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United Food and Commercial Workers Canada Union, Local No. 401

January 29, 2018

**Via Fax & E-mail  
(403) 730-3306**

Sobeys West Inc. – Safeway Operations  
1020 64<sup>th</sup> Avenue NE  
Calgary AB T2E 7V8

**Attention: Ryan Shannon, Director of Labour Relations**

Dear Ryan:

**Re: Sobeys West Inc. – Safeway Operations Negotiations**

I understand you have replaced Mr. Naldrett in the role of Director of Labour Relations for Sobeys in Alberta.

In 2013, Sobeys purchased the Safeway stores in Western Canada. We were advised that the companies would be run separately and would maintain their separate identities. We negotiated and concluded Collective Agreements with Sobeys for the Safeway stores in the Spring of 2015. In our notice to commence collective bargaining dated January 13, 2017, we asserted that the companies had become one and further asserted that we should commence collective bargaining for Safeway retail employees and Sobeys retail employees. Since that time, the company with which we have had dealings and for whose employees we provide representation has been remade and has further morphed and mutated into an enterprise that is completely and utterly different and unfamiliar to us. We are in completely uncharted waters, and our members agree that it is almost time to bargain a first agreement with this company that is so new and unfamiliar to them.

This has played out in a variety of ways. The company is now double-breasted, having introduced an entirely new line of products and selling them in both union and non-union stores. Also, the company now says it will open FreshCo stores, a deep discount banner that is configured in a way that is entirely different than Safeway and Sobeys and would be brand new to Western Canada.

Some considerable time ago, the company made general comments to the UFCW about what might be imagined by them in terms of the future of their business in the West. But the announcement of the conversions to FreshCo, made broadly and publicly, prior to and without the involvement of UFCW Local 401 in any prior discussions is of grave concern. We have given notice to commence collective bargaining; a statutory freeze is in place; we are involved in the difficult and complex process of preparing for bargaining; and obviously these announced changes will greatly affect our members. In preparation for and in anticipation of collective bargaining, we write to ask for what should have been received by us all along and for what should be received by us going forward.

We write to request a comprehensive and immediate reply. In order to prepare for bargaining, and to bargain effectively on behalf of our members, we want to know full particulars of any and all imagined, contemplated, considered, or planned changes to the business.

More specifically, and without restricting the generality of the foregoing, we reiterate our request for disclosure provided to you on two occasions by our Secretary-Treasurer, Theresa McLaren, relating to the cessation of operations of the TransCanada Safeway store in Calgary. Those requests were ignored by the company, and we have received no response as of this time. We repeat that same request with respect to the Abbotsfield store in Edmonton.

We believe that the requests set out above need not have been made at all. We believe that, as a matter of morality and law, the company should have been keeping us fully informed of changes on an on-going basis with notice of the broadest nature possible. We represent thousands of your employees and have done so at Safeway for decades. To act with such a disregard for our representational needs is a complete affront to our legal rights and the years we have spent developing a mature bargaining relationship with the company you used to be. Unfortunately, and consistent with what I have said above, this is yet another reminder of how the company we now deal with is an entirely new creature.

Continuing with some additional specific requests, we ask that you provide us with all re-organization plans, an assessment of the financial and employee impact of the FreshCo changes. These will allow us to understand how far the FreshCo plan has progressed. Specifically, what Alberta stores are being imagined, contemplated, considered, or planned to be converted? We need to understand what risks our members face in order to be able to make critical decisions about collective bargaining.

At this time, we also ask that the following questions be answered directly and by providing us with any and all related documentation. That documentation request also extends to the queries embraced above:

1. When exactly did Sobeys decide to convert some of its Western Canadian stores into FreshCo?
2. Which stores will be converted? Which stores are being imagined, contemplated, considered, or planned to be converted? What financial information supports Sobeys' purported reasons for the changes? What are the specific reasons for such conversions?
3. How many and which Alberta stores will be converted, are imagined to be converted, are planned to be converted, are considered for conversion, and are contemplated to be converted?
4. What criteria were used and will be used to decide which stores are converted to FreshCo locations?
5. How many UFCW members, and which members in Alberta, currently work at stores that are imagined, planned, considered, or contemplated to be converted?
6. How many FreshCo locations might be franchises? How many might be corporate? Please provide all actual and contemplated franchise agreements. Do any of these agreements contemplate the protection of employees currently employed at Safeway but not yet employed at a franchise? Will franchisees employ those who now work at Safeway, or will employees be hired anew?
7. In British Columbia, Sobeys says that stores may be converted to FreshCo depending upon labour union agreements. What specifically must be in place for conversions to occur in Alberta, or does such a contingency even apply to an Alberta conversion?

