

Hormel Chain Company Response to Union Proposals

August 17, 2023

The Company reserves the right to raise additional issues and make specific proposals. The Company also reserves the right to add to, modify, amend or withdraw any of its proposals during the course of these negotiations.

In response to the language on page 1 of the Union's proposals, the Company wishes to make clear that the Knoxville, Iowa plant is not part of the Chain. The Company has a contract with Local 431 that does not expire until January 8, 2024. The Company is not interested in adding Knoxville to the Chain and is not negotiating any contract provisions that will apply to the Knoxville plant.

Vacation:

V1, V2, and V3: The Company declines the Union's vacation proposals as the current vacation provision already provides up to six weeks of vacation. Overtime pay is a premium paid for working extra hours and is not applicable to vacation time which is not worked time. The Company prefers that team members use their vacation days to increase work-life balance. Allowing carry over or cash out options provide a disincentive to use their vacation days.

Earned Time Off:

E1: The Company declines the Union's earned time off proposal as the vacation days that are already provided are intended to be used for scheduled, paid time off. This proposal is essentially a request for a PTO pay on top of vacation pay, which is not typical. Most Companies have one or the other, not both.

Holidays:

H1 and H2: The Company declines the Union's holiday proposals as the Company believes our current nine (9) paid holidays, in addition to available vacation days, are above average. For that reason we think our efforts would be better spent focusing on other items.

Pension:

P1: The Company declines the Union's "substantial pension increase" proposal as the current \$33 base credit is a significant pension benefit. The Company would prefer to focus our retirement benefit negotiations on the 401K plan. See our counter to Union's P3 proposal.

P2: As discussed yesterday, the Company is not aware of any prior agreement to calculate the 30-year bonus at 1/3 of the base multiplier, and we are not agreeing to do that. However, the Company offers to increase the 30-year bonus from \$10 to \$11.

P3: The Company declines the Union's proposal to increase the 401K contribution to \$0.40 per hour worked and increase the match to \$1,000. The Company holds on its counter-offer as follows:

Currently the company match and per hour contribution are different based on years of service. To be inclusive across all team members, once a team member is eligible for the 401(k) plan, they would receive a company match of 50% of 2% up to \$500. This includes team members hired prior to 1/1/90 and those team members with under 5 years of service. (Currently pre-1990 hires get \$0 and team members with under 5 years of service get up to \$300). The Company will increase the per hour contribution from \$.20 to \$.25 for all participants as well. This contribution will be made for each hour worked. (Currently pre-1990 hires and team members with under 5 years of service get \$0). The Company will also add Roth as a contribution option.

P4: Withdrawn by the Union on 8-16-23.

P5: The Company declines the Union's proposal to provide retiree health care for team members hired after 1/1/90 as this would significantly increase the costs for the health coverage for the active team members and was eliminated decades ago. It is an extremely uncommon benefit for any company to provide in 2023.

Wages:

W1: The Company declines the Union's wage increase proposals and holds on its counter-offer with the following wage increases for all chain plant bargaining unit team members:

First Monday after Ratification - \$0.50
Year 2 - \$0.30
Year 3 - \$0.20
Year 4 - \$0.20

W2: The Company declines the Union's shift premium proposals and holds on its counter-offer to increase the night premium for both second and third shift to \$0.50/hour.

Added language regarding shift differential: The Company declines the Union's proposal to amend the contract language regarding night premiums as the Company sees no value in creating different rates for second and third shift.

W3: The Company declines the Union's proposal to increase the meal allowance to \$10.00 at this time as the Company needs additional time to review.

W4: The Company declines the Union's proposal to increase the weekly guarantee to 40 hours per week as the current 36-hour guarantee is a fantastic benefit that is not offered by most employers.

Discussion item: Being pulled off bid job or being moved to bid job.

Discussion item: Maintenance wage increase.

Discussion item: Longevity pay.

