail, courier or hand to Computershare at the address listed below; or
b 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. (Eastern Daylight Time) on May 4, 2021, 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. (Eastern Daylight Time) on May 4, 2021, 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. (Eastern Daylight Time) on May 4, 2021, 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. (Eastern Daylight Time) on May 4, 2021, 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 15, 2021, there were 344,359,658 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 2020 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 15, 2021, the record date for the Meeting, there were 344,359,658 Common Shares issued and outstanding. George Weston Limited ("Weston") beneficially owned, directly and indirectly, a total of 180,963,387 Common Shares, representing approximately 52.6% of the then outstanding Common Shares. Weston is controlled by Mr. Galen G. Weston. As of March 15, 2021, Mr. Weston also directly and indirectly owned 473,636 Common Shares, representing approximately 0.14% 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 January 2, 2021 together with the auditor's report thereon will be placed before the shareholders at the Meeting. These documents are included in the Corporation's 2020 Annual Report. Copies of the 2020 Annual Report in English or French may be obtained from the Secretary of the Corporation upon request. The 2020 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. All 12 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

Ten 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					✓			✓				

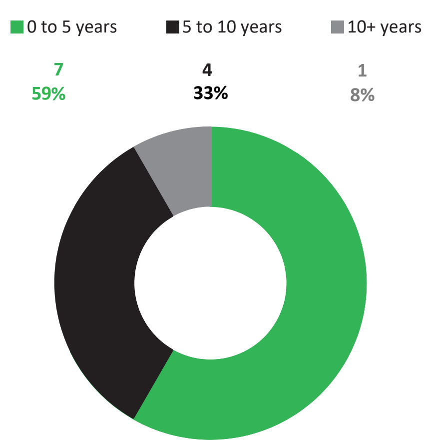
Each director nominee was nominated in large part because of his or her key leadership attributes. The director nominees have demonstrated informed judgment, knowledge of important business issues and a commitment to operational excellence. Every director is expected to act ethically and with integrity. 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 5.6 years. The following diagram shows director tenure broken down by the applicable time periods set out below:

Director Tenure

(By # of individuals and as % of Total Board)



The Corporation does not have term limits for directors because the Board believes that its existing renewal process is working effectively, as demonstrated by the tenure statistics above, and the high calibre of director nominees who have joined the Board in the past several years.

The Corporation has a target that people who identify as women comprise at least 40% of the Board's directors and that, by 2024, people who identify as visible minorities comprise at least 25% of the Board's directors. This year, approximately 42% of the director nominees are people who identify as women and 17% of the director nominees are people who identify as visible minorities. Further details on the Corporation's director tenure guidelines and diversity policy can be found on pages 28 and 40, 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 2020 Annual Meeting of Shareholders

In 2020, 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 April 30, 2020:

Name of Nominee	Votes For		Votes Withheld	
Paviter S. Binning	312,955,584	99.80 %	640,588	0.20 %
Scott B. Bonham	313,434,219	99.95 %	161,953	0.05 %
Warren Bryant	313,023,800	99.82 %	572,372	0.18 %
Christie J.B. Clark	312,685,664	99.71 %	910,508	0.29 %
Daniel Debow	313,490,767	99.97 %	105,405	0.03 %
William A. Downe	309,136,582	98.58 %	4,459,590	1.42 %
Janice Fukakusa	313,561,007	99.99 %	35,165	0.01 %
M. Marianne Harris	313,565,548	99.99 %	30,624	0.01 %
Claudia Kotchka	313,019,781	99.82 %	576,391	0.18 %
Beth Pritchard	313,018,302	99.82 %	577,870	0.18 %
Sarah Raiss	313,032,411	99.82 %	563,761	0.18 %
Galen G. Weston	304,742,221	97.18 %	8,853,951	2.82 %

Director Interlock Policy

The Board has established a director 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 serve together on the board of another public entity. The director 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 2020 and 2019 equity holdings of each director nominee of the Corporation as of March 15, 2021 and March 9, 2020, 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 2020 based on the closing price of the Common Shares on the Toronto Stock Exchange ("TSX") on March 15, 2021, which was $66.16, and for 2019 based on the closing price of the Common Shares on the TSX on March 9, 2020, which was $67.11.

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

Paviter S. Binning
Toronto, Ontario, Canada

Age 60

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 George Weston Limited and prior to this was the Chief Financial Officer of George Weston Limited. 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	7/7	7/7	100 %	2020	$225,000
				2019	$142,875

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 Policy
2020	2,937	6,651	9,588	$12,210,060	$900,000	Yes
2019	1,772	4,858	6,630	$11,570,522		

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) Pursuant to the Director Share Ownership Policy, Mr. Binning's Weston holdings at the time of his election to the Board of the Corporation on May 2, 2019 count towards his minimum equity ownership in the Corporation. As of May 2, 2019, 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, and with a value of $11,575,718 based on the March 15, 2021 Weston common share price of $100.55.

Scott B. Bonham
Atherton, California, United States

Age 59

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	
		#	%	Year	Amount
Board	7/7	16/16	100%	2020	$240,000
Audit Committee	5/5			2019	$240,000
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 Policy
2020	—	14,763	14,763	$976,720	$900,000	Yes
2019	—	10,929	10,929	$733,445		

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)			
—	—		

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.

Warren Bryant
Paradise Valley, Arizona, United States

Age 75

Loblaw Board Details:
Director since 2013
Independent

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	16/16	100%	2020	$262,500
Governance Committee	5/5			2019	$262,500
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 Policy
2020	—	29,988	29,988	$2,672,673	$900,000	Yes
2019	—	25,532	25,532	$2,375,340		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	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 Policy, 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, and with a value of $688,667 based on the March 15, 2021 Weston common share price of $100.55.

Mr. Clark, a corporate director, previously held a variety of positions at PricewaterhouseCoopers LLP including that of Chief Executive Officer 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.

Christie J.B. Clark, F.C.P.A., F.C.A.
Toronto, Ontario, Canada

Age 67

Loblaw Board Details:
Director since 2011
Independent

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	20/20	100%	2020	$271,500
Audit Committee (Chair)	5/5			2019	$270,000
Pension Committee	4/4				
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 Policy
2020	17,215	10,046	27,261	$1,803,588	$900,000	Yes
2019	18,078	7,845	25,923	$1,739,693		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
Air Canada	2013 to present	Galen G. Weston(1)	Choice Properties Real Estate Investment Trust
Choice Properties Real Estate Investment Trust	2013 to present		
SNC-Lavalin Group Inc.	2020 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Hydro One Limited/Hydro One Inc.	2015 to 2018		

(1) Mr. Weston will not be standing for re-election as a trustee at Choice Properties Real Estate Investment Trust's ("Choice Properties") annual and special meeting of unitholders on April 30, 2021.

Daniel Debow
Toronto, Ontario, Canada

Age 47

Loblaw Board Details:
Director since 2020
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 is 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
Board[(1)]	4/4	6/6	100%	2020	$147,638
Audit Committee[(1)]	2/2			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 Policy[(2)]
2020	—	2,231	2,231	$147,603	$900,000	Yes
2019	—	—	—	—		

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

(1) Mr. Debow was elected to the Board and appointed to the Audit Committee on April 30, 2020.

(2) Mr. Debow has until April 2025 to satisfy the Director Share Ownership Policy. Please see page 15 for more details on the Director Share Ownership Policy.

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

Age 68

Loblaw Board Details:
Lead Director
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	
		#	%	Year	Amount
Board	7/7	12/12	100%	2020	$311,500
Governance Committee (Chair)	5/5			2019	$284,450

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 Policy
2020	20,515	11,244	31,759	$2,101,175	$900,000	Yes
2019	16,000	6,418	22,418	$1,504,472		

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		

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

Age 66

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 as Chair of 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	7/7	12/12	100 %	2020	$232,500
Audit Committee	5/5			2019	$147,638

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 Policy
2020	2,900	5,638	8,538	$564,874	$900,000	Yes(1)
2019	2,900	2,087	4,987	$334,678		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Cineplex Inc.	2017 to present	—	—
Brookfield Asset Management Inc.	2020 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

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

M. Marianne Harris
Toronto, Ontario, Canada

Age 63

Loblaw Board Details:
Director since 2016
Independent

Ms. Harris is a corporate director. In addition to her directorships of the public companies listed below, Ms. Harris has been a director on the Board of the Public Sector Pension Investment Board, a Crown Corporation, since December 2020. 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	20/20	100%	2020	$299,500
Audit Committee	5/5			2019	$272,500
Pension Committee	4/4				
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 Policy
2020	2,337	16,516	18,853	$1,247,314	$900,000	Yes
2019	2,337	12,537	14,874	$998,194		

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)			
Hydro One Limited/Hydro One Inc.	2015 to 2018		

Claudia Kotchka
Miami, Florida
United States

Age 69

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, 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	16/16	100 %	2020	$240,000
Governance Committee	5/5			2019	$240,000
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 Policy
2020	—	16,061	16,061	$1,062,596	$900,000	Yes
2019	—	12,202	12,202	$818,876		

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

Beth Pritchard
New Albany, Ohio,
United States

Age 74

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%	2020	$240,000
Governance Committee	5/5			2019	$240,000
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 Policy
2020	—	29,435	29,435	$1,947,420	$900,000	Yes
2019	—	25,322	25,322	$1,699,359		

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		
The Vitamin Shoppe, Inc.	2008 to 2018		

Sarah Raiss
Calgary, Alberta, Canada

Age 63

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	
Board	7/7	#	%	Year	Amount
Governance Committee	5/5	16/16	100%	2020	$247,500
Pension Committee (Chair)	4/4			2019	$247,500

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 Policy
2020	907	42,798	43,705	$2,891,523	$900,000	Yes
2019	907	40,153	41,060	$2,755,537		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks Directors	 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 48

Loblaw Board Details:
Director since 2006
Non-Independent

Mr. Weston is Executive Chairman of the Corporation and Chairman and Chief Executive Officer of George Weston Limited. 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 Chairman of Wittington. He is also a director of Selfridges Group Limited and President of the Weston Family Foundation. Mr. Weston is the Chair and a trustee of Choice Properties Real Estate Investment Trust, a Weston subsidiary.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount(1)
		7/7	100%	2020	—
				2019	—

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	
2020	473,636	—	473,636	The value of Mr. Weston's current eligible holdings is $7,942,471,022. Mr. Weston satisfies the Executive Share Ownership Policy. For details relating to his equity-based share ownership as an executive, please see the table on page 65.
2019	467,035	—	467,035	

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks Directors	 Boards
George Weston Limited	2016 to present	Christie J.B. Clark	Choice Properties Real Estate Investment Trust
Choice Properties Real Estate Investment Trust(2)	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.

(2) Mr. Weston will not be standing for re-election as a trustee at Choice Properties' annual and special meeting of unitholders on April 30, 2021.

Meeting Attendance

The following table provides a summary of each director's attendance at Board and committee meetings in 2020:

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

(1) Mr. Beeston retired from the Board on April 30, 2020.

(2) Mr. Debow was elected to the Board and appointed to the Audit Committee on April 30, 2020.

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 Policy, 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 Policy

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 a Director Share Ownership Policy for non-management directors. Under this Policy, 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 Policy increased from $700,000 to $900,000. For purposes of this Policy, 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. 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 Policy to count their then holdings in Weston and/or Choice Properties towards their target ownership, provided that any such holdings were eligible for inclusion toward the individual's previous ownership requirement at Weston and/or Choice Properties. All directors either meet the required level of share ownership or are in the process of accumulating securities as required under the Policy. For the status of each director nominee under the Policy, see their profiles on pages 9 to 14 of this Circular. Management directors are not subject to the Policy but instead must satisfy the Executive Share Ownership Policy described on page 65.

2020 Director Compensation Amounts

A summary of the 2020 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 2020. 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 2021 for his role as a director of the Corporation.

2020 Director Compensation Table

The following table sets out the compensation elements and total compensation earned by each non-management director in 2020 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(3)	82,125	—	2,738	84,863	59,500 (4)	144,363	—	84,863	100% DSUs
Paviter S. Binning	225,000	—	—	225,000	—	225,000	112,500	112,500	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	16,500 (5)	271,500	—	271,500	135,750	135,750	50% DSUs
Daniel Debow(6)	142,875	—	4,763	147,638	—	147,638	—	147,638	100% DSUs
William A. Downe	225,000	85,000 (7)	1,500 (5)	311,500	—	311,500	—	311,500	100% DSUs
Janice Fukakusa	225,000	—	7,500	232,500	—	232,500	—	232,500	100% DSUs
M. Marianne Harris	225,000	—	22,500	247,500	52,000 (4)	299,500	—	247,500	100% DSUs
Claudia Kotchka	225,000	—	15,000	240,000	—	240,000	—	240,000	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**	**115,501**	**2,750,501**	**111,500**	**2,862,001**	**371,998**	**2,378,503**	

(1) Directors are required to take 100% of their board retainer and committee fees in DSUs until they satisfy the Director Share Ownership Policy, 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) Mr. Beeston retired from the Board on April 30, 2020.

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

(5) Includes fees received for attendance at meetings of another Board committee.

(6) Mr. Debow was elected to the Board and appointed to the Audit Committee on April 30, 2020.

(7) Includes Lead Director fee and fees received for chairing meetings of another Board committee.

