

May 28, 2020

COMPANY MONETARY OFFER**IN THE MATTER OF A COLLECTIVE AGREEMENT**

**BETWEEN: SOBEYS CAPITAL INCORPORATED - SAFEWAY
OPERATIONS: ALBERTA PROVINCE WIDE AGREEMENTS
RETAIL; SOUTHERN MEATS & DELI; AND
NORTHERN (1118) MEATS & DELI**

**AND: UNITED FOOD COMMERCIAL WORKERS UNION LOCAL NO.
401**

The following proposals are made without prejudice to the application, administration or interpretation of the Collective Agreements.

Company Proposal #2 and #62:**FreshCo Conversion language:**

In the event Sobeys Capital Inc. (Safeway Operations) decides to convert existing stores to operate under an alternate banner, that are different in size or type of operation from its conventional stores, the Employer will enter into negotiations with the Union to develop a separate Collective Agreement that is appropriate for the type of business contemplated. This agreement must be concluded within three (3) months from the date of announcement. Should a dispute arise as to the terms of the Collective Bargaining Agreement, the items in dispute shall be referred to **an agreed upon arbitrator to conduct** a final offer selection process in accordance with the provisions of Article 17 (Retail and South Meats, Article 18 in North Meats) no later than four (4) months after the date of the announcement. The final offer selection decision will be effective no later than five (5) months after the date of the announcement.

Proposed LOU**CONVERSION OF A STORE TO FRESHCO**

The parties have agreed to the following in the event a Safeway store is converted to FreshCo.

The Employer shall have the exclusive right to determine the full-time and part-time staffing level for the FreshCo location at the time of conversion.

At conversion, all employees employed in the store at date of conversion will have the option of one of the following:

- a) Accept the full FreshCo terms associated with the buy-down; or
- b) Up to **twenty-five (25%)** percent of the vacancies in FreshCo will be filled by employees by seniority who will be allowed to maintain their Safeway economic terms along with:

Hourly rate of pay and career hours

Health and Welfare benefits

Dental benefits

Vacation entitlement

Seniority date

Pension (to be determined by the parties)

While accepting the remainder of the terms in the FreshCo agreement;

- c) Exercise their bumping rights as per their respective Safeway collective agreement;

OR

- d) Buyout as defined below.

Full-Time

Active full-time employees in the store which is converting who are laid off because there is not an available full-time position will be entitled to severance pay of four (4) weeks' pay per year of completed service to a maximum of fifty (\$50,000) thousand dollars.

The remaining active full-time employees will be placed into available full-time positions based upon their seniority and their ability and qualifications and will be paid a buy down allowance of two (2) week's pay per year completed service to a maximum of forty

(\$40,000) thousand dollars and will slot into the rate of pay that is closest to their former Safeway rate of pay.

In either event no full-time employee will receive less than two thousand and five hundred (\$2,500) dollars.

They will be covered by all the terms and conditions of the FreshCo collective agreement.

Part-Time

Any active part-time employee in the store which is converting who is laid off because there is not an available part-time position will be entitled to severance pay of four (4) weeks' pay per year of completed service to a maximum of fifteen (\$15,000) thousand dollars.

The remaining part-time employees will be placed into available part-time positions based upon seniority and their ability and qualifications and will be paid a buy down allowance of two (2) week's pay per year of completed service to a maximum of ten (\$10,000) thousand dollars.

Employees will slot into the rate of pay that is closest to their former Safeway rate of pay.

Part-time employees would be credited with the minimum hours corresponding to their new rate of pay and would progress accordingly.

They will be covered by all the terms and conditions of the FreshCo collective agreement.

In either event a part-time employee with less than one (1) year of completed service will receive \$500. A part-time employee with more than one (1) year of completed service will receive a minimum of one (\$1,000) thousand dollars.

General

Employees who are placed with FreshCo will be rank ordered based upon their seniority date with their previous Employer and be placed ahead of any new employees that may be hired.

The payments referred to above shall be calculated based upon the date of the store closure.

For this letter, the calculation of a full-time week's pay shall be based upon a normal work week times their current regular hourly rate of pay as of the date of store closure.

For the purpose of this letter, the calculation of a part-time week's pay shall be based on the previous fifty-two (52) weeks average hours or the average hours in the twelve (12) weeks prior to the closure whichever is greater (to a maximum of twenty-eight (28) hours).

