

**FAQ - FreshCo Conversion Agreement Severance BuyDown**  
**SAFeway OPERATIONS MB (SOBEYS CAPITAL INCORPORATED)**

**Q-1 Why is this Severance offer being made?**

A This Severance is being offered as part of the terms of the FreshCo Conversion agreement. It is expected this Severance will enable some employees to retire or leave their job to make a career change when such an opportunity might not have been possible without the program.

**Q-2 Will this Severance be offered again?**

A Any Safeway Operations – Sobeys Capital Incorporated locations in Manitoba covered by the UFCW 832 Collective Agreement will have the same options if/when their store is converted to a FreshCo.

**Q-3 After my Severance is granted, can I re-apply for a position with Safeway Operations?**

A Once your Severance has been processed, your employment status will be treated as a resignation. If you choose to re-apply you may be considered for future openings. If you were offered a position, you would be treated as a new hire, with a new seniority date and you would receive the current starting wage rate with no credit for previous experience.

**ELIGIBILITY**

**Q-4 Who is eligible for the FreshCo Conversion Severance?**

A At this time, employees at Stores #4823, #4826, and #4856, covered by the Manitoba UFCW 832 Collective Agreement will be eligible. Pharmacy employees are not included.

**Q-5 Are there limits to who can take the Severance and Buydown option?**

A No, anyone who chooses the Severance or Buydown will be granted that option.

**Q-6 What are my options if I am currently on an approved leave?**

A You must select your FreshCo Conversion options by **July 3<sup>rd</sup>, 2020** and can exercise your election option(s) upon your return to work. When you are fit to return to work please contact your HR business partner.

**Q-7 When must I submit my signed options letter?**

A Employees must submit their options forms to their Store Manager no later than **4:00pm on July 3<sup>rd</sup>, 2020.**

**Q-8 Once I have submitted my signed options letter, will I be allowed to change my mind?**

A **No**, it is critical that you carefully consider your options **before** submitting the attached options letter.

**Q-9 If I receive a Severance payment, when will my employment with the Company cease?**

A Those who choose the Severance option will cease employment as of the store or department closure date, whichever is earlier. The anticipated store closure dates are September 19<sup>th</sup>, 2020 for Stores# 4823 & 4856 and September 26<sup>th</sup>, 2020 for Store# 4826.

**Q-10 Is there any way that I can lose the Severance/Buydown once I have submitted my options letter before my scheduled termination date?**

A You must remain as an active employee until your scheduled termination date. If you are terminated for cause or voluntarily leave before your scheduled termination date, you will not be eligible for the payment.

- Q-11 **How did Safeway Operations determine the amount of the Severance/Buydown offered to me?**  
A The amount is based on the FreshCo Conversion Terms negotiated between the Company and UFCW 832.

**Severance:**

- Full-Time— four (4) weeks' pay per year of completed full-time service to a maximum of \$50,000 less statutory deductions
- Part-Time— four (4) weeks' pay per year of service to a maximum of \$15,000 less statutory deductions.

**Buydown:**

- Full-Time— two (2) weeks' pay per year of completed full-time service to a maximum of \$40,000 less statutory deductions
- Part-Time— two (2) weeks' pay per year of service to a maximum of \$10,000 less statutory deductions

In either event no full-time employee will receive less than \$2,500

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

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).

**Q-12 If I take severance what will be my last day worked?**

- A Your last day worked will be dependent on your store's or department's scheduled closure date. The anticipated store closure dates are September 19<sup>th</sup>, 2020 for Stores# 4823 & 4856 and September 26<sup>th</sup>, 2020 for Store# 4826.

**Q-13 If I elect buydown, what will be my rate of pay at FreshCo?**

- A Employees will slot into the FreshCo Agreement at the rate of pay on the appropriate grid at the rate closest to their former Safeway rate of pay.

**Q-14 If I elect Buydown, what will be my seniority at FreshCo?**

- A You will maintain your current seniority date.

**Q-15 If I elect Buydown, will I maintain my current Safeway benefits at FreshCo?**

- A No, you will not maintain your current Safeway benefits. Your benefits will be terminated at the time of layoff. If you are currently benefit eligible, you will qualify for benefits under the terms of FreshCo collective agreement. Ongoing maintenance of those benefits once the FreshCo store opens are governed by the requirements of that plan.

**Q-16 If I elect Buydown, when will I receive my Buydown payment?**

- A You will receive the Buydown payment on the first payroll after you start work at FreshCo.