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 4, 2021:

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(2)	—	—	4,168,039
Paviter S. Binning	—	—	424,001
Scott B. Bonham	—	—	941,141
Warren Bryant	—	—	1,911,735
Christie J.B. Clark	—	—	640,433
Daniel Debow	—	—	142,226
William A. Downe	—	—	716,805
Janice Fukakusa	—	—	359,423
M. Marianne Harris	—	—	1,052,895
Claudia Kotchka	—	—	1,023,889
Beth Pritchard	—	—	1,876,481
Sarah Raiss	—	—	2,728,373

(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 4, 2021, which was $63.75, 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) Mr. Beeston retired from the Board on April 30, 2020.

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 2020 and 2019, respectively:

	2020(5) $(000's)	2019 $(000's)
Audit fees(1)	5,353	5,249
Audit-related fees(2)	475	515
Tax-related fees(3)	84	40
All other fees(4)	89	142
Total Fees	$6,000	$5,946

(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 and auditor involvement with filings, such as prospectuses.

(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.

(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.

(5) Fees for 2020 include administrative fees and out-of-pocket expenses.

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 45. In 2020, shareholders were asked to consider an advisory resolution regarding the Corporation's approach to executive compensation, which received the approval of 94.42% 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 2021 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 2022 Annual Meeting of Shareholders is December 18, 2021.

2 Committee Reports

AUDIT COMMITTEE

Christie J.B. Clark (Chair) Independent

Scott B. Bonham Independent

Daniel Debow 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 2020.

2020 Highlights:

- ✓ Reviewed the financial impacts of COVID-19, including the estimates and judgments made by management and the impacts on controls and related disclosure
- ✓ Oversaw the change to the Corporation's non-GAAP financial measures policy, which will take effect in the first quarter of 2021 and reduce the number of historical adjusting items
- ✓ Monitored the Corporation's strong liquidity position, including the refinancing of an aggregate principal amount of $350 million of Medium Term Notes
- ✓ Oversaw management's monitoring and mitigation of risks relating to vendor management
- ✓ Oversaw the implementation of an enhanced anti-fraud program

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 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 2020.

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 2020 and it is available at www.loblaw.ca. The members of the Audit Committee are satisfied that the Committee fulfilled its responsibilities in 2020.

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 January 2, 2021, and the interim quarters, including the impacts of the COVID-19 pandemic and related disclosure. 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 is also designed to ensure that adequate disclosure of material issues has been provided.

In 2020, the Audit Committee assessed the use of non-GAAP financial measures and their presentation within the financial documents and reviewed and approved a policy change to reduce the number of historical adjusting items, which will take effect in the first quarter of 2021. 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 25, 2021.

Anti-Fraud

The Audit Committee oversaw the Corporation's anti-fraud programs and controls, including a new Anti-Fraud Policy and an enhanced governance model and reporting structure. It also reviewed quarterly reports of significant fraud incidents, as applicable.

Review of Other Financial Information

The Audit Committee reviewed the refinancing of $350 million aggregate principal amount of 5.22% Medium Term Notes, Series 2-B that matured on June 18, 2020 with an issuance of $350 million aggregate principal amount of 2.284% senior unsecured notes maturing on May 7, 2030 and recommended the issuance to the Board for approval.

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 2020, 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 Services. In addition, the Audit Committee received reports on key audit matters 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 2020, the Audit Committee reviewed management's administration of the Corporation's Internal Control Compliance ("ICC") program, including by reviewing the 2020 ICC Scoping and Risk Assessment Plan and periodic progress thereon. The Audit Committee also oversaw the change to the ICC group's internal reporting structure, resulting in the group reporting to Internal Audit Services and reinforcing the independent function of the group.

Legal, Regulatory, Related Party Transactions and Tax

Throughout 2020, 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. The Audit Committee continues to work with management to ensure adherence to a robust process for reviewing and approving significant related party transactions. This is particularly relevant with Choice Properties given that the Corporation is Choice Properties' largest tenant and an affiliate. The Audit 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 significant related party transactions when they arise.

Respectfully submitted,

Audit Committee
Christie J.B. Clark (Chair)
Scott B. Bonham
Daniel Debow
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 44.

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 and ethics 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 2020.

2020 Highlights:

- ✓ Oversaw the Corporation's response to risks related to the COVID-19 pandemic
- ✓ 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 introduction and promotion of updated colleague and supplier Codes of Conduct and oversaw their implementation across the Corporation and supplier base, respectively

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 2020.

The Risk and Compliance Committee approved its mandate in 2020 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 2020.

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 and ethics 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.

COVID-19 Risk Response

In 2020, the Board, and particularly the Risk and Compliance Committee, was actively engaged with the Corporation's response to the risks posed by the COVID-19 pandemic. The Risk and Compliance Committee reviewed the crisis governance framework that enabled the Corporation to respond quickly and effectively across the business. The Risk and Compliance Committee also reviewed the risks of COVID-19 to each of the Corporation's divisions as well as other groups including sourcing, supply chain, information technology, human resources, labour relations and asset protection, and considered the corresponding mitigating activities. The Risk and Compliance Committee continues to oversee the Corporation's COVID-19 response.

Legal and Regulatory Compliance and Ethics

In executing its mandate, the Risk and Compliance Committee monitors the Corporation's legal and regulatory compliance and ethics program and receives regular reports from the Senior Vice President and Chief Compliance & Ethics Officer and the compliance and ethics 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 and ethics management systems, that employees of the Corporation are aware of the Corporation's policies and procedures regarding legal and regulatory compliance and ethics and that the Corporation supports franchised businesses with respect to legal and regulatory compliance and ethics 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 and ethics matters.

In 2020, 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 creating and implementing plans to incorporate more robust compliance controls into business units across the Corporation, delivering competition law training modules, implementing rigorous competition law control testing, launching a new technology application to automate colleague reporting of any interactions with competitors and extending the Corporation's incident management tool to the supplier population.

The Risk and Compliance Committee also reviewed the creation of ethics objectives, which focus on communicating ethical values to colleagues and developing educational tools to assist colleagues in day-to-day decision-making, as well as monitoring compliance with the colleague and supplier Codes of Conduct.

In addition, the Risk and Compliance Committee reviewed management's approach to introducing, promoting awareness of and obtaining sign-off on the updated colleague and supplier Codes of Conduct and oversaw their implementation across the Corporation and supplier base, respectively.

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, including cyber-security. 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 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

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 44.

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, funding and governance of the Corporation's pension plans, as well as the administration and management of the Corporation's benefit programs.

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 2020.

2020 Highlights:

- ✓ Oversaw the results of an asset liability study performed by an independent third-party advisor
- ✓ Oversaw the strategy and implementation of changes to the Corporation's pension plan investment policies
- ✓ Oversaw the strategy and process for merging several of the Corporation's pension plans

Oversight of the Corporation's Pension and Benefit 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.

Performance of Pension Plans and Changes in Investment Policy

The Pension Committee oversaw the Corporation's investment policies and the allocation of the funds' investments to various asset classes, the overall structuring of the pension fund assets and the selection of investment managers for each asset class. The Pension Committee reviewed and approved a change to the investment strategy following the results of an asset-liability study conducted by independent investment consultants.

Due Diligence Review of Actuarial Service Provider

The Pension Committee oversaw the performance of a due diligence review of actuarial service providers in order to ensure market competitiveness and best-in-class services are provided by the Corporation's actuarial service provider.

Merger of Pension Plans

The Pension Committee continued to oversee the strategy, process and timelines with respect to the merger of a number 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 44.

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 46. 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 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 Proctor & 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 • Former director of Ecolab, Inc.
Sarah Raiss	• Executive experience at TransCanada Corporation (now TC Energy) • Chair of the Compensation Committee of Ritchie Bros. Auctioneers Inc. • Member and Chair of the Nominations and Governance Committee and former Chair of the Compensation Committee for Commercial Metals Company • Former member and Chair of the Governance and Human Resources Committee of Vermilion Energy Inc. • Former Chair of the Alberta Electric Systems Operator and member of the Governance and Nominations Committee • Former member and Chair of the Corporate Governance and Compensation 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 Resources 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 director tenure guidelines, which provide 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 director tenure guidelines do not apply to the Executive Chairman or any management directors.

In addition to the formal director tenure guidelines, 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 in respect of director tenure, the director evaluation process and director turnover with an explanation of how the Corporation's approach ensures diversity of skills, experience and background on the Board 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 2020.

2020 Highlights:

- ✓ Oversaw Board succession plans
- ✓ Oversaw the design of the Corporation's 2021 Short Term Incentive Plan and Long Term Incentive Plan
- ✓ Oversaw the update to and adoption of formal targets for representation of women and visible minorities on the Board, respectively, and the adoption of formal targets for representation of women and visible minorities in executive and management positions

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.

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. In 2020, the Corporation's board diversity policy was updated to provide that, by 2024, people who identify as visible minorities will comprise at least 25% of the Board's directors. In early 2021, the Board, upon recommendation of the Governance Committee, agreed to update the Corporation's board diversity policy to reflect a target that people who identify as women will comprise at least 40% of the Board's directors, increased from 30%. The list of nominees for the upcoming Meeting includes five nominees who identify as women and two nominees who identify as visible minorities, representing approximately 42% and 17% of the Board's composition, respectively.

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 April 2020, Mr. Beeston retired from the Board, after having served 15 years, and Mr. Daniel Debow was nominated and elected to the Board for the first time.

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.

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 2020

The Board reviewed the Corporation's financial performance in 2020 and determined the NEOs' incentive payouts in part based on such performance:

- The Corporation's short-term incentive plan ("STIP") paid out at 90.0% of target for the NEOs (excluding individual performance components).
- The 2018 performance share units ("PSUs") that vested in 2021 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 requirements 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 is confident that the Corporation has strong and practical governance systems in place, including protocols for managing conflicts of interest. 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 44.

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 complying with the Canadian Securities Administrators' Corporate Governance Guidelines (the "Governance Guidelines"). The Corporation's strong governance practices are reflected in its approach and application of policies and practices, some of which are highlighted below:

GOVERNANCE			
Approach	***Reference***	***Application***	***Highlights***
Majority Voting Policy	*See page 8 of the Circular for additional detail* *See Policy on:* *www.loblaw.ca/en/corporate-governance*	• Annual election of Directors by Shareholders • Director who receives greater number of votes withheld than votes in favour must tender resignation • Governance Committee reviews resignation and makes recommendation to the Board	• **At least 97%** of total votes cast at the 2020 Annual Meeting of Shareholders were cast in favour of each of the Directors
Independence Statement	*See page 35 of the Circular for additional detail*	• Majority of the Board to be comprised of independent Directors	• **83%** of Directors are independent • **100%** of Audit Committee members are Independent • **100%** of Governance Committee members are Independent
Board Effectiveness	*See page 39 of the Circular for additional detail*	• Ensure that the Board and its Committees are functioning at optimal levels	• **Annual** assessment of the performance and effectiveness of the Board and its Committees and Committee Chairs • **Lead Independent Director** in place to drive strong independent Board oversight
Share Ownership Policy	*See pages 15 and 65 of the Circular for additional detail*	• Aligns the interests of Directors and executives with those of Shareholders • Applies to each Director and executive at the SVP level and higher	• **All** Directors and executives either satisfy the required level of share ownership or are in the process of accumulating the securities as required under the Policy
Continuing Education	*See page 38 of the Circular for additional detail*	• Ensuring relevant continuing education sessions are provided to Directors	• **13** continuing education sessions provided to a Committee or the Board in 2020
Director Tenure Guidelines	*See pages 7 and 28 of the Circular for additional detail*	• Foster ongoing renewal of the Board's membership • Executive Chairman and Governance Committee Chair assess Directors' continued participation on the Board upon reaching the age of 75 or a change in occupation, and annually thereafter	• **59%** of Director nominees have tenure of 0 to 5 years • **33%** of Director nominees have tenure of 5 to 10 years • Average tenure of 5.6 years
Director Interlock Policy	*See page 8 of the Circular for additional detail*	• Ensure that interlocking director relationships will not adversely affect independent judgement • Prohibited interlock occurs when more than two Directors sit on the board of another public entity • Governance Committee reviews interlocking Directors	• **0** interlocks among independent Directors
Related Party Transactions	*See page 34 of the Circular for additional detail*	• Oversight of related party transactions rests with the Audit Committee • The Board, through the Audit Committee or a special committee of independent directors, reviews and approves significant related party transactions	• **Quarterly** reports on related party transactions provided to the Audit Committee • Audit Committee oversaw significant related party transactions in 2020
Corporate Opportunities Principles	*See page 34 of the Circular for additional detail*	• Framework established to facilitate decision-making process to deal with corporate opportunities which could be of interest to more than one entity in the Weston Group (as defined below)	• **Annual** review of strategic focus areas for each of the main businesses in the Weston Group • **Annual** review of corporate opportunity principles against entity strategies