Employees who are absent from work due to sickness, disability, maternity leave or parental leave will be placed into available positions based upon their seniority and their ability and qualifications. Such employees will receive their payment at the point at which they are cleared to work, where applicable. It is understood that any payment owing shall be calculated as of the date of conversion which triggered the options.

It is understood that any payments made shall be subject to statutory deduction and are deemed to include any payment in the nature of notice, termination pay or severance pay required at law or by any other provision of their collective agreement.

Union Proposal #12

For the limited purpose of assisting with the conversion of Safeway stores to FreshCo, the Company is prepared to discuss the temporary appointment of up to 6 Walking Stewards. The program would be linked to the FreshCo Conversion process.

Terms of Walking Steward LOU to be determined with assistance of Mediator Norrie

Company Proposal #4

In addition to the language changes below, the Employer agrees to institute a non-binding "Expression of Interest" (EOI) process for opportunities to work in the excluded positions listed below. If no suitable internal candidate is identified for the position, then the Employer will advise of the opportunity and review submitted EOIs prior to hiring externally.

Additionally, the Company is prepared to have a discussion related to mitigating the impact of departures from the bargaining unit.

Proposal (Retail):

Amend Article 1.1 to read as follows

- a) The Employer recognizes the Union as the sole agency for the purpose of Collective Bargaining for all employees coming under the provisions of this Agreement employed in the stores owned and/or operated by the Employer in an area within twenty-five (25) miles of the City or Town limits, except those in the meat sections (excluding Lloydminster), Pharmacy Managers, Pharmacists, Pharmacy Interns, Health Care Consultants, Location Managers and Store Supervisors (as per Letter of Understanding), ~~First Assistant Managers, Second Assistant Managers, Head Cashier, Bakery Managers, Produce Managers, Meat Managers, Deli Managers, Floral Manager, Registered Pharmacy Technicians, Store Administrator, Health and Wellness Counsellor and Registered Dieticians.~~ Calgary Only: Those employed in in-store bakeries (Production Only)
- b) ~~In the event the Employer creates a different management structure within a store, the Employer and the Union agree to meet and discuss whether a new management position of similar or higher rank than those excluded Department Managers referred to in Article 1.1 should be excluded from the Collective Agreement. In the event agreement cannot be reached, at the request of either party, the question of whether the position should be excluded may be referred to arbitration in accordance with the arbitration procedure in the Collective Agreement.~~

Update the entire agreement to reflect the exclusion of Department Managers.

- c) Any employee appointed to the position of First Assistant Manager, Second Assistant Manager, Head Cashier, **Bakery Manager, Produce Managers, Meat Managers, Deli Manager,** Floral Manager and Health and Wellness Counsellor/Manager on or after the Sunday Following Ratification will be excluded from the provisions of this agreement.
- d) Any existing employee in any position noted in paragraph (c) above may elect to become excluded from the Collective Agreement within one (1) year from the date of ratification by presenting a letter to the Company with a copy to the Union. During a thirteen (13) week trial period he or she may revert to his/her former bargaining unit position without penalty.
- e) It is understood that any clause in the agreement that references employees in positions that are or will be excluded applies to only those employees who remain covered by the provisions of this agreement and not to those employees who are or will become excluded under Article 1.1.

Proposal (South Meats):

Amend Article 1.1 (a) to read as follows:

The Employer recognizes the Union as the sole collective bargaining agent for all Employees, **except Meat Managers and Deli Managers**, in the Meat, Fish and Delicatessen Departments in the retail stores of the Employer located in the area of greater:

Calgary, Banff, Canmore, Lethbridge, Medicine Hat, Taber and Brooks who are engaged in the receiving, cutting, grinding, preparing, processing, sealing, wrapping, bagging, pricing, fabricating, cubing, tenderizing and serving all meat, fish and poultry products whether fresh, frozen, chilled, cooked, cured, smoked or packaged.

Any employee appointed to the position of Meat Managers or Deli Manager on or after the Sunday Following Ratification will be excluded from the provisions of this agreement.

Any existing employee in any position noted in the paragraph above may elect to become excluded from the Collective Agreement within one (1) year from the date of ratification by presenting a letter to the Company with a copy to the Union. During a thirteen (13) week trial period he or she may revert to his/her former bargaining unit position without penalty.