8. Sobeys has announced conversion to FreshCo stores. Do you feel you have the legal right to do so? If so, please particularize your argument.
9. What contact has Sobeys had with potential franchisees or corporate successors interested in operating FreshCo in Alberta?
10. What, if any, intentions have potential franchisees or corporate successors expressed with respect to the employment of, and rights of, UFCW members?
11. What effect does Sobeys anticipate FreshCo conversions will have on the rest of their retail business and their financial position? More specifically, how does Sobeys anticipate conversions will affect their profit margins and cash flow situation?
12. Does Sobeys have any other imagined, contemplated, considered, or planned restructuring? Are any other banners at issue in the imagination, contemplation, consideration, or planning thought process?
13. Does Sobeys plan, imagine, consider, or contemplate any other acquisitions, sales, mergers, amalgamations, or divestiture of assets that might, could, or will have any effect whatsoever on any employee?
14. Does Sobeys plan, contemplate, consider, or imagine any layoffs or store closures? Please provide full particulars.
15. As a note, we would assert that all requests you find in this correspondence extend to non-union Sobeys stores as well, as the operation of that banner has a direct and critical impact on Safeway stores and our members working there.
16. Is Sobeys imagining, contemplating, considering, or planning any changes to the organization of employee work or their benefits, rights, privileges, and obligations covered or not covered by the Collective Agreements?
17. Does Sobeys imagine, contemplate, consider, or plan any conversions, closures, or sales that exceed the twenty-five per cent (25%) figure announced to the public?
18. Please provide us with any plans, diagrams, blueprints, or other documentation that reveals the organization, format, structure, and appearance of any imagined, contemplated, considered, or planned Alberta FreshCo store. Also, please provide us with a full compendium of products that are being imagined, contemplated, considered, or planned to be sold.
19. With respect to all of the requests made in this correspondence, we ask that you provide us with details about timelines. We have asked about imagined, contemplated, considered, and planned changes. We are, of course, asking that all information be accompanied with dates and timeframes wherein changes are imagined, contemplated, considered, or planned to occur.

We believe we have acted with restraint and patience in recent times, giving Sobeys the opportunity to pause in the shadow of the problems they themselves have created through the purchase of Safeway. Our members have worked very hard to do their part to help the company by heightening their level of productivity and by promoting this very new enterprise to an alienated customer base. However, you surely know that the UFCW has the right to all information necessary to fulfill its representational duties. This is especially true and important during preparations for collective bargaining and the bargaining process itself.

The very public announcement of the FreshCo conversions was designed to, and has had the effect of, undermining the bargaining agent in the eyes of our members. For employees, it has bred mistrust and a further erosion of morale. Conversions to FreshCo stores would be tantamount to constructive dismissal for many of our members. Working in a FreshCo store, for some, would essentially represent firing them from their job in a Safeway store. We are deeply troubled by the company's conduct in interacting with other UFCW locals in British Columbia and in Manitoba.

We require the information requested to make collective bargaining decisions and to assess the effects of your announcement. You have created an environment of anxiety and fear among your staff. Also, your announcement has naturally alarmed us such that we worry of other potential changes, and we strongly feel we are entitled to receive this information quickly and urgently, to have dialogue with our members, and make choices with respect to appropriate responses.

Please immediately provide us with the information requested.

Sincerely,



**Tom Hesse**  
**Executive Director of Labour Relations**  
**UFCW Local 401**

TH/mt

cc: Doug O'Halloran, President, UFCW Local 401  
Theresa McLaren, Secretary-Treasurer, UFCW Local 401  
Richelle Stewart, Northern Director, UFCW Local 401  
Rob Hellenius, Director of Communications, Education, Organizing, UFCW Local 401  
Al Olinek, Negotiator, UFCW Local 401  
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