GOVERNANCE (continued)			
Approach	***Reference***	***Application***	***Highlights***
Advisory Vote on Executive Compensation (Say On Pay)	*See page 18 of the Circular for additional detail*	• Providing Shareholders with an opportunity to cast advisory votes on the Corporation's approach to executive compensation	• **94.42%** of votes cast at the 2020 Annual Meeting of Shareholders were cast in favour of the Corporation's approach to executive compensation
Executive Clawback Agreement	*See page 47 of the Circular for additional detail*	• Deterrent to executives taking excessive risk	• Part of overall executive compensation program designed to align interests of the Shareholders with the Corporation
COMPLIANCE AND ETHICS			
Approach	***Reference***	***Application***	***Highlights***
Competition Law Compliance Program	*See page 24 of the Circular for additional detail.*	• Reflects the Corporation's ongoing commitment to a rigorous competition law compliance program, including controls, training programs and reporting processes	• Maintained ISO assurance in respect of the Corporation's competition law compliance program
Code of Conduct	*See Code:www.loblaw.ca/en/corporate-governance*	• Reflects the Corporation's commitment to high standards of ethical conduct and business practices • Addresses conflicts of interest, compliance with laws, rules and regulations, confidentiality and fair dealing	• **Annual** review and approval of the Code • **Annual** acknowledgment by the Corporation's employees and Directors of their commitment to abide by the Code
Ethical Business Conduct	*See page 41 of the Circular for additional detail*	• Integrity Action Line – Toll-free number that any employee, Director or supplier can use to report conduct thought to violate the Code • Anti-Fraud Policy – Fraud reporting protocols established to ensure fraud reporting to senior management • Accounting, Auditing and Internal Controls Procedures - outlines the procedures for receipt and treatment of complaints received in connection with accounting, internal controls, disclosure controls or auditing matters	• **Quarterly** review of integrity action line reports with the Audit Committee • **Annual** review of the Anti-Fraud Policy and the Accounting, Auditing and Internal Controls Procedures by the Audit Committee • Quarterly compliance reporting to the Risk and Compliance Committee
Disclosure Policy	*See page 44 of the Circular for additional detail*	• The Disclosure Committee is responsible for the administration and implementation of the Disclosure Policy • Describes the processes and procedures of the Corporation in connection with the timely disclosure of material information • Provides direction and guidance on communications with external audiences • Establishes consistent guidance for determining what information is material and avoiding selective disclosure	• **Quarterly** review of disclosure documents, including the interim management's discussion and analysis, interim financial statements and news releases • **Quarterly** review and reporting on the application of non-GAAP measures • **Annual** review of the management proxy circular and annual information form • **File** all continuous disclosure documents within the required timelines, including earnings releases, annual and interim reports, annual information form and management proxy circular
CORPORATE SOCIAL RESPONSIBILITY			
Approach	***Reference***	***Application***	***Highlights***
Mandate of the Risk and Compliance Committee	*See mandate on: www.loblaw.ca/en/corporate-governance*	• Oversight over Corporate Social Responsibility (CSR)	• Risk and Compliance Committee receives periodic reports on CSR initiatives with annual reporting to the Board
Environmental, Social and Governance ("ESG") Reporting	*See reports on: www.loblaw.ca/en/responsibility*	• CSR Committee, comprised of senior leaders, responsible for setting priorities, tracking metrics and championing program initiatives across the Corporation • Adoption of the Sustainability Accounting Standards Board (SASB) standard for Food Retailers & Distributors, an ESG-reporting standard which guides the disclosure of financially-material sustainability information specific to the subset of ESG issues most relevant to financial performance for the industry in which the Corporation operates	• Release of 2019 Corporate Social Responsibility Report • Release of 2019 SASB Food Retailer & Distributor disclosure • Received B- score on 2020 Carbon Disclosure Project - Climate Change Report
Human Rights Statement	*See statement on: www.loblaw.ca/en/responsibility*	• Outlines the Corporation's commitment to respect and protect the human rights of all people who support and intersect with the Corporation's business	• Established a Human Rights Statement, that was approved by the Board in November 2020

CORPORATE SOCIAL RESPONSIBILITY (continued)			
Approach	***Reference***	***Application***	***Highlights***
Board Diversity Policy	*See page 40 of the Circular for additional detail*	• 40% target for female representation on the Board • Consideration of age, ethnicity, gender, diverse backgrounds • Annual self-identification on designated group membership	• **42%** of Director nominees identify as women • Revised target from 30% to **40%** of the Board to be comprised of people who identify as women • **Establishment of target** that 25% of Board's composition be comprised of people who identify as visible minorities by 2024 • **Annual** assessment of Board composition
Management Diversity and Inclusion Programs	*See page 40 of the Circular for additional detail*	• Diversity and Inclusion framework created with involvement of hundreds of colleagues across the organization • 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 • Diversity driven mentoring and recruiting practices and talent development strategies • Consider diversity at the talent development and succession planning process at various senior levels • Annual self-identification on designated group membership	• **Adoption of formal targets** in respect of women and visible minorities in management positions • Creation of goal that by 2024, **40%** of Vice President or higher positions be held by people who identify as women and **25%** of such positions be held by people who identify as visible minorities • Creation of goal that by 2024, **43%** of management positions be held by people who identify as women and **30%** of such positions be held by people who identify as visible minorities • Advancing diversity, equity and inclusion through an inclusion council and a network of diversity, equity and inclusion committees, and within the Corporation's communities through strategic partnerships • Training sessions held on diversity and inclusion
ENTERPRISE RISK MANAGEMENT			
Approach	***Reference***	***Application***	***Highlights***
Mandate of the Risk and Compliance Committee	*See pages 24 and 34 of the Circular for additional detail on the Board and Risk and Compliance Committee's oversight of the Corporation's ERM program*	• Risk and Compliance Committee assists the Board in its oversight of enterprise risk management policies and procedures to ensure that relevant risks are identified and mitigation plans are put into place • Risk and Compliance Committee oversees risks related to information technology and systems	• **Annual** review and recommendation to the Board for approval of Corporation's ERM Plan, risk rankings and Risk Appetite Statement • Oversaw monitoring and mitigation of information security risks and risks related to COVID-19 • Management delivers **regular** reports on information/cyber security to the Risk and Compliance Committee

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 other matters such as the COVID-19 response, ESG-related matters, 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 2020 Annual Report and the Annual Information Form for the year ended January 2, 2021, 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, through the Audit Committee, reviews and approves any significant related party transactions. The Audit Committee ensures that a robust process is followed in reviewing and approving related party transactions. Individual directors, with the approval of the Lead Director, may also retain an outside advisor at the expense of the Corporation with regards to 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 to this Circular.

Board Leadership Structure

Mr. Weston serves as Executive Chairman of the Corporation. As Executive Chairman, Mr. Weston is responsible for the management, development and effective performance of the Board, and for providing leadership to the directors in carrying out their collective responsibilities to provide a Board oversight role regarding the management of the business and affairs 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 controlling shareholder of Weston, and Mr. Galen G. Weston, the Executive Chairman of the Corporation, Chair of Choice Properties and Chairman and Chief Executive Officer of Weston and the ultimate controlling shareholder of the Corporation, were determined not to be independent because they have a material relationship with the Corporation.

Name	Independent	Not Independent	Reason for Non-Independent Status
	Status of Director Nominees		
Paviter S. Binning		x	President of Wittington, the 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, Chair of Choice Properties and 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 2020, 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 design and effectiveness of internal controls 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 for 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 significant related party transactions not dealt with by a special committee of independent directors of the Board.

The Audit Committee, whose current members are Christie J.B. Clark (Chair), Scott B. Bonham, Daniel Debow, Janice Fukakusa and M. Marianne Harris, had five meetings in 2020. Further information relating to the Audit Committee's accomplishments in 2020 is set out in the "Audit Committee Report to Shareholders" on pages 20 to 22.

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;
- ensuring that the Corporation provides appropriate continuing education opportunities 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 five meetings in 2020. Further information relating to the Governance Committee's accomplishments in 2020 is set out in the "Governance Committee Report to Shareholders" on pages 27 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 2020. Further information relating to the Pension Committee's accomplishments in 2020 is set out in the "Pension Committee Report to Shareholders" on page 26.

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;
- 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 information technology and the Corporation's information technology systems, including cyber-security;
- 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
- overseeing the Corporation's CSR programs.

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 2020. Further information relating to the Risk and Compliance Committee's accomplishments in 2020 is set out in the "Risk and Compliance Committee Report to Shareholders" on pages 23 to 25.

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 (where public health rules and guidelines permit); 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 and 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 2020, 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
Update on Stock Option Pricing and Taxation	February 18, 2020	Governance Committee
Drug Safety Risk Update	February 18, 2020	Risk and Compliance Committee
Privacy Risk Update	February 18, 2020	Risk and Compliance Committee
Governance Insights	July 21, 2020	Governance Committee
Supply and Product Availability Risk Update	July 21, 2020	Risk and Compliance Committee
Food Safety Risk Update	July 21, 2020	Risk and Compliance Committee
Adjusting Items Disclosure	July 22, 2020	Audit Committee
Trends in Executive Compensation	November 10, 2020	Governance Committee
Diversity and Inclusion	November 10, 2020	Governance Committee
Governance Insights	November 10, 2020	Governance Committee
Information Security and Technology Risk Update	November 10, 2020	Risk and Compliance Committee
Vendor Management Risk	November 11, 2020	Audit Committee
ESG and Disclosure	November 11, 2020	Board

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 2020, the Lead Director assessed the performance and effectiveness of the Board and its committees through written questionnaires, supplemented by one-on-one interviews with each of the directors, that included obtaining peer feedback and evaluating committee and Board performance.

Each year, the Governance Committee reviews committee composition, recommends committee Chairs and makes 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 director tenure guidelines 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, gender and ethnicity, and recognizes the benefits of promoting diverse candidates to the Board. The Corporation has a target that people who identify as women comprise at least 40% of the Board's directors and that by 2024, people who identify as visible minorities comprise at least 25% 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 maintained by 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.

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, disabilities 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 are 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 people who identify as women comprise at least 30% of the Board's directors. Having exceeded this target, in early 2021, the Board revised its target to 40% of the Board's directors. This year, five of the 12 director nominees identify as women, representing approximately 42% of the Board's composition. In 2020, the Board further enhanced the board diversity policy by adding a target that people who identify as visible minorities comprise at least 25% of the Board's directors by 2024. This year, two of the 12 director nominees identify as visible minorities, representing approximately 17% 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) or persons with disabilities[(1)] (together with women and visible minorities, 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. 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 the future.

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 2020, management adopted formal targets to improve gender and ethnic diversity in management positions. Specifically, management has set a target that, by the end of 2024, at least 40% of positions at the vice-president level or higher be held by people who identify as women and at least 25% of such positions be held by people who identify as visible minorities and that at least 43% of other management positions (Senior Director, Director, Senior Manager, Manager, Store Manager, Assistant Store Manager and Distribution Centre Management) be held by women and at least 30% of such positions be held by people who identify as visible minorities. 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. 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 the future. The Corporation's approach in circumstances where diverse candidates are not selected for senior management positions is to satisfy itself that there are justifiable reasons to support the selection.

[(1)] *"Persons with disabilities" means 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.*

Diversity Survey Results

In early 2021, 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 who identify as 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 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: 59 individuals who have identified as women, representing 33% of senior management; 42 individuals who have identified as visible minorities, representing 23% of senior management; one individual who has identified as Aboriginal, representing 1% of senior management; and five individuals who have identified as persons with disabilities, representing 3% of senior management.

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 to ensure cyber and information security.

The Corporation encourages the reporting of violations and potential violations of the Code and has established an Integrity Action Line (i.e. a "whistle-blower" program), accessible online and by toll-free phone number, which any employee or director may use to report conduct that they feel violates the Code or otherwise constitutes fraud or unethical conduct. In 2020, the Integrity Action Line was extended to the Corporation's supplier network, encouraging the reporting of unethical practices, suspicious behaviour and suspected non-compliance with the Corporation's policies and procedures. 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 Supplier Code of Conduct that sets out the Corporation's expectations of its supplier community with respect to ethical conduct and social responsibilities. The Supplier 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.

Corporate Social Responsibility (CSR)

The Corporation strives to be a trusted brand and recognizes the important role it plays in bringing about positive environmental and social change, and demonstrating robust corporate governance practices. Loblaw's approach to CSR is driven by its purpose to help Canadians Live Life Well and is focused on respecting the environment, sourcing responsibly, and supporting its colleagues and the communities in which it operates. Loblaw increasingly integrates into its day-to-day business practices an evaluation of the relevant risks and opportunities associated with ESG matters. CSR is comprised of a series of initiatives across Loblaw and is overseen by the Risk and Compliance Committee.

The Corporation aims to be a leading contributor to Canadian society both today and for generations to come and reports its progress relative to ESG topics, which further demonstrate its commitment to being a responsible corporate citizen to its valued stakeholders.

The Corporation's CSR scope includes but is not limited to the following initiatives:

Respecting the Environment

Loblaw aims to continue reducing the environmental impacts of its operations specifically in the areas of food and packaging waste and greenhouse gas emissions related to electricity, transportation and refrigeration.