It is understood that any clause in the agreement that references employees in positions that are or will be excluded applies to only those employees who remain covered by the provisions of this agreement

Update the entire agreement to reflect the exclusion of Department Managers.

Proposal (North Meats):

Amend Article 2.1 (a) to read as follows:

The Employer recognizes the Union as the sole Collective bargaining agent for all employees **except Meat Managers and Deli Managers** in the meat, fish and delicatessen departments in the retail stores of the Employer located in the area of greater:

Edmonton, Wetaskiwin, Fort McMurray, Grande Prairie, Camrose, Red Deer and Hinton who are engaged in the receiving, cutting, grinding, preparing, processing, sealing, wrapping, bagging, pricing, fabricating, cubing, tenderizing and serving all meat, fish and poultry products whether fresh, frozen, chilled, cooked, cured, smoked or packaged.

Any employee appointed to the position of Meat Managers or Deli Manager on or after the Sunday Following Ratification will be excluded from the provisions of this agreement.

Any existing employee in any position noted in the paragraph above may elect to become excluded from the Collective Agreement within one (1) year from the date of ratification by presenting a letter to the Company with a copy to the Union. During a thirteen (13) week trial period he or she may revert to his/her former bargaining unit position without penalty.

It is understood that any clause in the agreement that references employees in positions that are or will be excluded applies to only those employees who remain covered by the provisions of this agreement

In the event the Employer creates a different management structure within a store, the Employer and the Union agree to meet and discuss whether a new management position of similar or higher rank than those excluded Department Managers referred to in Article 2.1 (a) should be excluded from the Collective Agreement. In the event agreement cannot be reached, at the request of either party, the question of whether the position should be excluded may be referred to arbitration in accordance with the arbitration procedure in the Collective Agreement.

Update the entire agreement to reflect the exclusion of Department Managers.

Company Proposal # 5: Withdraw

Bargaining Agency

Proposal (South Meats):

Amend Article 1.3 and 1.4 to read as follows:

1.3 — The Employer There shall ~~endeavor to have~~ be a member of the bargaining unit ~~or a Meat or Deli Manager~~ on duty at all times custom meats are for sale in the meat and delicatessen departments, except during rest and meal periods when staff is not available. In the event this provision is violated then all time during which meats are for sale and a member of the bargaining unit ~~or a Meat or Deli Manager~~ is not in attendance, will be computed at the journeyman rate of pay and distributed equally amongst the members of the bargaining unit in the store in which the violation occurs. This penalty will not apply in the event that an employee is scheduled to work and fails to report and a replacement is not available, or if through illness or accident an employee on duty is unable to finish their scheduled shift.

1.4 — Supervisory personnel (excluding Meat and Deli Managers) shall be limited to instructional work only, but shall not perform work that is normally done by members of the bargaining unit. ~~It is understood that there shall be no restriction on the Meat or Deli Manager to perform bargaining unit work.~~

Proposal (North Meats):

Amend Article 2.3 and 2.4 to read as follows:

2.3 The Employer There shall ~~endeavor to have~~ be a member of the bargaining unit ~~or a Meat or Deli Manager~~ on duty at all times custom meats are for sale in the Meat and Delicatessen Departments, except during rest and meal periods when staff is not available. In the event this provision is violated then all time during which meats are for sale and a member of the bargaining unit ~~or a Meat or Deli Manager~~ is not in attendance, will be computed at the journeyman rate of pay and distributed equally amongst the members of the bargaining unit in the store in which the violation occurs. This penalty will not apply in the event that an employee is scheduled to work and fails to report and a replacement is not available, or if through illness or accident an employee on duty is unable to finish their scheduled shift.

