

Hormel Chain Company Response to Union Proposals

August 29, 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 provides a disincentive for employees to use their vacation days.

Earned Time Off:

E1: The Company declines the Union's earned time off proposal as the up to six (6) vacation weeks that are already provided are intended to be used for scheduled, paid time off. There are also nine (9) paid Holidays. 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.

P2: As discussed previously, 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 counter-proposal. 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 counter-offers with the following wage increases for all chain plant bargaining unit team members:

First Monday after Ratification - \$0.80
Year 2 - \$0.50
Year 3 - \$0.20
Year 4 - \$0.20

W2: The Company declines the Union's shift premium proposals and increases its counter-offer to increase the night premium for both second and third shift to \$0.75/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 Union withdrew on August 29, 2023.

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 will accept the Union's modified bereavement proposals (which are the same as the Company's bereavement counter-proposals) **conditioned upon the Union withdrawing their E1 proposal.**

General:

G1: The Company holds on its counter-proposal until it has an opportunity to review the Union's modified proposal with the Company's corporate DE&I Director.

G2: Withdrawn by Union on August 29, 2023, based on understanding that the Company is committed to making good a faith effort to get the CBA drafted and signed within thirty (30) days of ratification.

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.

G4: The Company declines the Union's proposal to allow employees to select (1) day off per week.

G5: The Company declines the Union's proposal regarding holidays for Maintenance employees.

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 declines the Union's modified proposal and holds on its counter-offer to provide 26 weeks of short-term disability for all eligible team members, after a five-day waiting period.