- In 2019, Loblaw achieved a carbon reduction of 29.7% in absolute greenhouse gas (GHG) emissions across its corporate operations against a 2011 baseline, nearly achieving its reduction target of 30% by 2030 announced in 2016. With this progress, Loblaw announced a more ambitious goal to reduce its corporate carbon footprint by 50% by 2030, against a 2011 baseline. Loblaw has an action plan focused on energy-efficient stores and distribution centres, fuel-efficient transportation, and managing refrigerant leaks and organic waste diversion. Loblaw 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.
- In 2019, Loblaw introduced an ambitious plastics reduction plan, focusing on three distinct and complimentary pillars: Eliminate What We Can; Better Manage What We Use; and Invest in Research and Community Clean Ups. More than 100 different plastic reduction initiatives and programs have been explored and/or initiated since then, including the announcement that all PC® packaging will be either reusable or recyclable by 2025. Loblaw is also a leading member of the Consumer Goods Forum's (CGF) Plastic Waste Coalition, an initiative established by some of the world's largest brands and retailers, all committed to helping deliver industry-led solutions to help prevent the release of plastic waste into nature.
- Loblaw is a member of the One Planet Business for Biodiversity (OP2B) initiative designed to meaningfully protect and restore biodiversity globally. Focus areas of OP2B include scaling up regenerative agricultural practices; boosting cultivated biodiversity and diets through product portfolios; and eliminating deforestation and enhancing the management, reforestation and protection of high-value natural ecosystems.
- Food waste is an area of continued focus for Loblaw. That is why in 2017, Loblaw committed to reducing food waste by 50% by 2025 across its corporate retail operations against a 2016 baseline. Loblaw is making important progress towards that goal through reclamation, diversion and donation programs, and has matched more than 600 stores to local food banks and food rescue organizations making it one of the largest food donors in Canada. In 2020 more than 4.9 million kilograms of perishable food were donated to those in need.

Sourcing Responsibly

Loblaw strives to sell products that are safe and responsibly sourced. This means upholding its values throughout its supply chain, sourcing products sustainably and ethically, and supporting Canadian suppliers.

- In 2020, Loblaw released an updated version of its Supplier Code of Conduct, communicating to suppliers its continued expectation for ethical and responsible business conduct, including standards related to working conditions, worker safety, respect for working hours and wages, human rights, animal welfare, the environment, forced labour and child labour. In 2019, Loblaw enhanced and relaunched its Integrity Action Line (IAL) (i.e., a whistle-blower program) to its colleagues and employees, and extended it in 2020 to its supplier network, encouraging the reporting of unethical practices, suspicious behaviour and suspected non-compliance with Loblaw's policies and procedures. The IAL (1-800-525-7868) is available in seven languages and accessible through loblaw.ca. Loblaw recognizes its responsibility to respect and protect the human rights of all people who support and intersect the business and published a formal statement in 2020. The statement, "Our Position on Human Rights", is founded on Loblaw's strong belief in doing what is right, and outlines the standards, codes, and governance structure in place to ensure Loblaw's programs, policies and practices are operationalized and effective.

- Loblaw’s commitment to improving safe working conditions in Bangladesh remains. In 2020, Loblaw joined the steering committee of the newly formed Readymade Garments Sustainability Council (RSC) which is tasked with continuing building safety and worker training still underway in Bangladesh.
- Loblaw continues to publicly disclose its contracted factory lists for apparel and footwear products, and updates the list twice a year, maintaining its commitment to supplier transparency.
- Loblaw remains committed to supporting Canadian suppliers. In 2017, guided by a focus on innovation and opportunity, Loblaw committed to increase Canadian-grown produce purchases by $150 million by 2025 via shift from imports to local. In 2019, nearly 50% of produce purchases during peak local season were purchased from Canadian growers. In 2020, Loblaw became the first Canadian retailer to purchase beef from farms and ranches certified by the Canadian Roundtable for Sustainable Beef (CRSB).
- Loblaw remains committed to tackling issues associated with animal welfare and regularly collaborates with industry partners and experts to achieve the goals outlined in its Animal Welfare Principles.
- Loblaw 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.

Supporting Colleagues and Communities

- Loblaw aims to make a positive difference in the communities it serves, placing a focus on advancing diversity, equity and inclusion through its operations, promoting health and wellness, tackling hunger and corporate philanthropy.
- Loblaw has a long-standing commitment to diversity, equity and inclusion with an emphasis on the inclusion of women, people with disabilities, LGBTQ+, Indigenous peoples, and all races and ethnicities. To deliver on this commitment, Loblaw has founded various colleague resource groups to both guide and deliver on strategic objectives. Colleagues across Loblaw are required to complete various trainings on bias, discrimination and inclusive behaviours. Self-identification data on gender identity, race and ethnicity, sexual orientation, age, and disability is collected on a voluntary basis from colleagues to understand where gaps exist and to monitor representation progress. Loblaw partners with and supports community organizations, including, the Canadian Council for Diversity and Inclusion, Canadian Council for Aboriginal Business, Black Business and Professional Association, Toronto Regional Immigration Council, Ascend Canada, Pride at Work, Women’s Executive Network (WXN), Giant Steps and more.
- Loblaw’s grocery stores and pharmacies together make health and wellness more convenient and accessible to millions of Canadians. Through various programs and services, including a network of dieticians helping customers manage health issues through nutrition and pharmacists supporting more than 13.7 million patients, Loblaw is a trusted health and wellness provider.
- Since 1989, *President’s Choice Children’s Charity* (the “Charity”) has invested more than $200 million to nurture the well-being of nearly 6 million Canadian children. The Charity is committed to the fight against childhood hunger, and as Canada’s largest funder of school meal programs, after government, continued to feed kids during closures wherever they were learning. In 2020, the Charity fed nearly 800,000 children, and empowered them with growing and cooking skills.
- 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. In 2020, Shoppers Drug Mart raised and granted over $7.5M, with proceeds benefiting charities in support of women’s health in communities across Canada.
- In 2020, with the help of its customers, colleagues, employees and business partners, Loblaw raised and donated more than $83 million to charities and non-profits across Canada.

ESG Disclosure

Loblaw remains focused on the environmental and social issues that matter most to its stakeholders and plans to continue refining its governance practices, and integrating industry leading ESG reporting frameworks to more transparently disclose its progress in these areas.

In 2020, Loblaw became the first Canadian retailer to publish Sustainability Accounting Standards Board (“SASB”) disclosure for Food Retailers and Distributors, the industry standard for Loblaw as defined by the SASB’s Sustainable Industry Classification System. The SASB is an independent nonprofit organization that sets industry-specific and metric-focused standards to assist companies in disclosing financially material sustainability information.

In addition, Loblaw has submitted a Carbon Disclosure Project – Climate Change Report since 2010 with demonstrated improvement, achieving a B- score in 2020.

Since 2007, Loblaw has published an annual Corporate Social Responsibility Report.

Additional statements, policies and disclosures pertaining to the Corporation’s key initiatives and achievements are included on the Corporation’s website at www.loblaw.ca, including its Corporate Social Responsibility Report.

In addition to the initiatives noted above, Loblaw has a robust corporate governance framework in place, elements of which are discussed in this Circular, including the section titled "Statement of Corporate Governance Practices."

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

TABLE OF CONTENTS

INTRODUCTION

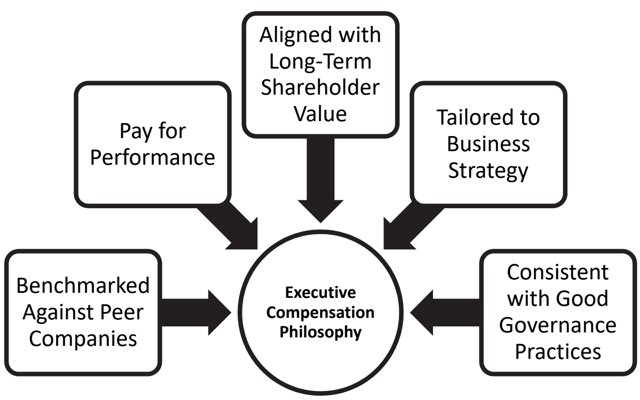
This Compensation Discussion and Analysis describes the compensation programs of the NEOs. For 2020, the NEOs were:

Name	Position
Galen G. Weston	Executive Chairman
Darren Myers	Chief Financial Officer
Sarah R. Davis	President
Jeff Leger	President, SDM
Barry Columb	President, President's Choice Financial

On March 23, 2021, the Corporation announced that Ms. Davis would retire as President on May 6, 2021 and that Mr. Myers would be leaving the Corporation on May 6, 2021. The Corporation further announced that Mr. Weston would assume the role of President of Loblaw while maintaining his position as Chairman; that Mr. Richard Dufresne, the President and Chief Financial Officer of Weston, would assume the role of Chief Financial Officer of Loblaw and would continue to hold a dual role at both companies; and that Mr. Robert Sawyer, a director of Weston who will not be standing for re-election at Weston's annual meeting of shareholders, would be appointed as Chief Operating Officer of Loblaw, all effective May 6, 2021.

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 2020 ranged from 74.1% to 86.4% of their total direct target compensation, as discussed under "Components of Executive Compensation for 2020" on page 52.

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 2020, 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 2020 STIP and LTIP included a variety of performance measures, including share price appreciation, earnings, sales performance, compliance, operating leverage, 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 term 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 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.

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 the executive engages in misconduct that results in the need for the restatement of financial results. The clawback policy also provides that the Governance Committee may, in its discretion, claw back an executive's STIP and LTIP payouts if the executive engages in misconduct that would justify the executive's termination for just cause. The clawback policy applies to all incentive payments received by the executive over the two most recently completed years.

3. Share Ownership Requirements

Senior executives are required to maintain a significant equity investment in the Corporation. The Corporation's Executive Share Ownership Policy (the "Policy") is designed to align executives' interests with those of the Corporation's shareholders, and to mitigate the likelihood of undue risk taking. The Policy establishes 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 Policy 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 Policy applies to a broad group of senior management, as further discussed under Executive Share Ownership Policy on page 65.

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 2020, 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 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 each 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 50^{th} 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 the second half of 2020, Meridian was retained to review and benchmark the compensation of certain 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 against its peers and industry, as well as for alignment with the Corporation's growth- and efficiency-focused strategic initiatives.

Meridian is not an independent compensation advisor. In 2020 and 2019, Meridian received $99,069 and $95,792, 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 2020 or 2019.

ROLE OF OTHER COMPENSATION CONSULTANT PARTNERS

In 2020, Willis Towers Watson was engaged to assist with benchmarking compensation for the President, President's Choice Financial, in addition to another senior executive position. Willis Towers Watson is not an independent compensation advisor. In 2020 and 2019, Willis Towers Watson received $62,031 and $63,011, respectively, from the Corporation for advisory services to the Corporation.

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		

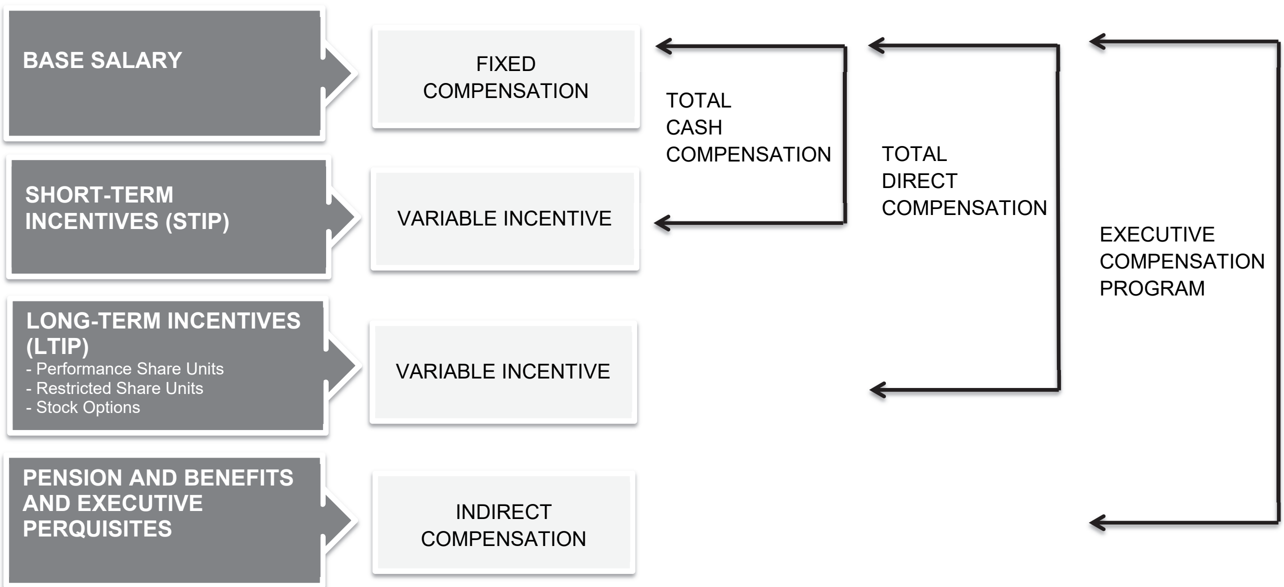
2020 COMPENSATION ANALYSIS

The Governance Committee reviews the compensation of the NEOs on a bi-annual basis. In 2020, the Governance Committee reviewed the results of the compensation analysis performed by Meridian and Willis Towers Watson.

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:



OVERVIEW OF COMPONENTS

In 2020 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 generally range from zero to a maximum of 200% of an executive's target bonus, provided that 2020 STIP payouts were capped at 150% 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 Policy. • 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 2020 were capped at $27,830 per year.
	SDM Pension Plan		Post-employment	• Closed to employees hired after March 28, 2014 or who had not met the eligibility requirements for participation prior to March 28, 2014. • Provides a monthly pension benefit equal to 2% of the average of the highest consecutive 36-months base salary (excluding incentive awards) times years of credited service, limited to 70% of the average 12-month base salary (excluding incentive awards) immediately prior to retirement.
	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 2020

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 2020. For further details with respect to the reasons for any increase in annualized base salary from 2019, refer to the section titled "2020 Compensation Decisions Regarding the Named Executive Officers" on page 65.