2.4 The Employer agrees not to employ persons having other full-time employment with other employers, except in emergencies when qualified help is not available. Supervisory personnel (**excluding Meat and Deli Managers**) shall be limited to instructional work only, but shall not perform work that is normally done by members of the bargaining unit. **It is understood that there shall be no restriction on the Meat or Deli Manager to perform bargaining unit work.**

Company Proposal #7: Basic Work Week(Retail)/Additional Compensation (South Meats) – Withdraw

Company Proposal #8: Overtime Pay (All) - Withdraw

Company Proposal #9 - Withdraw

Company Proposal #10: Withdraw

Company Proposal #12: General Holidays for Part-Time Employees (Retail) – Withdraw

Company Proposal #13: General Holidays for Part-Time Employees (North and South Meats) – Withdraw

Company Proposal #14: Meal Periods (North and South Meats) – Withdraw

Company Proposal #16: Rates for Relief Work (Retail) – Withdraw

Company Proposal #17: Rates for Relief Work (All) – Withdraw

Company Proposal #19

Health and Welfare Plan (Retail) and Health and Welfare and Sick Leave (Meats)

1) Revise prescription reimbursement to address “lowest cost alternative” and purchases made at Safeway/Sobeys pharmacies and external pharmacies.

2) Add the following:

All prescriptions reimbursements will be at the lowest cost alternative where the plan pays the lowest price for interchangeable products with the same active ingredients. If a generic equivalent is not available or if there is a medical reason for prescribing a brand drug as adjudicated by the insurance company, the brand drug will be reimbursed.

3) ~~Introduce co-payments of benefits~~ ~~Withdraw~~

4) Reduce UFCW Part Time Health and Welfare Trust contributions for all three agreements to ten (10¢) cents per hour effective Sunday following Ratification for the life of the Collective Agreements.

5) Introduce a Drug Card to the Company Health and Welfare Benefit Plan (UP#74):

New LETTER OF UNDERSTANDING

Prescription Reimbursement

Within six (6) months of the date of ratification, the Employer will implement a prescription reimbursement card which will be made available to all eligible employees on the Employer's benefit plan as set out in Article 8 (Retail and South Meats) (Article 10 – North Meats).

Proposal (Retail):

Amend Article 8.1 and 8.7 to read as follows:

8.1 ~~The Employer agrees, during the term of this Collective Agreement, to make available the following benefits to eligible employees regularly working full-time:~~

~~(a)-(e) [no change to benefits or levels of benefits]~~

~~The Employer agrees to pay one hundred (100%) **seventy-five (75%)** percent of the cost of the benefits **for eligible full and part time employees.**~~

8.7 ~~Long Term Disability Insurance Plan~~

~~The Employer shall bear **seventy-five (75%) percent of** the cost of a Long Term Disability Plan (L.T.D.) for those employees regularly working full-time.~~

[No Change to balance of language]...

Proposal (South Meats):

Amend Article 8.1 and 8.11 to read as follows:

8.1 The Employer agrees during the term of this Collective Agreement to make available the following benefits or similar benefits as mutually agreed upon between the Union and the Employer to eligible employees regularly working full-time:

~~(a)-(e)~~ [no change to benefits or levels of benefits]

~~(f)~~ The Employer shall pay one hundred (100%) **seventy-five (75%)** percent of the cost of the above listed benefits **for eligible full and part time employees.**

It is understood and agreed that all matters of eligibility, coverage and benefits shall be as set out in the plan and as determined by the carrier.

~~(g)~~ Additional Understanding

The Employer will supply the Union with copies of Group Insurance, Weekly Indemnity, Supplementary Health (including prescription drugs), and Vision Care Plans.

8.11 Long Term Disability

The Employer shall bear **seventy-five (75%) percent** of the cost of a long term disability plan (LTD) for those employees regularly working full time.

[No Change to the balance of the language]...

Proposal (North Meats):

Amend Article 10.1 and 10.12 to read as follows:

10.1 The Employer agrees during the term of this Collective Agreement to make available the following benefits or similar benefits as mutually agreed upon between the Union and the Employer to eligible employees regularly working full-time:

~~1]-5]~~ [No change to benefits or levels of benefits]

The Employer shall pay one hundred percent (100%) **seventy-five (75%)** of the cost of the above listed benefits **for eligible full and part time employees.**

~~Weekly Indemnity payments to be in the amount of seventy percent (70%) of the straight-time weekly wage.~~

~~It is understood and agreed that all matters of eligibility, coverage and benefits shall be as set out in the Plan and as determined by the carrier.~~

Additional Understanding:

~~The Company will supply the Union with copies of Group Insurance, Weekly Indemnity, Supplementary Health (including prescription drugs), and Vision Care Plans.~~

10.12 Long Term Disability

~~Effective January 4th 1982, the Company shall implement a Long Term Disability Plan for those employees regularly working full-time. **Seventy-five (75%)** of the cost of the plan shall be borne by the Company.~~

~~[No change to balance of language]...~~

Company Proposal #24

Reduce Dental Trust contributions for all three agreements to thirty-two (32¢) cents per hour effective Sunday following Ratification for the life of the Collective Agreements.

