

National Pension Plan Summary

Loblaw supports your need to build financial assets toward future income and to plan for retirement. Whether you're planning your first steps or already well on your way towards financial wellness, the Company believes it's important that you have access to a comprehensive *investment & retirement savings program*. Loblaw's program includes the National Pension Plan, Group RRSP and Employee Share Ownership Plan –all of which offer you flexibility, portability and tax-effectiveness. Along with your other potential sources of retirement income, including government-sponsored benefits and your personal savings, your *investment & retirement savings program* will have a significant impact on your financial future.

This summary provides an overview of the National Pension Plan ("NPP" or the "Plan"), a key component of the *investment & retirement savings program*. The NPP is a registered, defined contribution pension plan.

Loblaw has designated **The Great-West Life Assurance Company** (Great-West Life) to act as the administrative agent of the NPP.

Plan Highlights

Here's an *at-a-glance* look at how the NPP works:

- Your participation in the NPP is voluntary*, however once you join the Plan, you will not be able to suspend your participation as long as you remain employed within the Loblaw family of companies.
- Your contributions will be unmatched by the Company until you have met the eligibility requirements for matched contributions. Unmatched contributions to the Plan are referred to as *additional voluntary contributions* or "AVCs".
- Once you've met the eligibility requirements for matched contributions, you contribute two per cent of your pensionable earnings to the Plan on a per pay basis. Matched contributions are referred to as *required contributions*.
- If you join the NPP to initiate AVCs prior to meeting the eligibility requirements for matched contributions, your two per cent *required contributions* will automatically be deducted from your pay once the eligibility requirements have been met.
- The Company matches your *required contributions* at a rate based on your age plus service.
- All contributions are directed to your account in the Plan.
- You choose from a range of investment options how the assets in your account are invested; your investment earnings accumulate tax-free in the Plan.
- The amount available for your retirement depends on the amount of your contributions and the Company's contributions to your account in the Plan and the investment returns on total contributions.

*If you're employed in the province of Manitoba, pension legislation requires that you join the Plan once you've met certain eligibility criteria.

Eligibility for Matched Contributions

Full-time and eligible temporary* colleagues: you are eligible for matched contributions to the NPP after you have completed one year of continuous employment with the Company, or on an earlier date where prescribed by provincial pension legislation.

Part-time colleagues: you are eligible for matched contributions to the NPP once you have met the minimum eligibility requirements that apply in your province of employment.

*full-time temporary colleagues hired for a minimum fixed term of 12 consecutive months are eligible to participate in the NPP.

Additional Voluntary Contributions

You are able to make unmatched *additional voluntary contributions* (AVCs) to the Plan of up to 10% of your pensionable earnings* -regardless of how much service you have with the Company. AVCs are deducted before income taxes are applied, thus reducing the amount of income taxes that are deducted from your earnings each pay period.

Unlike *required contributions*, you may increase, decrease or suspend your AVC deduction amount at any time by completing the **AVC Payroll Deduction Authorization Form**. This Form is posted on Loblaw Inside –look for it in the Forms Library or under the Investment & Retirement Savings Program section of the site. You'll also be able to download this Form from **GRS Access**, Great-West Life's Plan member website at www.grsaccess.com.

AVCs are not subject to the same locked-in provisions as *required contributions* and Company contributions to the Plan. This means you are permitted to withdraw AVCs while you're still an active member of the Plan.

*pensionable earnings are defined as your base salary, plus bonuses and any variable pay to a maximum of \$150,000.

Required Contributions to the Plan

Membership in the NPP requires that you contribute two per cent of your pensionable earnings to the Plan once you've met the eligibility requirements. Like AVCs, these *required contributions* are deducted from your pre-tax pay, thus reducing your taxable income at source, each pay period. The maximum *required contribution amount* is \$3,000 each year.

The Company matches your *required contributions* by two to five per cent according to the table below. The Company's contributions to your account are subject to vesting in accordance with provincial pension legislation.

Age + Service Points as of January 1 and July 1	Your Required Contribution	Matching Company Contribution
Less than 40 points	2%	2%
40 to 49 points	2%	3%
50 to 60 points	2%	4%
More than 60 points	2%	5%

Service used to calculate points is based on continuous service from your date of hire.

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Income Tax Limits

The Income Tax Act limits the amount of money that can be contributed to a registered DC pension plan. This includes both your contributions and the Company's contributions. The contribution limit and maximum Pension Adjustment for 2017 is \$26,230.

How Plan Contributions Affect your RRSP Contribution Limit

Your RRSP contribution limit is the lesser of 18% of your previous year's earned income or the current year's contribution limit ...**minus** your Pension Adjustment (PA) –the amount of all contributions to your account in the NPP (including Company contributions), **plus** any unused RRSP contribution room carried forward from prior years.

To find out your RRSP contribution limit, check the "Notice of Assessment" that the Canada Revenue Agency (CRA) sends you after you file your income tax return. You may also find out your contribution room by calling the CRA at 1-800-959-8281.