Name	2020 Annualized Base Salary ($)	Increase From 2019 (%)
Galen G. Weston	480,000 (1)	Nil
Darren Myers	865,000	5.5
Sarah R. Davis	1,000,000	Nil
Jeff Leger	625,000	25.0
Barry Columb	625,000	8.7

(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 in 2020.

SHORT-TERM INCENTIVE PLAN

All NEOs participate in the Loblaw STIP. For 2020, 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 term and long term and, therefore, reduce the risk of inappropriate or excessive risk-taking behaviour by executives.

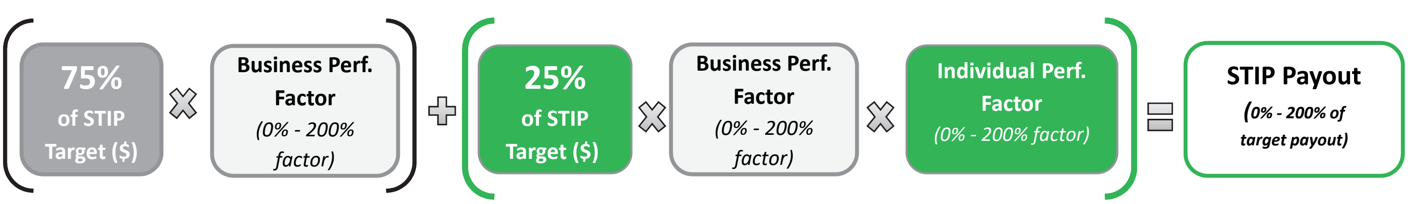
The Governance Committee is responsible for approving the plan design and awards made by the Corporation pursuant to the STIP. The Governance Committee receives periodic reports on the performance of the STIP metrics, including performance against targets.

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%. For 2020, the Governance Committee approved a reduction of the maximum payout of each component of the STIP to 150% of the applicable target, for a maximum payout under the STIP of 150%.

The 2020 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 formula set out below, provided, however, that for 2020, the maximum payout of each component of STIP was reduced to 150%.



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. 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(4) ($)
Galen G. Weston	480,000 (2)	150	720,000	1,440,000
Darren Myers	865,000	125	1,081,250	2,162,500
Sarah R. Davis	1,000,000	150	1,500,000	3,000,000
Jeff Leger	625,000	100	625,000	1,250,000
Barry Columb	625,000 (3)	100	612,568	1,225,136

(1) 2020 STIP awards are calculated using each NEO's STIP-eligible salary for 2020. The STIP-eligible salaries for Messrs. Myers and Leger and Ms. Davis were the same as their base salaries; the STIP-eligible salaries for Mr. Weston and Mr. Columb are described in footnotes (2) and (4).

(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 in 2020. Mr. Weston's aggregate STIP target from Weston and Loblaw is $1,800,000 , and his aggregate maximum STIP is $3,340,800.

(3) Mr. Columb received an increase to his base salary effective April 1, 2020. His actual base salary received for 2020 was $612,500 and his STIP-eligible salary was $612,568.

(4) Maximum STIP awards are presented above based on a maximum STIP payout achievable of 200% of target. In February 2021, the Governance Committee approved a reduction to the maximum STIP payouts achievable from 200% to 150% of the applicable target payouts for the 2020 STIP.

2020 STIP Performance Measures

In 2020, 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 2020:

Loblaw STIP - 2020 Business Performance Measures (1)

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

(1) Business Performance Measures applicable to Ms. Davis and Messrs. Weston, Myers and Leger. For the Business Performance Measures applicable to Mr. Columb, which include measures specific to President's Choice Financial, please see the section "2020 STIP Performance Measures Applicable to Barry Columb, President, President's Choice Financial".

(2) OSAT refers to the 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 2020 ($48,705 million) was designed to focus executives on growth in consolidated revenues (excluding the consolidation of franchises). For 2020, the consolidated sales measure included a qualifier such that performance would be capped at 100% if year-over-year adjusted tonnage share, normalized for change in square footage, declined.

		Threshold		Target		Maximum
Performance Range	Less than $48,218 million	$48,218 million	Each additional 0.10% ($48.7 million)	$48,705 million	Each additional 0.15% ($73.1 million)	$49,436 million or more
Payout Factor (% of Target)	0%	50%	+5%	100%	+10%	200%

Consolidated Earnings Target

The consolidated earnings target for 2020 ($3,602 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. For 2020, the consolidated earnings target included a qualifier that in order to be eligible for above target achievement, Adjusted EBITDA growth must be positive and target Adjusted EBITDA must be achieved.

		Threshold		Target		Maximum
Performance Range	Less than $3,512 million	$3,512 million	Each additional 0.25% ($9.0 million)	$3,602 million	Each additional 0.5% ($18.0 million)	$3,782 million or more
Payout Factor (% of Target)	0%	50%	+5%	100%	+10%	200%

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

Compliance

The compliance target for 2020 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 maintaining ISO Assurance in respect of its Competition Law Compliance program; operational effectiveness testing (for occupational health and safety, food safety audit corrective action plans, pharmacy action plans, competition law, risk management by design and IT projects); and on-time completion of mandatory compliance training (for occupational health and safety, food safety, pharmacy, competition law, privacy and Code of Conduct). 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 2020 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 2020 was 20.5%.

		Threshold		Target		Maximum
Performance Range	Higher than 20.55%	20.55%	Each 0.5 basis point improvement	20.50%	Each 0.5 basis point improvement	20.45% or lower
Payout Factor (% of Target)	0%	50%	+5%	100%	+10%	200%

Overall Satisfaction Target

The enterprise-wide customer satisfaction index, OSAT, is a direct measure of customer interaction in-store. The OSAT target for 2020 (60.5%) was designed to focus executives on customer satisfaction in the short term to drive loyalty in the longer term. The 2020 target and performance range were developed with the target representing a proposed improvement of 40 basis points in the Corporation's OSAT compared to the 2019 OSAT.

		Threshold		Target		Maximum
Performance Range	Less than 57.5%	57.5%	Each 0.30% improvement	60.5%	Each 0.30 % improvement	63.5%
Payout Factor (% of Target)	0%	50%	+5%	100%	+10%	200%

2020 Loblaw STIP Calculation

In February 2021, the Governance Committee reviewed Loblaw's 2020 financial results and determined that maximum payouts for each performance target for each component of the STIP would be capped at 150%. Following the adjustment, the Loblaw 2020 STIP payout was approved as follows:

Performance Objective	**Weighting (%)**	**Target**	**Actual**	**Performance**	**Payout Factor (% of Target)**
Consolidated Sales	35	$48,705 million	$50,847 million	150.0 %	52.5 %
Consolidated Earnings	35	$3,602 million	$3,457 million	0.0 %	0.0 %
Compliance	10	Established targets	Targets Achieved	100.0 %	10.0 %
Operating Leverage	10	20.5 %	20.25 %	150.0 %	15.0 %
Overall Satisfaction	10	60.5 %	62 %	125.0 %	12.5 %
Overall STIP Payout					**90.0 %**

Key Factors Influencing Results

Early in 2021, the Governance Committee reviewed the Corporation's 2020 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 driven by strong sales in Food Retail and Drug Retail, partly related to more customers cooking and eating at home as a result of the COVID-19 pandemic.
- The decrease in consolidated earnings relative to target was driven by increased costs to ensure the safety and security of customers and colleagues during the COVID-19 pandemic and incremental e-commerce labour costs as a result of higher online sales.
- Operating leverage was favourable relative to target, driven by increased sales and process and efficiency gains and partially offset by higher costs related to the COVID-19 pandemic and incremental e-commerce labour.

In 2020, the Corporation continued to focus on compliance, with industry-leading competition compliance programs administered by the independent compliance function led by the Senior Vice President, Chief Compliance & Ethics Officer. The Corporation achieved all of its compliance targets by the end of 2020. In 2020, the Corporation successfully maintained its ISO Assurance for Compliance Management Systems with respect to its Competition Law Compliance Program.

2020 STIP Performance Measures Applicable to Barry Columb, President, President's Choice Financial

For 2020, 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 and Loblaw consolidated components; the Loblaw operating leverage and OSAT measures; and a strategic projects measure specific to President's Choice Financial. Of Mr. Columb's target STIP, 60% is based on President's Choice Financial components and 40% is based on Loblaw consolidated components.

The STIP for the President of President's Choice Financial was designed with the following business performance measures and overall weightings to drive the strategic goals of the Corporation and President's Choice Financial in 2020:

2020 STIP - Business Performance Measures Applicable to the President, President's Choice Financial

President's Choice Financial 60%	Sales 16.7%	Earnings 41.7%	Compliance 8.3%	Strategic Projects 33.3%	
Loblaw 40%	Sales 35%	Earnings 35%	Compliance 10%	Operating Leverage 10%	OSAT 10%

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 2020 ($1,285 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 2020 ($147 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 2020 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 2020; 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 target, 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 Project Target

The President's Choice Financial Strategic Project target for 2020 was tied to the *PC Money* Account. The *PC Money* Account was launched in the third quarter and is an innovative banking product that works like a bank account and enables customers to save or send money, to spend money in person or online and to earn *PC Optimum* points. For 2020, if the Strategic Project target was not met then the remaining measures would be capped at 100%. If President's Choice Financial overachieved its target in respect of the Strategic Project, then to the extent that the combined sales and earnings performance of the Corporation and President's Choice Financial exceeded target, the same combined performance factor would be applied to the Strategic Project metric. To the extent that the Strategic Project target was not met, any performance payout for this metric would be at the discretion of President's Choice Financial's Governance Committee.

2020 STIP Calculation applicable to the President of President's Choice Financial

In February 2021, the Governance Committees of President's Choice Financial and Loblaw reviewed the 2020 financial results of the respective entities and approved an adjustment to the payout factor to increase the aggregate payout factor to 77.5% of target, as a result of President's Choice Financial's financial results being unfavourably impacted by macroeconomic conditions that were beyond the control of the President of President's Choice Financial. The Governance Committees assessed the 2020 performance measures applicable to the President of President's Choice Financial as follows:

Performance Objective	Weighting (%)	Target	Actual	Adjusted Performance	Payout Factor (% of Target)
PCF Sales	16.7	$1,285 million	$1,097 million	n/a	
PCF Earnings	41.7	$147 million	$80 million	n/a	
PCF Compliance and Risk	8.3	Established Targets	Targets Achieved	n/a	
PCF Strategic Projects	33.3	Established Targets	Targets Achieved	n/a	
Total PCF Measures (60%)				**77.5 %**	**77.5 %**
Total Loblaw Measures (40%)					**90.0 %**
Overall STIP Payout					**82.5 %**

Key Factors Influencing President's Choice Financial Results

Early in 2021, the President's Choice Financial Governance Committee reviewed President's Choice Financial's 2020 financial results and determined the key factors that contributed to President's Choice Financial's performance relative to its targets, including:

- lower interest income attributable to a lower volume of credit card receivables and lower interchange income and credit card related fees primarily driven by lower customer spending; and
- higher credit losses from the increase in expected credit losses attributable to the recessionary environment and higher interest expenses.

The aggregate payout factor for the business performance measures for Mr. Columb was 82.5%.

Individual STIP Components

Galen G. Weston, Executive Chairman

The 2020 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 2020 financial plan. The Governance Committee also considered qualitative factors, such as Mr. Weston's leadership qualities in the management of the impact of the COVID-19 pandemic on the Corporation, the Corporation's ongoing focus on compliance and ethics, and in driving the organization's culture plan objectives. Based on these criteria, the Committee awarded Mr. Weston an individual performance component of $162,000, representing 100% of target.

Darren Myers, Chief Financial Officer

The 2020 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' management of the impact of the COVID-19 pandemic on the Corporation, his role in supporting and advancing 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 $243,281, representing 100% of target.

Sarah R. Davis, President

The 2020 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' management of the impact of the COVID-19 pandemic on the Corporation, her role in maintaining focus on the Corporation's compliance and ethics plan and advancing the Corporation's strategic initiatives and 2020 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 $337,500, representing 100% of target.

Jeff Leger, President, SDM

The 2020 STIP award for Mr. Leger reflected his role as President, SDM 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. Leger's management of the impact of the COVID-19 pandemic on SDM, his role in supporting and driving the Corporation's strategic initiatives and operating efficiencies and in the execution of SDM's business plan. The Governance Committee also considered qualitative factors, such as Mr. Leger's leadership qualities and role in the Corporation's various diversity programs. Based on these criteria, the Committee awarded Mr. Leger an individual performance component of $175,781, representing 125% of target.