Company Proposal #25: CCWIPP -Agreed to May 26, 2020

Company Proposal #41

Reduce Education and Training Fund contributions for all three agreements to six (6¢) cents per hour effective Sunday following Ratification for the life of the Collective Agreements.

Company Proposal #46

Proposal (Retail):

Add new subarticle 18.1(j) to read as follows:

Subject to exclusions in Article 1 of this Agreement, all work in the handling and selling of merchandise in the retail stores of the Employer shall be performed only by employees of the Employer who are in the bargaining unit and who are members of the United Food and Commercial Workers Canada Union, Local No. 401, with the following exceptions:

(a)-(i) [language unchanged]

(j) In addition to all of the exceptions described above, the Company shall have the right to use third party vendors to stock in its stores in the following manner:

(i) The Company shall have an unrestricted right to use ten (10) named third party vendors to stock its stores. The names of these ten (10) third party vendors will be provided in a list to the Union twice per year.

(ii) Any third party vendors in excess of the ten (10) named third party vendors will be used in a one to one ratio with a bargaining unit employee

Company Proposal # 49

Amend the working out of classification pay provisions of Article 19(b) to read as follows - balance of the article remains unchanged:

19.1 (b) Clerk-Cashier

Any Clerk-Cashier who is instructed by Management or person in charge to perform duties other than those listed above, for ~~fifteen (15) minutes~~ **two (2) hours** or more in a shift, shall be paid the top rate of the **Pre-2003 appropriate General Clerk/Sales Service Clerk wage scale classification based on the employee's date of hire** for the complete shift.

Company Proposal #50: Bakery Production Premium: Withdraw

Company Proposal #51: Withdraw

Company Proposal #57: Registered Pharmacy Technicians - Withdraw

Company Proposal #58: Head Sushi Chef Relief – Withdraw

Company Proposal #60:

Add New LOU to all three agreements as follows:

Small Kiosks:

The operation of small kiosks such as those providing dry cleaning services, gifts, sushi, Asian cuisine, etc., may be carried out by persons excluded from the

bargaining unit. However, work carried out by those operating these small kiosks shall be limited to the tasks pertaining to their duties within the said kiosks.

Company Proposal #61:

Full Time Basic Work Week (Retail only)

Introduce an voluntary opportunity for full time cashiers (excluding Head Cashier and Head File Maintenance) to elect to move to four (4) days by nine (9) hours schedule.

Union Proposal 51-1:

New LOU re BPS

The Company agrees to source a cost-neutral supply of BPS-free thermal receipt paper, labels and ink, and implement its use in all stores by the end of the term of the collective agreement.

Company Position on Remaining LOUs

Retail

- #6 – Grande Prairie/Fort MacMurray - Subject to discussion of wage scales
- #11 – Canmore and Banff - Subject to discussion of wage scales, also delete Banff
- #13 – RPT - Agree to renew as is
- #18 – North Produce - Agree to renew as is (only for Retail collective agreement)
- #23 – CCWIPP - Agree to delete

Health and Wellness Manager – Add as new LOU to Retail Agreement.

2nd Assistant Deli Manager – not required as an LOU

Pharmacy Assistant Training program – no need to renew as this program is no longer in place.

South Meats

- #5 – Meat Manager Compensation - No agreement, renew as is with our clarification on interpretation.
- #13 - Banff/Canmore - Subject to discussion of wage scales, also delete Banff
- #16 – Head Sushi Chef - Agree to renew as is
- #25 – CCWIPP - Agree to delete
- 2nd Assistant Deli Manager – not required as an LOU

North Meats:

- #3 - Meat Manager Compensation - No agreement, renew as is with our clarification on interpretation.

#5 and #6 - Wage rate adjustment and Equalization - subject to discussion of wage scales

#13 – Health and Welfare Trust - Without prejudice to Company position on contribution amount, we would agree to move this to Article 10 at the end.

