

Message from Sarah Davis, President, Loblaws

Feedback from yesterday's announcement / Commentaires à la suite de l'annonce d'hier

After we announced the conclusion of the temporary pay premium yesterday, I was struck by the two very different types of response we received.

On the one hand, I was overwhelmed by the positive feedback from colleagues, especially from those on the frontline. One colleague commented: "There are still lots of changes and challenges ahead as everything opens up everywhere. I am and have been fortunate to hold the front line with you." Another said, "That's quite the grand finale! Thank you very much!"

To all of you that sent messages of thanks, especially everyone on our frontlines, never forget this – you earned the essential service premium and the bonus we announced yesterday, and you earned the respect of your communities. Once again, thank you.

On the other hand, I was upset to see the response in mainstream media and online, by those that don't seem to understand what we have been doing to keep you safe and to recognize the role you have played during these difficult circumstances.

If you haven't read any of the negative comments online, maybe you will choose to stop reading here. But I've found it hard to stay silent in the face of unjust criticism, so I want to address the misinformation we've heard over the past 24 hours with you directly.

****The \$2 premium was never about safety.**** While we will always invest in the appropriate safety measures to keep you safe, the premium was about recognizing your extraordinary effort during the early, complicated phases of the pandemic. So to refer to the pay premium as hazard pay is inaccurate. Today, our stores are operating much like they used to, just with new safety measures in place. That's due in large part to your amazing work, but also because we collectively did so much, so fast, to address concerns and to implement your suggestions. I'm not sure if you know this, but the infection rate in our stores is lower than in the general population. That gives us huge confidence that we have been doing the right things. That said, we know the pandemic isn't over and we know we need to keep our stores safe. And hopefully you know that if we thought our stores weren't safe, we wouldn't ask you to come to work.

We are no longer profiting from COVID-19. Our supermarkets and drug stores have now settled into a stable and consistent rhythm, and while profit did increase noticeably in the last few weeks of the first quarter, our expenses related to our response have since increased considerably. In fact, we've invested more than \$280 million in COVID-related adjustments and safeguards, and pandemic-related costs are now much greater than the

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upside from pandemic-related sales. Another thing to keep in mind: anyone outside of our business simply doesn't have the appropriate information to comment on this topic.

We support retail wage progression. Some people have tried to make this announcement about retail wages in general. In his note to PC Optimum members yesterday, Galen reaffirmed our support for a progressive minimum wage – we've been saying this for years, consistently, and it's disappointing to hear misinformation spread at this time. And a reminder that, as we thought about winding the premium down, we reached out to the UFCW union, which represents most of our grocery colleagues. As a result, we agreed that an additional one-time bonus totaling \$25 million would be a rewarding conclusion for our team. We will continue to have meaningful and constructive chats to ensure we remain a place where you feel valued and respected. After all, we want you to love coming to work, and that requires continuous improvement.

I worry a bit that uninformed criticism can influence the pride you have in the role you played, serving Canadians during very difficult days. Like you, I see it differently. I see it like Luke, a receiver from our Maple Leaf Gardens store in downtown Toronto, who wrote this note on Yammer. It sums up how I feel, and I hope it does for you too. Here's what he said:

Short of the efforts of physical distancing, mask usage, and extra cleaning, it is finally starting to feel like it was just any other day again. I do miss "regular" life, but it's not all doom and gloom to me anymore. The overall mood of uncertainty and anxiety has certainly changed to a much brighter outlook.

Having worked through this since the beginning, I feel like we were the proving ground for how to get through this pandemic in a workplace. And as a team, it looks like we figured this out fairly quickly. We have had a 3 month head start ahead of many other sectors who are now finally starting to open their doors. As a team, we have shown that we can get through this safely. Let's share these lessons we've learned with others in our lives who may be unsure of what to expect as the country starts to slowly reopen. We have been very fortunate that we have not had many outbreaks at store level, and we should be proud of that fact. But it's also a reminder not to get complacent and let our guards down. We must continue these efforts for the foreseeable future as a team. There may be a new routine now, but we will get through this together! Stay safe everyone!

Thanks Luke, I couldn't agree with you more.

Sarah