Barry Columb, President, President's Choice Financial

The 2020 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 management of the impact of the COVID-19 pandemic on President's Choice Financial and his role in strategic initiatives at President's Choice Financial. 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 $126,342, representing 100% of target.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for 2020 for Ms. Davis and Messrs. Weston, Myers, and Leger and for the 40% of Mr. Columb's targeted STIP award allocated to Loblaw performance measures:

2020 Loblaw STIP Award *(1)*

Name	Consolidated Sales ($)	Consolidated Earnings ($)	Compliance ($)	Operating Leverage ($)	Overall Satisfaction ($)	STIP Total from Business Performance (at 90.0%) ($)	Individual Performance ($)(2)	Loblaw STIP Award ($)
Galen G. Weston (3)	283,500	—	54,000	81,000	67,500	**486,000**	162,000	**648,000**
Darren Myers	425,742	—	81,094	121,641	101,367	**729,844**	243,281	**973,125**
Sarah R. Davis	590,625	—	112,500	168,750	140,625	**1,012,500**	337,500	**1,350,000**
Jeff Leger	246,094	—	46,875	70,313	58,594	**421,875**	175,781	**597,656**
Barry Columb (4)	96,479	—	18,377	27,566	22,971	**165,393**	55,131	**220,524**

(1) STIP awards are calculated using the NEO's actual base salary received in 2020, 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 applicable company's STIP. 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.

(4) 40% of Mr. Columb's target STIP award is allocated to Loblaw performance measures and 60% to President's Choice Financial performance measures. The amounts set out in the table above reflect the portion of Mr. Columb's award allocated to Loblaw only. The details of Mr. Columb's STIP award allocated to President's Choice Financial metrics are set forth below, along with his aggregate STIP award.

The following table sets forth the performance measures and aggregate weightings that were used in determining the 60% of Mr. Columb's target STIP award allocated to President's Choice Financial for 2020 and presents his total STIP award including the portion of the award allocated to Loblaw performance measures:

	60% Portion of Mr. Columb's 2020 STIP Award Allocated to President's Choice Financial (1)				
Name	STIP Total from Business Performance (at 77.5%) ($)	Individual Performance ($)(2)	President's Choice Financial STIP Award ($)	Loblaw STIP Award ($)	Total STIP Award ($)
Barry Columb	**213,633**	71,211	**284,844**	220,524	**505,369**

(1) STIP awards are calculated using the NEO's actual base salary received in 2020, 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 the executive's 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 and 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 2020, 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	2,400,028 (4)	Stock Options, RSUs and PSUs
Darren Myers	865,000	300	2,595,061	Stock Options, RSUs and PSUs
Sarah R. Davis	1,000,000	400	3,999,960	Stock Options, RSUs and PSUs
Jeff Leger	625,000	200	1,249,964	Stock Options, RSUs and PSUs
Barry Columb	625,000	200	1,249,964	Stock Options, RSUs and PSUs

(1) Other than one-time grants, LTIP awards are calculated using each NEO's 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 in 2020.

(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 $3,600,022. 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.

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:	January 2, 2021	As at:	March 15, 2021
Issued and Outstanding Common Shares	347,361,480		344,359,658
Outstanding Options			
Number Outstanding	7,259,645		8,876,838
Number Outstanding as a Percentage of the Issued and Outstanding Common Shares	2.1 %		2.6 %
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	8.1 %		8.2 %
Common Shares Available for Future Option Grants			
Number Available	5,485,030		3,795,606
Number Available as a Percentage of the Issued and Outstanding Common Shares	1.6 %		1.1 %

The Stock Option Plan provides that Common Shares issuable pursuant to outstanding stock 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 67 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).

There were no amendments to the Stock Option Plan in 2020.

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 0.51% in 2020, 0.42% in 2019 and 2.57% in 2018. The burn rate in 2018 was impacted by the 2018 reorganization under which the Corporation distributed its approximate 61.6% effective interest in Choice Properties to Weston (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 September 19, 2018, which is available at www.sedar.com.

In 2020, the NEOs received stock option grants from the Corporation as described in the table below. None of the NEOs exercised stock options in 2020.

Name	Options Granted (#)	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Galen G. Weston	97,919 (1)	70.06	799,998	20% per year over 5 years	7 years
Darren Myers	105,875	70.06	864,999	20% per year over 5 years	7 years
Sarah R. Davis	163,199	70.06	1,333,336	20% per year over 5 years	7 years
Jeff Leger	51,000	70.06	416,670	20% per year over 5 years	7 years
Barry Columb	51,000	70.06	416,670	20% per year over 5 years	7 years

(1) Mr. Weston received grants of stock options from Weston in 2020 with a grant date fair value of $1,799,998. 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 2020, 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	11,419 (1)	70.06	800,015	February 27, 2023
Darren Myers	12,347	70.06	865,031	February 27, 2023
Sarah R. Davis	19,031	70.06	1,333,312	February 27, 2023
Jeff Leger	5,947	70.06	416,647	February 27, 2023
Barry Columb	5,947	70.06	416,647	February 27, 2023

(1) Since 2019 the annual grants for senior executives of Weston are 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.

Performance Share Unit Plan

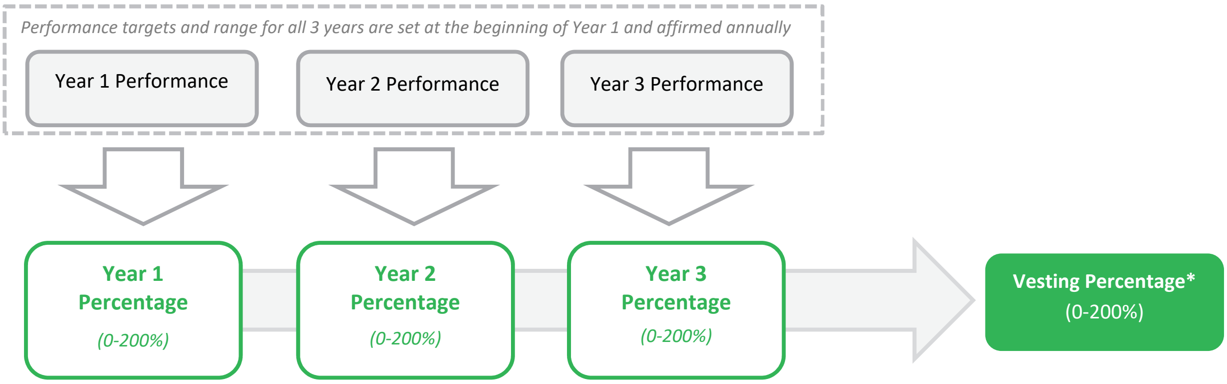
PSUs represent a form of at-risk long-term compensation that serves to motivate the recipient to deliver on objectives set forth in the Corporation's strategic plan. PSUs serve to focus executives on selected key drivers of corporate performance and reduce the number of stock options granted and potential 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 2020, the Corporation's PSU performance measures were consolidated revenue and return on capital, excluding consolidated franchises.

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 2020 relate to a three-year period ending December 31, 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 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 2020, 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	11,419 (1)	70.06	800,015	February 27, 2023
Darren Myers	12,347	70.06	865,031	February 27, 2023
Sarah R. Davis	19,031	70.06	1,333,312	February 27, 2023
Jeff Leger	5,947	70.06	416,647	February 27, 2023
Barry Columb	5,947	70.06	416,647	February 27, 2023

(1) Mr. Weston also received grants of PSUs from Weston in 2020 with a grant date fair value of $1,800,024. 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 2018 PSUs

In 2018, the Corporation's NEOs were awarded PSUs whose vesting was tied to consolidated revenue, excluding the consolidation of 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 2018 return on capital and enterprise consolidated revenue metrics were forward-looking as they related to the three-year period ending in 2020 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 2021, the Governance Committee reviewed the performance of the 2018 PSU grants and determined the following results based on the average of the three year performance:

a the enterprise consolidated revenue component achieved a performance result of 129.8%; and

b the return on capital component achieved a performance result of 59.4%.

The target and performance for each component for PSUs awarded in 2018 which were equally weighted on results from 2018, 2019 and 2020 and paid out in 2021, are set out below:

Measures		2018		2019		2020		Performance by Measure	Performance Factor
		Target	Results	Target	Results	Target	Results		
Enterprise Consolidated Revenue 50% weighting	Max:	$46,553		$47,317		$49,436			
	Target:	**$45,865**	**$45,795**	**$46,618**	**$46,618**	**$48,705**	**$50,847**	**129.8%**	**64.9%**
	Min:	$45,521		$46,152		$48,218			
Loblaw Return on Capital 50% weighting	Max:	15.27%		16.29%		10.95%			
	Target:	**14.77%**	**14.73%**	**15.79%**	**15.72%**	**10.45%**	**9.95%**	**59.4%**	**29.7%**
	Min:	14.27%		15.29%		9.95%			
Performance by Year		**91.4%**		**92.7%**		**100.0%**		—	—
Vesting		**30.4%**		**30.9%**		**33.3%**		—	—
Overall Payout									**94.6%**

2018 PSU Payout Summary

In 2021, the Governance Committee determined that the 2018 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 2018 PSU Award					
Name	**2018 PSUs Granted (#)**	**Total number of PSUs vested prior to application of performance factor [(1)]**	**Enterprise Consolidated Revenue Component (#)**	**Return on Capital Component (#)**	**Total number of PSUs Vested (#)**	**Actual Settlement Value ($)**
Galen G. Weston	14,156	14,924	9,687	4,432	14,119	876,180 [(2)]
Darren Myers	14,756	15,557	10,096	4,620	14,716	913,228 [(2)]
Sarah R. Davis	16,195	17,073	11,080	5,071	16,151	1,002,279 [(2)]
Jeff Leger	4,499	4,743	3,078	1,409	4,487	278,449 [(2)]
Barry Columb	6,898	7,272	4,719	2,159	6,878	426,827 [(2)]

(1) The total number of PSUs vested prior to the application of the 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 1, 2021, the vesting date of the PSUs, which was $62.0568.

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 January 2, 2021

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	7,259,645	$61.19	5,485,030
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	**7,259,645**	**$61.19**	**5,485,030**

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. Certain senior management of SDM, including Mr. Leger, participate in the Pension Plan for Executives of Shoppers Drug Mart Inc., a registered defined benefit pension plan, and the Shoppers Drug Mart Inc. Supplementary Pension Plan, an unregistered defined benefit pension plan (collectively, the "SDM Pension Plan"), which closed in 2014. 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 74.

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, including the use of a car, an annual medical examination, a discretionary health care spending account and the right to participate in the employee share ownership plan.

EXECUTIVE SHARE OWNERSHIP POLICY

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

Under the Policy, 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 Policy applies 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 Policy.

Under the Policy, 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
CAO/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.

Executives subject to the Policy are required to retain a minimum of 50% of the after-tax proceeds received on the settlement of RSUs or PSUs or an exercise of stock options in Common Shares until their respective executive ownership levels has been attained.

The dollar values of each NEO's eligible equity-based holdings, based on the market value as at March 15, 2021 of $66.16, 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 ($)**	**In-the-Money Stock Options ($)**	**Eligible Total ($)**	**RSUs ($)**	**PSUs [(2)] ($)**	**In-the-Money Stock Options ($)**	**Ineligible Total ($)**
Galen G. Weston[(1)]	2,400,000	5	7,939,659,822	220,003	2,591,197	7,942,471,022	2,452,419	8,049,096	1,595,069	12,096,584
Darren Myers	1,730,000	2	3,403,535	—	1,274,002	4,677,537	2,604,653	2,604,918	1,202,324	6,411,895
Sarah R. Davis	3,000,000	3	847,576	—	3,554,300	4,401,876	5,291,080	4,087,894	1,220,793	10,599,767
Jeff Leger	1,250,000	2	1,203,583	94,807	797,847	2,096,237	1,102,755	1,102,887	331,762	2,537,404
Barry Columb	1,250,000	2	1,286,878	—	1,404,765	2,691,643	1,399,482	1,242,485	451,470	3,093,437

(1) Mr. Weston is also subject to Weston's Executive Share Ownership Policy. 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 15, 2021 at $100.55, being the price on the TSX of a Weston common share on that date. For a description of Weston's Executive Share Ownership Policy in respect of Mr. Weston, please refer to the Weston Management Proxy Circular available at www.sedar.com.

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

2020 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the Corporation's NEOs for 2020.

Galen G. Weston, Executive Chairman

Mr. Weston's compensation arrangements became effective January 1, 2019, with an aggregate base salary of $1,200,000 and STIP and LTIP targets of 150% and 500% of base salary, respectively. Mr. Weston's compensation arrangements did not change in 2020. Since January 1, 2019, the cost of Mr. Weston's base salary and LTIP has been paid 40% by Loblaw and 60% by Weston. Each of Loblaw and Weston determines and funds 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 2020 had an aggregate grant date fair value of $2,400,028, comprised of 97,919 stock options, 11,419 RSUs and 11,419 PSUs. Mr. Weston's annual LTIP grant from Weston for 2020 had an aggregate grant date fair value of $3,600,022, comprised of 162,016 stock options and 17,283 PSUs. As discussed in the section "Individual STIP Components" on page 57, the Governance Committee awarded Mr. Weston $162,000 for the 25% individual performance component of his 2020 Loblaw 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 remained the same upon his appointment as Chief Financial Officer effective January 1, 2018 and throughout 2019. For 2020, the Governance Committee approved an increase in Mr. Myers' base salary from $820,000 to $865,000. Mr. Myers' STIP and LTIP targets of 125% and 300%, respectively, of base salary, did not change in 2020. For 2020, Mr. Myers received an LTIP grant comprised of 105,875 stock options, 12,347 RSUs and 12,347 PSUs, with an aggregate grant date fair value of $2,595,061. In addition, as discussed in the section "Individual STIP Components" on page 57, the Governance Committee awarded Mr. Myers $243,281 for the 25% individual performance component of his 2020 STIP award. On March 23, 2021, the Corporation announced that Mr. Myers would be leaving the Corporation effective May 6, 2021.