- Q-17 **How will I know if I qualify to be in the top 20% of employees who maintain the Safeway economic terms?**  
A We will provide an update once we are able to determine the amount of vacancies at FreshCo. Employees will be provided written confirmation of their acceptance in the top 20% of employees who maintain their Safeway economic terms.
- Q-18 **Will the FreshCo store grandfather the most senior 20% of employees staying in this store?**  
A Correct. The only way there would be less than 20% is if there are less than that number of employees selecting that option.
- Q-19 **What Safeway economic terms do I maintain if I qualify to be in the 20% of employees who can transfer to FreshCo?**  
A As per the conversion language in the Memorandum of Agreement, eligible employees will be allowed to maintain only the following Safeway economic terms but will otherwise be covered by the terms of the FreshCo Agreement:
- Hourly rate of pay and career hours
  - Health & Welfare benefits and pension
  - Dental benefits
  - Vacation
  - Seniority date
- Q-20 **If I qualify to be in the top 20% to transfer to the FreshCo, will I carry my status (FT or PT) with me?**  
A Status is not one of the economic terms listed in the conversion terms that an employee carries with them. The Franchise Operators has the sole discretion to determine the FT or PT compliment of the FreshCo store.
- Q-21 **If I qualify for the top 20% to transfer to the FreshCo, do I maintain the scheduling terms of the current Safeway CBA?**  
No, scheduling will be as per the FreshCo collective agreement. The only economic terms that are maintained are as listed in Q-19.
- Q-22 **If I qualify to be in top 20% or elect the Buydown option, what happens to me between the time this store closes and the FreshCo opens?**  
A The Union and the Company will meet to discuss options once we see how many employees fall into each of these categories. Those options could include temporary layoff or temporary placement at a remaining Safeway store if there are vacancies.
- Q-23 **Can I collect EI while I wait for FreshCo to open?**  
A If you are laid off, you will be issued a record of employment upon store closure. All inquiries about EI eligibility should be directed to Service Canada at 1-800-206-7218.
- Q-24 **What happens to my benefits if I am laid off waiting for FreshCo to open?**  
A Your Health and Welfare benefits will be terminated from the day you are laid off. If you qualify for the top 20% to transfer to the FreshCo, you can contact The PBAS Group, the Manitoba Safeway/UFCW 832 Health and Welfare Plan and Manitoba Food and Commercial Workers Dental Plan Administrator at 204-982-6024 or 1-800-952-9932 or at winnipeg@pbas.ca if you want to self-pay to maintain benefits.
- Q-25 **What will my new position be at FreshCo?**  
A Positions will be determined by the Franchise Operators prior to the opening of FreshCo.

**Q-26 How many positions are available at FreshCo?**

A The number of available positions will be determined by the Franchise Operators. This answer will vary site by site and will not be determined until much closer to the opening dates.

**Q-27 If I elect the option to exercise my bumping rights by seniority and classification, can I indicate a preference on what store I am transferred to?**

A Yes, employees can indicate on the option letters which store you would prefer to be assigned to. We will carefully consider and make every effort to accommodate any indicated preference but ultimately all transfers will be assessed subject to operational and Collective Bargaining Agreement requirements.

**Q-28 How can I get more information about the Conversion Terms?**

A Please call your HR Business Partner, for #4826 and #4856, Debbie Biletski at 204-295-2703 and for #4823, Heather McCallum at 204-479-9488.

**PAYOUT OPTIONS**

**Q-29 When will I receive my Severance/Buydown payment?**

A Your lump sum payment will be made within 14-21 days following the week ending of your last day of employment for the Severance or on the first payroll after the FreshCo store opening for Buydown.

**Q-30 How will I receive my Severance /Buydown payment?**

- A
- 1) In one lump sum, less withholdings, via direct deposit, or
  - 2) As an Eligible Retiring Allowance transferable to a tax-sheltered RRSP outside of your personal RRSP, subject to Canada Revenue Agency (CRA) regulations, or
  - 3) A combination of the above.

Eligible Retiring Allowance monies may be directed to a tax-sheltered RRSP outside of your personal RRSP by making arrangements with a financial institution. You and the receiving institution must complete and return the Retiring Allowance RRSP Transfer Form which will be provided to those employees selected this option.

**Q-31 What are the restrictions if I take any portion of the payment in cash?**

A For employees who choose the Severance/Buydown and take their payment or a portion thereof as cash, the payment will be subject to the lump sum tax withholding rules as follows:

- |   |                         |
|---|-------------------------|
| 1) Total Severance up to \$5,000.00:                  | <b>10% Tax deducted</b> |
| 2) Total Severance from \$5,000.01 up to \$15,000.00: | <b>20% Tax deducted</b> |
| 3) Total Severance of \$15,000.01 or more:            | <b>30% Tax deducted</b> |

If you have any questions regarding personal taxes, please contact Canada Revenue Agency ([www.cra-arc.gc.ca](http://www.cra-arc.gc.ca) or 1-800-959-8281).

**RETIRING ALLOWANCE ROLLOVER****Q-32 How do I calculate the retiring allowance that can be rolled over to an RRSP?**

A The Canada Revenue Agency limit for Eligible Retiring Allowance rollover is based upon the number of years employed with the Company prior to 1996. Generally speaking, the limit is determined as:

- \$2,000.00 X Number of Calendar Years of Employment (including partial years) prior to 1996 = The dollar amount that can be rolled over to a tax-sheltered RRSP outside of your personal RRSP.

