

Hormel Chain Company Response to Union Proposals

August 30, 2023 (Second Pass)

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: The Company declines the Union's proposal and holds on its counter-offer as follows:

Years Worked	Vacation Time
6 months	1 week
2 years	2 weeks
5 years	3 weeks
15 years	4 weeks
25 years	5 weeks
30 years	6 weeks

V2: The Company declines the Union's proposal. Overtime pay is a premium paid for working extra hours and is not applicable to vacation time which is not worked time.

V3: The Company declines the Union's proposal. 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 modified 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H1: Withdrawn by Union on 8/30/23.

H2: The Company declines the Union's holiday proposal 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 pension increase proposal and holds with its counter-offer of a \$1 pension increase in 2024. As in the past, anyone retiring between ratification and December 31, 2023 will be eligible for the pension increase in 2024.

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: TA on 8/30/23 to the Company's 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: Withdrawn by the Union on 8/29/23.

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 - \$1.00
Year 2 - \$0.75
Year 3 - \$0.20
Year 4 - \$0.20

W2: TA on 8/30/23 to the Company's counter-offer to increase the night premium for both second and third shift to \$1.00/hour.

Added language regarding shift differential: Union withdrew on 8/29/23.

W3: Union withdrew on 8/30/23.

W4: Union withdrew on 8/29/23.

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: TA on 8/30/23 on the Union's modified bereavement proposals made on 8/29/23.

General:

G1: TA on 8/30/23 on the Union's modified proposal made on 8/29/23.

G2: Withdrawn by Union on 8/29/23, 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: TA on the Union's proposal to split the cost of printing and translation of contracts. The contracts will be printed and distributed as soon as possible after ratification.

G4: The Union withdrew on 8/29/23 based on current practices.

G5: The Company declines the Union's proposal regarding holidays for Maintenance employees. The Company needs the flexibility to schedule Maintenance employees on holidays. The existing practice of paying premium pay for working holidays and granting dock days upon request accomplishes the same result as providing floating holidays.

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.