Bereavement Leave:

F1 and F2: The Company declines the Union's bereavement proposals and provides the following counter-offer **conditioned upon the Union withdrawing their E1 proposal**:

The Company will pay the team member's regular base pay for each day of approved bereavement leave. Time off will be paid, provided:

- a). The team member notifies their supervisor at their earliest opportunity by including available details related to the request and the time away needed.
- b). In most instances, bereavement time will be taken to coincide with funeral or memorial services or other formal acknowledgement of an individual's passing. While bereavement time does not have to be taken consecutively, the time away from work should be connected with activities related to the loss of the loved one.
 - i. The first day of absence does not occur prior to the day of such death.
 - ii. The last day of absence is not later than six months from the day of such death. In the event of a delayed funeral or other circumstance such as settling an estate, the HR Manager may approve dates beyond six months from the date of death.
 - iii. The day of absence is a day of the team member's regularly scheduled workweek, not including overtime days, on which the team member would have otherwise worked had it not been for the death.

Upon request, team members must furnish proof to the Company of the death, their relationship to the deceased and the date of the funeral/formal service.

Team members who are on a leave of absence or lay-off will not qualify for paid bereavement leave. Bereavement pay will not be paid in addition to any other kind of pay such as holiday pay, vacation pay, short-term disability, etc.

Time paid for bereavement leave will be counted as hours worked for overtime/premium pay purposes.

Length of leave

I. For spouse, child (including miscarriage or still birth) and parent, including other persons who have raised the team member in a parent-child relationship (i.e. uncle or aunt):

- Team members on a five-day 8-hour shift schedule will be granted up to five days / 40 hours maximum
- Team members on a 12-hour shift schedule will be granted up to three and a half days / 42 hours maximum
- Team members on a four-day 10-hour schedule will be granted up to four days / 40 hours maximum

II. For sibling, grandchild, grandparent, parent-in-law including other persons who have raised the team member's spouse in a parent-child relationship (i.e. uncle or aunt), child-in law, grandparent-in-law:

- Team members on a five-day 8-hour shift schedule will be granted up to three days / 24 hours maximum
- Team members on a 12-hour shift schedule will be granted up to three days / 36 hours maximum
- Team members on a four-day 10-hour schedule will be granted up to three days / 30 hours maximum

III. For great-grandparent, sibling-in-law, and great-grandparent-in-law:

- Team members on a five-day 8-hour shift schedule will be granted one day / 8 hours maximum
- Team members on a 12-hour shift schedule will be granted up to one day / 12 hours maximum
- Team members on a four-day 10-hour schedule will be granted up to one day / 10 hours maximum

*Step relationships are covered.

Any additional days of absence must be arranged with the team member's supervisor. The team member and manager will determine if unpaid or whether substitution of other paid time off will be required.

General:

G1: The Company shares the Union's desire for both the Company and Union to work to welcome team members of diverse backgrounds and better understand cultural differences. In

order to create a more inclusive environment, the Company counter-proposes that the Union and Company enter into a side-agreement to create committees at the four (4) plants to address and discuss such issues. The committees would be established on a one-year trial basis and can be extended by mutual agreement of the Union and Company. The Company reserves the right to have its corporate DE&I Director or his designee(s) facilitate or participate in the committee meetings.

G2: The Company declines the Union's proposal for the CBA to be signed within thirty (30) days of ratification. The Company is committed to making good faith efforts to get the CBA drafted and signed within thirty (30) days of ratification, but the Company does not feel this needs to be a contractual requirement.

G3: The Company declines the Union's proposal to cover the cost of printing and translation of contracts and have them printed and distributed within ninety (90) days of ratification. The printing costs have always been shared by the Union and the Company and that practice should continue. Moreover, the Union needs to clarify what contracts it is proposing be translated, and into which languages, and in what numbers. Finally, the ninety-day deadline may not be a sufficient amount of time to accomplish translation and printing.

Health and Welfare Plan:

H1, H2 and H3: The Company declines the Union's health and welfare proposals and hold on the Company's health and welfare proposals provided on 8/16/23. The costs of healthcare continue to rise, and the increases requested by the Company are reasonable. Providing first day healthcare coverage creates significant administrative burdens. We are declining mandatory enrollment due to several potential issues including ACA requirements, state wage-withholding laws, Fair Labor Standards Act (FLSA) and potential religious objections to health plan coverage.

STD:

H4: The Company counter-offers to provide 26 weeks of short-term disability for all eligible team members, after a five-day waiting period.