#17 – CCWIPP

2nd Assistant Deli Manager – Not required as an LOU

TERM AND PAY

Term: Amend all three Collective Agreements to reflect an expiry date of five (5) years from the ratification of these agreements.

A) Signing Bonus:

All active employees on the payroll of the Employer hired prior to the date of ratification shall receive a one (1%) percent signing bonus payment less statutory deductions based on all regular hours worked or paid **at the rate earned at the time between** March 19, 2017 until the Saturday following the date of ratification.

The signing bonus shall be paid to all active employees within thirty (30) calendar days from the date of ratification.

The words “on the payroll of the Employer” shall include all employees who are currently on vacation, authorized leave of absence, sick leave, injury leave, Short Term Disability, Long Term Disability, Workers’ Compensation, maternity leave or parental leave. Employees on a bona fide leave shall receive their signing bonus upon their return to work.

B) Lump Sum Payments:

All active top rated or over-scale employees on the payroll of the Employer hired prior to the date of ratification shall receive a one (1%) percent lump sum payment less statutory deductions on the dates set out below.

Lump sum payments are based on all regular hours worked or paid **at the rate earned** in the fifty-two (52) weeks immediately preceding the dates set out below:

June 27, 2021

June 26, 2022

June 25, 2023

June 23, 2024

The lump sum payments shall be paid to all active employees within thirty (30) calendar days from the dates set out above.

The words “on the payroll of the Employer” shall include all employees who are currently on vacation, authorized leave of absence, sick leave, injury leave, Short Term Disability, Long Term Disability, Workers’ Compensation, maternity leave or parental leave. Employees on a bona fide leave shall receive their signing bonus upon their return to work.

C) Wage Scale Compression

Replace existing post-2015 wage scales with the following:

Revised Post March 2015 Scales

Note: Existing employees will move onto the new scale in accordance with their career hours.

Sales Service Clerks (Retail and North Meats)/Meat Clerks (South Meats) Hired after March 12, 2015 (Retail and South Meats)/May 14, 2015 (North Meats)

Hours	Current	Sunday Following ratification
0-499	\$15.00	\$15.00
500-999	\$15.00	\$15.10
1000-1499	\$15.00	\$15.20
1500-1999	\$15.00	\$15.30
2000-2499	\$15.00	\$15.40
2500-2999	\$15.00	\$15.50
3000-3499	\$15.00	\$15.60
3500-3999	\$15.00	\$15.70
4000-4499	\$15.00	\$15.80
4500-4999	\$15.00	\$15.90
5000-5499	\$15.15	\$16.00
5500-5999	\$15.50	\$16.10
6000-6499	\$15.85	\$16.20
6500-6999	\$16.20	\$16.30
7000-7499	\$16.55	\$16.55
7500-7999	\$16.90	\$16.90
8000-8499	\$17.25	\$17.25
8500-8999	\$17.60	\$17.60
9000-9499	\$17.95	\$17.95
9500-9999	\$18.30	\$18.30
10000 +	\$20.90	\$20.90

Courtesy Clerks (Retail) – Post March 12th, 2015

Hours	Current	Sunday Following ratification
0-500	\$15.00	\$15.00
501-1000	\$15.00	\$15.05
1001-1500	\$15.00	\$15.10
1501-2000	\$15.00	\$15.15
2001-2500	\$15.00	\$15.20
2501-3000	\$15.00	\$15.25
3001 +	\$15.00	\$15.35
Overscale	\$15.70	\$15.70

Coffee Bar Servers (Retail) – Post March 12th, 2015

Hours	Current	Sunday Following ratification
0-500	\$15.00	\$15.00
501-1000	\$15.00	\$15.05
1001-1500	\$15.00	\$15.10
1501-2000	\$15.00	\$15.15
2001-2500	\$15.00	\$15.20
2501 +	\$15.00	\$15.35
Overscale	\$15.70	\$15.70

Bakery Production Assistants (Retail) – Post March 12th, 2015

Hours	Current	Sunday Following ratification
0-500	\$15.00	\$15.00
501-1000	\$15.00	\$15.05
1001-1500	\$15.00	\$15.10
1501-2000	\$15.00	\$15.15
2001-2500	\$15.00	\$15.20
2501 +	\$15.00	\$15.35
Overscale	\$15.60	\$15.60

ERRORS OR OMISSIONS EXCEPTED.