Sarah R. Davis, President

Ms. Davis' compensation arrangements became effective January 1, 2019, with a base salary of $1,000,000 and STIP and LTIP targets of 150% and 400% of base salary, respectively. Ms. Davis' compensation arrangements did not change in 2020. For 2020, Ms. Davis received an annual LTIP award comprised of 163,199 stock options, 19,031 RSUs and 19,031 PSUs, with an aggregate grant date fair value of $3,999,960. In addition, as discussed in the section "Individual STIP Components" on page 57, the Governance Committee awarded Ms. Davis $337,500 for the 25% individual performance component of her 2020 STIP award. On March 23, 2021, the Corporation announced that Ms. Davis would retire as President effective May 6, 2021.

Jeff Leger, President, SDM

Mr. Leger's compensation arrangements were set effective January 1, 2018 upon his appointment as President, SDM and did not change in 2019. To reflect Mr. Leger's strong performance since his appointment, the Governance Committee approved an increase in Mr. Leger's base salary for 2020 from $500,000 to $625,000 and an increase in his LTIP target from 150% to 200% of base salary. Mr. Leger's STIP target of 100% of base salary did not change in 2020. For 2020, Mr. Leger received an LTIP grant comprised of 51,000 stock options, 5,947 RSUs and 5,947 PSUs, with an aggregate grant date value of $1,249,964. In addition, as discussed in the section "Individual STIP Components" on page 57, the Governance Committee awarded Mr. Leger $175,781 for the 25% individual performance component of his 2020 STIP award.

Barry Columb, President, President's Choice Financial

Mr. Columb's compensation arrangements were set in 2018 and remained unchanged throughout 2019. To recognize Mr. Columb's expanded portfolio, which included the loyalty program for the Corporation in addition to his role as President, President's Choice Financial, the Governance Committee approved an increase in Mr. Columb's base salary, effective April 1, 2020, from $575,000 to $625,000. Mr. Columb's STIP and LTIP targets of 100% and 200% of base salary, respectively, did not change in 2020. For 2020, Mr. Columb received an annual LTIP grant comprised of 51,000 stock options, 5,947 RSUs and 5,947 PSUs, with an aggregate grant date fair value of $1,249,964. In addition, as discussed in the section "Individual STIP Components" on page 57, the Governance Committee awarded Mr. Columb $126,342 for the 25% individual performance component of his 2020 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 the NEO 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	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	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 January 2, 2021.

Galen G. Weston, Executive Chairman

Mr. Weston is not contractually entitled to severance, termination or change of control payments other than applicable incentive payments and share-based settlements 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

On March 23, 2021, the Corporation announced that Mr. Myers will be leaving the Corporation effective May 6, 2021. Mr. Myers' entitlements upon his departure will be calculated in accordance with the terms of his employment agreement and as provided for under the terms of the STIP and LTIP. Upon his departure, Mr. Myers will be subject to certain non-competition and confidentiality undertakings.

Sarah R. Davis, President

On March 23, 2021, the Corporation announced that Ms. Davis will retire as President effective May 6, 2021. Following her retirement, and for the balance of the year, Ms. Davis will continue to receive certain payments. Upon her retirement, Ms. Davis will be subject to certain non-competition and confidentiality undertakings. Her LTIP, other than that granted in 2021, will continue to vest in the ordinary course.

Jeff Leger, President, SDM

If Mr. Leger’s employment is terminated without cause, he would be entitled to receive for a period of 20 months plus one additional month for every completed year of service from October 18, 2019, up to a maximum of 24 months: (a) his base salary, (b) his target STIP bonus, (c) participation in the Corporation-leased car program, and (d) his health care and dental benefits, participation in the employee/family assistance program and pension accrual. Mr. Leger would also be entitled to certain incentive payments and share-based settlements applicable to the period prior to the termination date, as provided for under the terms of the STIP and LTIP. Upon termination, Mr. Leger would be subject to certain non-competition and confidentiality undertakings.

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 March 7, 2017 up to a maximum of 24 months: (a) his base salary, (b) his target STIP bonus, (c) participation in the Corporation-leased car program, and (d) his health care and dental benefits, participation in the employee/family assistance program and pension accrual. Mr. Columb would also be entitled to certain incentive payments and share-based settlements applicable to the period prior to the termination date, as provided for under the terms of the STIP and 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 January 2, 2021 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	—	—	—	—	—	—	—	—
Jeff Leger	Termination with cause	—	—	—	—	—	—	—	—
President, SDM	Termination without cause	1,093,750 (4)	1,093,750 (5)	232,225 (6)	5,568 (7)	—	—	—	2,425,293
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Barry Columb	Termination with cause	—	—	—	—	—	—	—	—
President, President's Choice Financial	Termination without cause (8)	1,145,833 (4)	1,145,833 (5)	111,615 (6)	4,162 (7)	—	—	—	2,407,443
	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) For Mr. Columb and Mr. Leger, calculated based on 18 and 20 months' salary, respectively, plus one additional month for every completed year of service from the effective date of their respective most recent employment agreements, which amounts to 22 and 21 months, respectively.

(5) Annual bonus is valued at target level.

(6) Includes benefits and pension accruals as follows: Mr. Columb: 22 months and Mr. Leger: 21 months; as per the terms of their respective employment agreements.

(7) Includes participation in the Corporation-leased car program as follows: Mr. Columb: 22 months and Mr. Leger: 21 months.

(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 2021

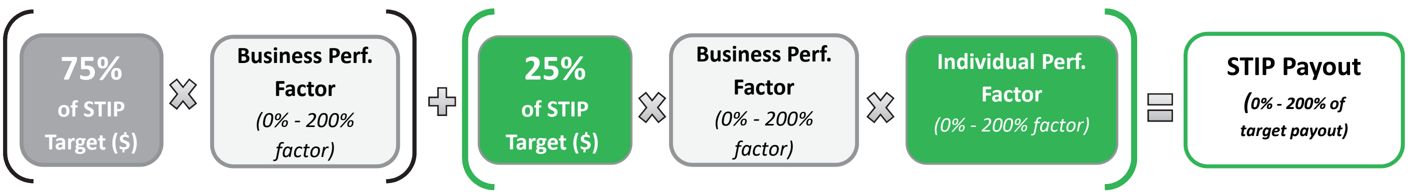
COMPENSATION CHANGES FOR NEOs

On March 23, 2021, the Corporation announced that Ms. Davis would retire as President of the Corporation effective May 6, 2021 and that Mr. Myers would be leaving the Corporation effective May 6, 2021. No other changes have been made to the compensation arrangements of any NEO for 2021.

2021 SHORT-TERM INCENTIVE PLAN

The Governance Committee has approved the performance measures and weightings for the 2021 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 2021 as the compliance initiatives are included in the Corporation's operational best practices. For 2021 the Corporation will also continue to include the customer satisfaction index, OSAT. For 2021 the STIP design will include a revenue qualifier whereby consolidated revenue performance will be capped at 100% if year-over-year adjusted tonnage share declines, normalized for a change in the square footage and an earnings qualifier whereby in order to be eligible for above target achievement, year-over-year Adjusted EBITDA growth must be positive and the Adjusted EBITDA target must be achieved. In addition, the operating leverage performance measure included in the 2020 STIP will be replaced by an Adjusted EBIT margin ("EBIT Margin") measure, designed to measure management's ability to translate revenue into profitability. The EBIT Margin will be determined by calculating Adjusted EBIT as a percentage of revenue.



Loblaw STIP - 2021 Business Performance Measures

Consolidated Sales	Consolidated Earnings	Compliance	EBIT Margin	Consolidated OSAT
35%	35%	10%	10%	10%

2021 LONG-TERM INCENTIVE PLAN GRANTS

In February 2021, 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 March 4, 2021. As in 2020, in 2021 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. On March 23, 2021, the Corporation announced that Ms. Davis would retire as President of the Corporation effective May 6, 2021 and that Mr. Myers would be leaving the Corporation effective May 6, 2021. As such, the 2021 LTIP grants to Ms. Davis will be forfeited and the 2021 RSU and PSU grants to Mr. Myers will be paid out on a prorated basis.

Name	Grant Date Fair Value ($)(1)	Stock Options (#)(2)	RSUs (#)	PSUs (#)
Galen G. Weston	2,400,291 (3)	89,010	12,764	12,768
Darren Myers	2,595,284	96,242 (4)	13,801 (5)	13,805 (5)
Sarah R. Davis	4,000,464 (6)	148,350	21,273	21,280
Jeff Leger	1,250,153	46,359	6,648	6,650
Barry Columb	1,250,153	46,359	6,648	6,650

(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 $62.67 as of March 4, 2021. The grant date fair value of a PSU award assumes vesting at 100% of target.*

(2) *The exercise price of the stock options is $62.67.*

(3) *In addition to Mr. Weston's annual LTIP grant for 2021 from the Corporation, he received an annual LTIP grant for 2021 from Weston with a grant date fair value of $3,600,045. 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.*

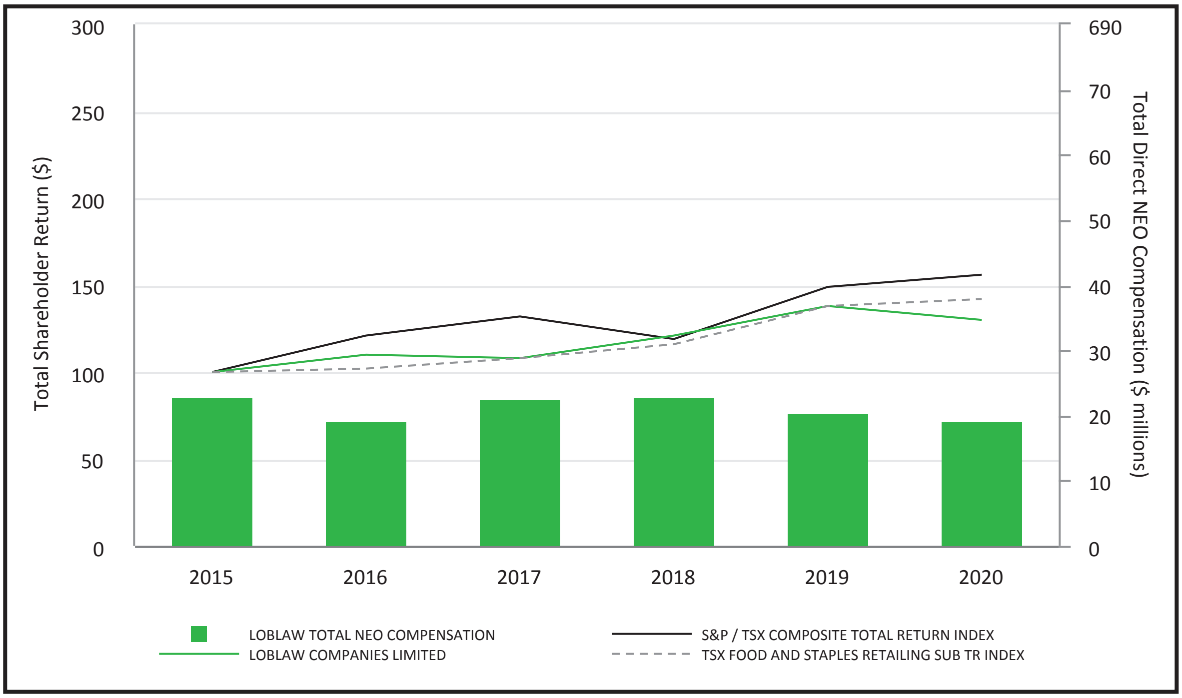
(4) *In accordance with the Stock Option Plan, these stock options will not vest as Mr. Myers will be leaving the Corporation effective May 6, 2021.*

(5) *In accordance with the RSU and PSU Plans, respectively, as Mr. Myers will be leaving the Corporation effective May 6, 2021, Mr. Myers will receive an equity payment of Common Shares equal to the prorated portion of the RSUs and PSUs to which he will be entitled up to May 6, 2021, and will have no further entitlement to the RSUs or PSUs set out above.*

(6) *This award will be forfeited in its entirety as Ms. Davis will be retiring from the Corporation effective May 6, 2021.*

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares on December 31, 2015, 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

	2015	2016	2017	2018	2019	2020
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$ 100	$ 121	$ 132	$ 119	$ 149	$ 156
LOBLAW COMPANIES LIMITED	$ 100	$ 110	$ 108	$ 121	$ 138	$ 130
TSX FOOD AND STAPLES RETAILING SUB TR INDEX	$ 100	$ 102	$ 108	$ 116	$ 138	$ 142

Total Direct NEO Compensation

	2015	2016	2017	2018	2019	2020
TOTAL DIRECT NEO COMPENSATION ($ millions)	$ 22.9	$ 19.4	$ 22.8	$ 22.9	$ 20.6	$ 19.2

For the five-year period ended January 2, 2021, the Corporation's total shareholder return, as shown above, underperformed the S&P/TSX Composite Total Return Index while remaining relatively stable with the TSX Food and Staples Retailing Sub TR Index. During the period, the total cumulative shareholder return for $100 invested in Common Shares was $130 as compared to $156 for the S&P/TSX Composite Total Return Index.

