

## Albertsons' response

10 January 2020

Business & Human Rights Resource Centre invited Albertsons to respond to the following items:

- "[Private Equity's Biggest Retail Gamble: Albertsons-Safeway](#)," Private Equity Stakeholder Project and United Food and Commercial Workers Local 400, November 2019
- "[Report: Private equity greed threatens Safeway workers' retirement](#)," United Food and Commercial Workers Local 400, November 2019

Albertsons sent the following response:

"We are in the middle of a very complex negotiation with UFCW Locals 400 and 27 covering 10,400 employees in Maryland, D.C., and the vicinity. We are proud to be a unionized Company that takes care of our employees, even though seventy percent of the supermarket business covered by the territory is non-union and this competition has labor costs that are materially less than ours.

A key point of focus in our negotiations is the funding of multiemployer defined benefit pension plans. The two Pension Plans to which we currently contribute are extremely costly relative to our competition. Yet, despite the very high cost, like many multiemployer pension plans across the country, these Plans are still scheduled to go insolvent in the future. The Pension Benefit Guaranty Corporation (the "PBGC"), a U.S. government agency, insures the payment of benefits to certain levels in the event of a defined benefit plan's insolvency.

With this background, our main goals in these negotiations are (1) position our Company to compete moving forward in this rapidly changing market, while (2) simultaneously rewarding our employees with an excellent overall wage and benefit package. To accomplish these goals, we have proposed (a) substantial annual wage increases for our employees; and (b) on pension benefits, significantly increasing our contributions from the current level. Under our proposal, these substantial increases will be used to establish a "top up plan" to pay for past service benefits that exceed the PBGC maximum insurance amount and then establish a new defined benefit pension plan for future service benefits. We are not aware of any other employer who has contributed to a pension plan to pay benefits in excess of PBGC guaranteed benefits following the insolvency of a multiemployer pension plan.

The key sticking point in negotiations is the insistence by the UFCW locals that the Company pay pension benefits the PBGC is obligated to pay, but does not pay, if the PBGC becomes insolvent.

These are difficult issues, but we are committed to remain at the bargaining table to work through our challenges and reach an agreement that rewards our tremendous employees."