An additional tax sheltering of \$1,500 per year (including partial years) may apply if you were not a vested member in a pension plan prior to 1989.

If the Severance is greater than the retiring allowance limit, the Company will issue two payments - one to your financial institution for deposit to your RRSP and the other to you.

**Q-33 What is the advantage of having the Severance/Buydown rolled over directly to my Retiring Allowance RRSP?**

A The full amount of any Eligible Retiring Allowance payment made directly by the Company to your RRSP would have no income tax deducted in accordance with CRA rules. The payment and any future investment earnings would continue to be tax sheltered as long as they remain in your RRSP.

**Q-34 What if I do not roll my Retiring Allowance eligible amount over and take all or some of it as cash now?**

A As stated above (Answer Q-31), amounts taken as cash are subject to tax deductions. However, a tax-sheltered RRSP outside of your personal RRSP may be purchased up to the specified limit of the Eligible Retiring Allowance until the end of the current year RRSP tax season specified by CRA.

**Q-35 Can I transfer my Severance/Buydown money to my personal RRSP to avoid the deduction of income tax?**

A The Company will not transfer Non-Eligible Retiring Allowance monies to your personal RRSP to avoid the deduction of income tax. After-tax Severance/Buydown monies may be used to purchase a personal RRSP up to the limit identified by CRA on your tax assessment form.

**Q-36 Can I transfer any of my Severance/Buydown money to a spousal RRSP?**

A The Eligible Retiring Allowance cannot be transferred to a spousal RRSP. The after-tax Non-Eligible Retiring Allowance Severance monies may be used to purchase a spousal RRSP in accordance with CRA rules.

**OTHER BENEFITS****Q-37 Will I receive any other monies other than my Severance payment?**

A You will receive all applicable balances of Vacation Pay and final payment for any hours worked, on the next pay cycle following your termination (Severance) and upon the FreshCo opening (Buydown). This will be paid by Direct Deposit. For more information on any vacation related questions, please contact your HR Business Partner.

**Q-38 What happens to my benefits if I apply for and receive a Severance payment?**  
 A All benefit coverage would cease based on the termination provisions of the individual plans as follows:

- If you have Group Life Insurance and under the age of 65, you have the option of converting your Life Insurance over to an individual policy within 60 days of your termination.
- All other benefits will cease on date of termination.
  - Any outstanding receipts must be submitted for payment within 30 days of termination.
- Dental benefits for certain types of major and orthodontic treatments will be paid for up to 90 days following termination of eligibility to allow for work started to be completed.

**Q-39 What happens to my benefits if I apply for and receive a Buydown payment?**

A You will follow the FreshCo Agreement terms and conditions upon store opening.

**Q-40 If I retire, do I qualify for any additional benefits?**

A If you are between the ages of 55-65 and have 10 years of continuous coverage under the Manitoba Safeway/UFCW Local 832 Health & Welfare Plan, you may be eligible for Retiree Benefits.

If you have question regarding your benefits, please contact the Manitoba Health and Welfare Plan at: **204-982-4177 or 1-877-982-4177.**

Questions regarding your Dental Plan please call **204-982-6024 or 1-800-952-9932.**

## **PENSION**

**Q-41 Who do I contact regarding my Pension Plan?**

A You may contact the Canadian Commercial Workers Industry Pension Plan (CCWIPP) Administrator at **204-982-6082 or 1-800-665-1223** for further information regarding pension estimates, calculations, and/or application for retirement. Figures or calculations will not be provided over the phone.

**Q-42 When does the Canada Pension Plan and Old Age Security become payable?**

A If you are interested in obtaining further information on these benefits, please contact Service Canada at **1-800-277-9914.**

## **OTHER QUESTIONS**

**Q-43 Can I establish a claim with Employment Insurance (E.I.) if I accept this Severance Out offer?**

A You will need to contact Service Canada at:  
[www.servicecanada.gc.ca/eng/ei/contact/contact\\_us.shtml](http://www.servicecanada.gc.ca/eng/ei/contact/contact_us.shtml) or Telephone: **1-800-206-7218**

**Q-44 What will my ROE say?**

A The ROE will say "A-Shortage of Work / End of Contract. For those employees who accept Voluntary Severance and are ELIGIBLE for Post Retirement Benefits, their ROE code will show "G-Retirement".

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**Q-45 How long after I leave can I access ESS?**

**A** You will have access for 30 days after termination. If you qualify for retiree benefits, you will continue to have access because a pay statement will still be generated for your retiree benefits.

**Q-46 How will I get my T-4 if I took severance option?**

T-4's will be mailed directly to your address on file for anyone that has taken severance or retired.