Total compensation for the Corporation's NEOs has undergone minor fluctuations over the course of the five fiscal years ended January 2, 2021. 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 changed such that equity-based incentives (LTIP awards) account for approximately 58.5% of all NEO compensation in 2020. 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 were 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 2020 ranged from 74.1% to 86.4% of their total direct target compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2020, 2019 and 2018, as applicable:

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)[1]	Option-Based Awards ($)[2]	Non-Equity Incentive Plan Compensation: Annual Incentive Plans ($)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans ($)	Pension Value ($)	All Other Compen-sation ($)[3]	Total Compensation ($)
Galen G. Weston	2020	480,000 [4]	1,600,030 [5]	799,998 [5]	648,000	—	—[6]	21,563	3,549,591
Executive Chairman	2019	480,000 [4]	1,599,944 [5]	800,005 [5]	764,640	—	—[6]	26,129	3,670,718
	2018	590,000 [4]	1,573,336 [5]	786,671 [5]	1,104,259	—	—[6]	32,705	4,086,971
Darren Myers	2020	865,000	1,730,062	864,999	973,125	—	37,500	62,753	4,533,439
Chief Financial Officer	2019	820,000	1,640,062	820,001	1,156,584	—	32,500	69,349	4,538,496
	2018	820,000	1,640,056	820,002	1,139,928	—	32,500	65,541	4,518,027
Sarah R. Davis	2020	1,000,000	2,666,624	1,333,336	1,350,000	—	42,500	74,181	6,466,641
President	2019	1,000,000	2,666,706	1,333,338	1,593,000		42,500	78,861	6,714,405
	2018	900,000	2,799,938	900,004	1,403,719	—	42,500	58,884	6,105,045
Jeff Leger	2020	625,000	833,294	416,670	597,656	—	107,000	50,277	2,629,897
President, SDM	2019	523,077	500,016	249,997	570,825	—	80,000	20,489	1,944,404
	2018	497,129	500,000	250,001	569,625	—	82,000	37,271	1,936,026
Barry Columb	2020	612,500	833,294	416,670	505,369 [7]	—	42,500	46,811	2,457,144
President, President's Choice Financial	2019	575,000	916,650	383,337	614,129 [7]	—	42,500	45,457	2,577,073
	2018	575,000	1,066,585	383,332	852,855 [7]	—	42,500	49,327	2,969,599

(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. Dividends or equivalents of dividends, if any, earned subsequent to a grant date are not included in the values reflected in the table. 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 26 to the Corporation's annual audited consolidated financial statements for the year ended January 2, 2021, 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 1, 2018	Higher by $0.41	G. Weston, S. Davis, D. Myers, J. Leger, B. Columb
February 28, 2019	Lower by $1.99	G. Weston, S. Davis, D. Myers, J. Leger, B. Columb
February 27, 2020	Lower by $1.21	G. Weston, S. Davis, D. Myers, J. Leger, 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. The largest single payment received by certain NEOs relates to participation in the Corporation-leased car program with an annual value of approximately $15,485.*

(4) *In 2019 and 2020, Mr. Weston's base salary was allocated 40% to the Corporation and 60% to Weston, with Weston paying $720,000. In 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 2020, 2019 and 2018 had aggregate grant date values of $2,400,028, $2,399,949 and $2,360,007, 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) *Mr. Columb's STIP awards in 2020, 2019 and 2018 were based on performance measures that included components that were specific to President's Choice Financial as well as Loblaw consolidated components.*

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 January 2, 2021:

	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	335,270	78,457	4,927,879	—
Executive Chairman	60,730	58.00	March 3, 2023	292,111			
	93,333	59.00	March 2, 2024	355,599			
	104,364	55.69	March 1, 2025	743,072			
	82,136	65.55	March 4, 2026	—			
	97,919	70.06	February 27, 2027	—			
Darren Myers	102,161	56.86	September 1, 2024	607,858	82,250	5,166,099	—
Chief Financial Officer	108,786	55.69	March 1, 2025	774,556			
	84,189	65.55	March 4, 2026	—			
	105,875	70.06	February 27, 2027	—			
Sarah R. Davis	45,156	39.97	March 28, 2021	1,031,363	133,357	8,376,136	—
President	46,610	53.41	March 5, 2022	438,134			
	2,191	58.75	July 30, 2022	8,895			
	44,859	58.00	March 3, 2023	215,772			
	106,778	59.00	March 2, 2024	406,824			
	119,400	55.69	March 1, 2025	850,128			
	136,893	65.55	March 4, 2026	—			
	163,199	70.06	February 27, 2027	—			
Jeff Leger	9,718	39.97	March 28, 2021	221,959	29,525	1,854,489	—
President, SDM	10,526	53.41	March 5, 2022	98,944			
	13,208	58.00	March 3, 2023	63,530			
	15,140	59.00	March 2, 2024	57,683			
	33,167	55.69	March 1, 2025	263,149			
	25,667	65.55	March 4, 2026	—			
	51,000	70.06	February 27, 2027	—			
Barry Columb	40,531	53.41	March 5, 2022	380,991	46,870	2,943,914	—
President, President's Choice Financial	37,958	58.00	March 3, 2023	182,578			
	43,502	59.00	March 2, 2024	165,743			
	50,855	55.69	March 1, 2025	362,088			
	39,357	65.55	March 4, 2026	—			
	51,000	70.06	February 27, 2027	—			

(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 January 2, 2021, which was $62.81.

(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 January 2, 2021, which was $62.81, 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 2020, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2020. 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	397,300	1,836,922	648,000
Darren Myers			
Chief Financial Officer	456,122	5,384,365	973,125
Sarah R. Davis			
President	739,738	2,101,566	1,350,000
Jeff Leger			
President, SDM	170,222	298,103	597,656
Barry Columb			
President, President's Choice Financial	424,435	856,137	505,369

(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 Messrs. Weston and Leger) participate in the Corporation's Executive DC Plan and Mr. Leger participates in the SDM Pension Plan. All newly hired or newly appointed executives join the Corporation's Executive DC Plan.

SDM PENSION PLAN

The SDM Pension Plan provides for a monthly pension benefit equal to 2% of the average of the highest consecutive 36-months base salary (excluding incentive awards) times years of credited service, limited to 70% of the average 12-month base salary (excluding incentive awards) immediately prior to retirement. The following table sets forth details regarding Mr. Leger, who participates in the SDM Pension Plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)[1]	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)[2]
		At Year End	At Age 65				
Jeff Leger	12	122,900	266,800	1,177,000	107,000	427,000	1,711,000

(1) Discount rate is 3.25%.
(2) Discount rate is 2.50%.

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 2020, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $27,830 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 $27,830 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 and Myers and Ms. Davis, who participated in the Corporation's Executive DC Plan and SERP during 2020:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)(1)
Barry Columb	806,800	42,500	926,100
Sarah R. Davis	694,800	42,500	822,100
Darren Myers	84,300	37,500	135,000

(1) The accumulated value includes interest (investment returns) earned by each member during the financial year ended January 2, 2021.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of March 15, 2021, 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).

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 2020 was $964,625, 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 17,888,888 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. As at March 15, 2021, the Corporation had purchased a total of 14,251,620 Common Shares for cancellation at a weighted average price of $65.81 per Common Share under the NCIB.

On February 25, 2020, the Corporation announced an amendment to its then-current 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. As at March 15, 2021, the Corporation had purchased a total of 5,496,672 Common Shares from Weston under the automatic disposition plan at a weighted average price of $66.62 per Common Share during the term of the current NCIB.

The current NCIB expires on April 30, 2021. The Corporation intends to refile the NCIB and apply to the TSX to extend the term of the automatic disposition plan to cover the renewed NCIB term.

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 Management's Discussion & Analysis of the Corporation's 2020 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 with those securities commissions its Annual Information Form which, among other things, contains 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 2020 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 Executive Vice President, 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 26, 2021

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 to ensure 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.
- Monitor and 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.
- Oversee the development, execution and fulfillment of the Corporation's strategic plans and the 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) **Environmental, Social and Governance ("ESG"), Ethics and Compliance**

- Oversee and monitor the Corporation's approach, policies and practices related to ESG matters.
- Oversee actions taken by management to ensure that senior executives maintain a culture of integrity throughout the Corporation.
- Review and approve a written code of conduct which is applicable to employees, officers and directors of the Corporation, and oversee compliance with the code.
- 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 Defence Fund (together, the "BCGEU"). The proposal and statement of support are set out in italics below.

Balancing Stakeholder Interests in the Pandemic

With 200,000 employees, a majority of whom are women, Loblaw is Canada's largest private sector employer. On March 21, 2020, Loblaw commenced paying its frontline employees a $2/hour pandemic pay premium (hero pay). On June 13, 2020, Loblaw terminated the hero pay.

The decision to end the hero pay received such negative publicity that the House of Commons Standing Committee on Industry, Science and Technology (INDU Committee) convened hearings and summoned the leading Canadian grocery chains to testify. A member of the INDU Committee later stated that he believed the Competition Bureau should investigate communications between grocers on ending hero pay.[1]

Loblaw testified that (i) it paid the premium out of appreciation for employees' efforts during unprecedented times, not because workers were at risk, and (ii) the decision to end hero pay was taken by Loblaw management and not the board.[2]

Research published in October 2020 showed that "grocery store employees are likely to be at heightened risk of COVID-19 infection, with those in customer-facing roles 5 times as likely to test positive as their colleagues in other positions."[3]

<u>Fiduciary Duties and Balancing Competing Interests</u>

Canadian corporate law imposes a fiduciary duty on corporate directors to act in the best interests of the corporation, not just shareholders. The Supreme Court of Canada held that this duty is "a broad contextual concept" that is not limited to short-term profit or share price. Boards must look to the long-term interests of the corporation and may consider the impact of their decisions on all stakeholders, including shareholders, employees, creditors, consumers, governments and the environment.[4] *In 2019 the CBCA was amended to memorialize the list of stakeholders, which would "set higher expectations and better oversight of corporate behaviour."*[5]

<u>Risk Management</u>

Loblaw's Risk and Compliance Committee oversees Loblaw's enterprise risk management program and reviews the design of the program and monitors and assesses its effectiveness. The Committee must satisfy itself that management has taken appropriate actions to ensure the effective management of risks.

<u>Share Repurchases during the Pandemic</u>

During the first nine months of 2020, Loblaw spent $548 million in cash on share repurchases, and it has spent $5.3 billion on share repurchases since 2011. During the pandemic Loblaw repurchased 3,794,287 shares from majority shareholder George Weston, paying a total of $261 million - an amount that would have funded hero pay for five additional months.

WHEREAS: BCGEU believes George Weston should refrain from voting on this resolution;

RESOLVED: Shareholders request the board prepare and publish a report examining capital and risk management practices during the pandemic, in terms of balancing the interests of Loblaw's stakeholders and monitoring/assessing actions that could cause Loblaw undue reputational risk. The report should include the rationale for (i) Loblaw's decision to purchase $261 million in shares from its majority shareholder while ending hero pay to frontline employees after three months, and (ii) not having the board or the Risk and Compliance Committee deliberate on the decision to end hero pay.

[1] https://www.theglobeandmail.com/politics/article-grocery-executives-defend-decision-to-cut-covid-19-pay-premiums-for/

[2] https://www.ourcommons.ca/DocumentViewer/en/43-1/INDU/meeting-28/evidence

[3] https://www.bmj.com/company/newsroom/high-rate-of-symptomless-covid-19-infection-among-grocery-store-workers/

[4] https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/6238/index.do

[5] https://www.budget.gc.ca/2019/docs/plan/budget-2019-en.pdf

The Board of Directors recommends a vote "AGAINST" this proposal for the following reasons:

Loblaw has responded to the COVID-19 pandemic in a thoughtful and balanced manner, at all times considering the interests of its customers, colleagues and other stakeholders.

In 2020, the Corporation did not generate outsized shareholder profits through pandemic opportunism. Loblaw delivered approximately flat earnings and normal dividend activities in a year of very strong sales growth. In Loblaw's case, outsized sales growth was not reflected in its earnings, specifically because the Corporation did what this proposal requests – Loblaw invested heavily in the increased safety and pay of colleagues and kept prices low for customers, in the long-term interest of the Corporation. Specifically, Loblaw (i) enhanced customer convenience with increased store staff, expanded *PC Express* services and temporarily eliminated fees and reduced prices associated with such services; (ii) supported colleagues in stores and distribution centres with temporary pay premiums and pay protection safeguards; (iii) secured operations by increasing store cleaning, hired security to manage social distancing, introduced new customer safety protocols, and installed equipment like plexiglass barriers at checkouts and counters; and (iv) provided financial support to communities across the country through large-scale donations to food and wellness programs, and to President's Choice Financial Mastercard® customers through financial hardship programs.

Contrary to what is set out in the proposal, the Board was engaged in and fully supportive of Loblaw's response to the COVID-19 pandemic and the decisions behind management's actions were made with the input and endorsement of the Board. In particular, meetings of the Risk and Compliance Committee were devoted to reviewing specific risks faced by the Corporation's various operating divisions and functional groups and management's responses to such risks.

The Corporation's investments and protocols have been effective and the COVID-19 infection rate among colleagues who work at the Corporation's stores is lower than that of the general Canadian public. Loblaw continues to adjust its operations as necessary in order to support customers, colleagues and other stakeholders.

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

Loblaw
Companies
Limited