

June 29, 2017

Fax and E-Mail

**Mr. Ivan Limpricht
UFCW Local 1518
350 Columbia Street
New Westminster, B.C. V3L 1A6**

Dear Ivan,

I am in receipt of your letters sent to Sean Naldrett dated June 13 and 28, 2017 regarding the company's initiation of the Quarterly Review process.

I want to assure you and the members of your union who are our employees, that steps are being taken throughout the company to improve the way we do business so that we can achieve the efficiencies and improvements we need to enable all of our Safeway stores to remain viable in today's highly competitive retail grocery business.

We are addressing all areas of our operation, from head office to our stores, to improve revenues and address costs that must be reduced or be better managed. You are absolutely right that we have great, hardworking employees and they expect us to do just that – ensure that each store is financially viable so that we can continue to provide good sustainable jobs going forward. The fact is, however, the stores included in our notice dated June 9, 2017 are not doing well financially and we are concerned about their ongoing viability. We do not fault our employees for that. The reality is that we have a collective agreement that has more cost in it than exists in many of our competitors operations, both non union and union.

We are hopeful that with meaningful dialogue with Local 1518 through the Quarterly Review process we can find ways in the collective agreement to address these concerns, or make changes that are necessary. The Union and the company owe it to our employees to take this matter seriously and work constructively to find resolutions that work. We value our employees (contrary to the statement in your letter). That's why we are taking this significant step to engage the Union in the review, to avoid outcomes that could be far more devastating.

It is extremely important that discussions begin without delay. We are prepared to discuss each store individually, or groups of stores together if that is more appropriate. I am not sure what you mean by the notice we gave being unlawful, but please accept it as notice provided regarding each individual store listed in the letter. This is not a time to stand on disagreements over the formality of a notice, but rather the time to meet and discuss the financial predicament these stores are in.

In your letter of June 28 you say that you are considering whether to meet at all, but in any event no earlier than September. We need to address these matters much sooner than that, and I hope you will reconsider. The status quo simply cannot be maintained.

It is in the interests of our employees, your members, that we move forward now with this review. So I urge you to provide early meeting dates.

Yours truly,
SOBEYS INC.



Dave Fearon
Senior Vice President Labour & Employee Relations

cc: Sean Naldrett, Denise Hill, Ken Woo, Cliff Yeo