

Hormel Chain Company Response to Union Proposals

September 6, 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.

For the sake of brevity, this Response does not include the prior tentative agreements, withdrawn proposals, and discussion topics. The tentative agreements remain intact.

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.

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.

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 - \$1.50
 Year 2 - \$0.75
 Year 3 - \$0.25
 Year 4 - \$0.25

Health and Welfare Plan:

H1: The Company declines the Union's proposal and counter-offers to make no increases to deductibles or out-of-pocket maximums, and make modest increases to the employee contributions as illustrated in the tables below:

		2023	2024	2025	2026	2027
Traditional Plan Deductible	Employee	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850
	Employee + Children	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700
	Family	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550

Traditional Plan Out of Pocket	Employee	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250
	Employee + Children*	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100
	Family	\$ 9,350	\$ 9,350	\$ 9,350	\$ 9,350	\$ 9,350

Prescription drug OOP - No change

Employee Contributions - Medical and Rx

	Current (2023)	2024	2025	2026	2027
Employee	\$32.00	\$35.00	\$35.00	\$35.00	\$35.00
Employee + Children	\$44.00	\$50.00	\$50.00	\$50.00	\$50.00
Family	\$59.00	\$68.00	\$68.00	\$68.00	\$68.00

Employee Contributions - Dental and Vision

	Current (2023)	2024	2025	2026	2027
Employee	\$7.00	\$8.00	\$8.00	\$9.00	\$9.00
Employee + Children	\$11.00	\$12.00	\$12.00	\$13.00	\$13.00
Family	\$16.00	\$17.00	\$17.00	\$18.00	\$18.00

The Health and Welfare Plan proposal includes the following enhancements for plan participants:

- Fertility assistance through Progyny which provides inclusive, comprehensive treatment options for healthier pregnancies and babies and providing support for all paths to parenthood.
- A new tool, Hinge Health, to help employees conquer joint and muscle pain, recover from injuries, prepare for surgery, and stay healthy and pain free.
- Similar to the current dependent care flexible spending account, expand to include a Flexible Spending Account (FSA, also called a "flexible spending arrangement"). This is a special account you have the option to put money into tax-free that you use to pay for certain out-of-pocket health care costs, subject to the terms and conditions of the FSA plan.
- Omada is a personalized program with one-on-one coaching, specialist support and smart devices to help members lose weight and manage diabetes.

The Health and Welfare Plan proposal includes the following enhancements for all employees regardless of whether they are plan participants:

- Enhanced Employee Assistance Program (EAP) plus mental health support and access. Currently 3 free sessions and moving to 8 free sessions. Precision mental health care through traditional care and digital solutions.
- Expanded basic and optional life insurance:
 - Basic (Company paid):
 - Currently \$12,500 for employee life and \$5,000 for AD&D.
 - Increase to 1 times annual salary up to \$50,000 for both.
 - Optional life and AD&D (Employee paid and subject to terms and conditions of the plan):
 - Currently available for employees in increments of \$12,500, \$25,000, \$50,000 or \$75,000.
 - Increase and expand options to 1/2 to 6 times annual salary with a max of \$600,000.
 - Also, add Optional employee AD&D 1 to 10 times salary with a max of \$500,000.
 - Optional Spouse life insurance currently at \$10,000-\$25,000 in \$5,000 increments.
 - Increase to \$10,000-\$50,000 in \$5,000 increments.
 - Current optional dependent child life insurance \$5,000.
 - Expand to include \$5,000 or \$10,000 options.

H3: The Company declines the Union's proposal. We believe employees should not be enrolled in the health care coverage unless they affirmatively elect to do so.