Investment Options

The NPP is a capital accumulation plan. This means that contributions are made to your account each pay period, and the value grows over time. You are responsible for investing your account balance among a range of professionally managed investment options administered by Great-West Life.

If you don't tell Great-West Life how you would like your contributions invested, they will be automatically invested in the default investment option: the Fidelity ClearPath™ Retirement Portfolio nearest the date you turn 65. The Fidelity ClearPath™ Retirement Portfolios are target-date funds which are based on the retirement date you select. They're managed to generate more growth in the early years and less volatility of income in the years nearing your selected retirement date.

There are three guaranteed investment options. If you have significant holdings in guaranteed investments, the Plan allows you to divide your guaranteed investments between Great-West Life and its subsidiaries, London Life and Canada Life. By doing this, you benefit from Assuris coverage in the name of all three companies.

Detailed information about the investment options is available on Great-West Life's Plan member website –**GRS Access**, at www.grsaccess.com. If you don't already have access to this website, call Great-West Life's **Access Line** at 1-800-724-3402 for Guest Access.

Changing your Investment Options

You may change your investment options for future contributions to the Plan, at any time, using the **GRS Access** website or by calling **Access Line** at 1-800-724-3402.

Changes made online or by telephone are effective immediately.

Transferring between Investment Options

Transferring between investment options occurs when you sell units of one investment and use the proceeds to buy units of another investment. A transfer between investment options only affects your current investment holdings –it doesn't change where future contributions will be invested.

You may change your investment options for future contributions to the Plan, at any time, using Great-West Life's **GRS Access** website or by calling their **Access Line** at 1-800-724-3402.

A transfer between investment options is a two-part process that generally occurs over two business days. For variable fund investments, units of the original investment are redeemed on the first business day, based on that day's unit value. The units of the new investment option are acquired the following business day, based on that day's unit value.

Withdrawing Additional Voluntary Contributions

You are permitted to withdraw all or a portion of your AVCs in the Plan at any time by calling the Great-West Life **Access Line** at 1-800-724-3402.

AVC cash withdrawals are subject to withholding tax. Tax-shelter can be maintained only through the direct transfer of funds to a personal RRSP.

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If you Leave the Company

When you retire or leave the Company, you'll be provided with detailed information about your options. The following provides a high level overview of available options.

Additional Voluntary Contributions

Regardless of when you leave the Company, you have the option to withdraw your AVCs in cash, less applicable withholding tax, or maintain tax-shelter on your AVCs and the corresponding accumulated investment by transferring the assets to a personal RRSP.

Remaining Plan Assets

In accordance with pension legislation, the assets in the Plan related to your **required contributions and the corresponding Company contributions** are subject to a locked-in provision. Your options related to these Plan assets:

If you leave before age 55:

If you terminate your employment with the Company before age 55, your options will be to:

- a) transfer your assets to
 - a Locked-In Retirement Account (LIRA) with another financial institution;
 - a LIRA with Great-West Life which will allow you to maintain your account with the same investment options;
 - or to your next employer's pension plan (if that plan permits such a transfer); **or**,
- b) use your assets to purchase a deferred annuity from a life insurance company.

If you leave at or over age 55

If you terminate your employment with the Company at or over age 55, your options will be to

- a) transfer your assets to:
 - a Locked-In Retirement Account (LIRA) with another financial institution;
 - a LIRA with Great-West Life which will allow you to maintain your account with the same investment options;
 - or to your next employer's pension plan (if that plan permits such a transfer); **or**,
- b) use your assets to purchase a
 - Life Income Fund (LIF) with another institution, in accordance with applicable legislation; or
 - deferred annuity from a life insurance company.

If you Die before Retirement

If you have a spouse, he/she may:

- Transfer AVC-related Plan assets to a personal RRSP
- Transfer locked-in assets to a Locked-In Retirement Account (LIRA) with another financial institution or to his/her employer's pension plan (if that plan permits such a transfer);
- Use Plan assets to purchase an immediate or deferred annuity from a life insurance company; or
- Withdraw the Plan assets in cash (less withholding tax), if allowed by applicable legislation.

If you do not have a spouse, your beneficiary (or estate, if no beneficiary) will receive the benefit in cash, subject to withholding tax.

Manage your Account Online

As a Plan member, you'll be able to manage your account online using the **GRS Access** website at www.grsaccess.com.

Through this website you'll be able to:

- View your personal account information and current investments
- Change investment direction for future contributions
- Move existing assets (transfer between investment options in the Plan)
- Access retirement planning concepts and 'what if' scenarios
- Access educational materials ...and more

The National Pension Plan will be administered in accordance with the official Plan text, the Company's administrative policies and applicable legislation. Every effort has been made to accurately reflect the terms of the Plan; however, in cases where there is an error or conflict between this summary document and the official Plan text or administrative policies, the Official Plan text, administrative policies, and applicable legislation will govern. The National Pension Plan is registered in the Province of Ontario (Registration Number: 1170042).