

LETTER OF AGREEMENT: HEALTH & WELFARE BENEFIT PLAN IMPROVEMENTS

Background

- Kowalski's and UFCW Local 663 share an interest in improving the Health & Welfare benefits offered to Kowalski's employees with membership to UFCW Local 663.
- Both parties remain committed to this effort and seek to renew their partnership to improve H&W benefits.

Benefit Improvements

Guiding principles for H&W benefit improvements and enrichment:

1. Current benefits will not be reduced
2. Waiting periods will be shortened to attract and retain employees
3. Financial integrity and sustainability of H&W benefits will be maintained
4. New benefit plan design will become effective no later than January 1, 2025
5. Decisions will be guided by recommendations from Plan Professionals. Union and Employer Trustees will make decisions in the best interest of the Plan for all participants and employers.

Benefit design improvements may include:

- Transition to monthly coverage and eliminating grace weeks
- Coverage termination to coincide with employment termination, not extended with accrued paid time off benefits
- Eliminate "tunnel contributions" which are made today prior to benefit coverage taking effect
- Benefit waiting periods need only be satisfied once by an employee – no "re-waiting" due to qualified life events
- Offer tiered coverage for Full-time employees (*i.e.*, *Employee*, *Employee + Spouse*, *Employee + Child(ren)*, *Family*)
- Lower deductibles and out-of-pocket maximums
- Increase Life/AD&D benefit with the option to buy additional supplemental life insurance coverage
- Implement a Value-Based wellness incentives or rewards program

Benefit design improvements are based on the understanding that data provided by the Plan professionals will inform Trustee decision-making and (1) there may be increased costs on a per Employer basis associated with plan design changes and (2) the implementation of changes depends on all stakeholders willingness to accept these changes.

Both parties commit to being objective and open minded when evaluating how to provide the best possible benefit coverage to Kowalski's employees who are members of UFCW Local 663 in advance of negotiations on a successor Agreement. To achieve this, the following actions will be taken:

Evaluation of MRMC Health & Welfare Plan Actions & Timeline:

- The Chair for the MRMC Health & Welfare Board of Trustees has recommended that the trustees of the MRMC H&W Fund evaluate options for improving the current benefit plan design.
- Representatives from UFCW Local 663 and Kowalski's will actively engage MRMC Plan Trustees in the plan improvement process and be advocates for benefit design changes that are fiscally responsible and sustainable.
- The next special H&W Trust meeting is scheduled for August 14, 2023. MRMC H&W plan

professionals have been instructed to update the model created in 2017-2019 by the Trustee subcommittee with current and additional data from all participating Employers relating to eligibility and costs. This instruction has been renewed to ensure provision of this information by July 13, 2023.

- The Company will comply with any data requests that the MRMC H&W Fund consultants need to fully evaluate options for improving the current plan design and eligibility within two (2) weeks of request.
- Improvements to the MRMC H&W benefit design and eligibility rules must be approved by the Board of Trustees no later than May 31, 2024. Both parties will ensure that their representatives on the Trust Fund will act in good faith to achieve improvements and support improvements consistent with guiding principles for H&W benefit improvement and enrichment and benefit design improvements set forth herein.

Evaluation of Company-Sponsored Health & Welfare Plan Actions & Timeline:

- No sooner than May 31, 2024, the Company may make a formal request of the MRMC Health & Welfare Plan third-party administrator to provide a full, thorough, and complete demographic and claims experience report of its employees per the reporting requirements set by the Company's benefit consultant for a time period as defined by the benefit consultant. Such data shall be de-identified to safeguard employees' Protected Health Information (PHI) in accordance with HIPAA and shall comply with any data security requirements of the Plan Trust and as required by law. The Company, Kowalski's, and any potential benefit consultants shall enter into a Business Associate Agreement allowing for the release of PHI.
- The Chair for the MRMC Health & Welfare Board of Trustees will recommend that the trustees of the MRMC H&W Plan approve such a request. All trustees shall be encouraged to vote in favor of the data request being provided to the Company's benefit consultant.
- No sooner than May 31, 2024, the Company will inform the Union and its bargaining committee of its intent to bring forth a proposal of an alternative company-sponsored health and welfare plan.

Failure to Adopt H&W Benefit Improvements

With the understanding that both parties seek to provide the best possible benefit coverage to Kowalski's employees with membership to UFCW Local 663, should Plan Trustees fail to approve all measures to improve the MRMC plan by May 31, 2024, the parties shall begin the following process. Should Plan Trustees approve all improvement measures no later than May 31, 2024, the provisions of this section shall be deemed null and void.

1. The parties agree to begin meeting for the exclusive purpose of evaluating, in good faith, health and welfare plan options between the MRMC Health & Welfare plan and any other Kowalski's sponsored Health & Welfare plan will occur starting no later June 5, 2024.
2. Kowalski's employees with membership to UFCW Local 663 that are selected to serve on the Union's healthcare committee will be determined as follows:
 - UFCW Local 663 at its sole discretion shall select no more than ten (10) individuals that are employed by Kowalski's and who have membership with their Local.
3. The healthcare committee will meet in good faith with management representatives with regular frequency, but no less than twice per month, unless mutual agreement is reached between the Union and Company to meet at a different frequency.
4. The Company and the Union will conduct joint town hall meetings with employees/members no earlier than August 2024 for the purposes of explaining the health and welfare options presented to the committee. Such joint town hall meeting(s) will only occur after the Company has provided the Union and the healthcare committee the full details of all health and welfare plans being proposed, discussed and considered, including scope of benefits, eligibility and providers.
5. Town hall meetings will be used to communicate the facts pertaining to the then current Trust plan and the Company proposed plans. Any materials presented will first be provided to all parties involved. Nothing in this agreement shall limit or preclude the Union from any other means of communicating with members.
6. The parties will begin bargaining, in good faith, on a successor agreement no later than September 15, 2024 and will begin bargaining with the subject of health and welfare, with the mutual goal of first bargaining to agreement the 2025 health and welfare of employees. Such health and welfare agreement shall be drafted in a Letter of Understanding (LOU) that shall be expeditiously ratified by the membership of the Union with adequate time for any necessary open enrollment period. The parties agree to endeavor to resolve 2025 health and welfare before bringing forth other bargaining proposals.
7. Should the parties, after bargaining in good faith, not come to agreement on a health and welfare LOU, the

Union shall commit to take the Employer's last, final health and welfare proposal for a vote of the membership. The members shall vote whether to accept or reject the Employer's last, final offer. Both parties commit to respect the will of the membership and the outcome of the vote. The vote shall be executed consistent with the United Food and Commercial Workers International Union Constitution Article 23.D.3. This vote shall occur no later than September 30, 2024, so in the event that a plan transition takes place there is still time to conduct open enrollment and have the plan go into effect January 1, 2025.

Company Commitment to MRMC Health & Welfare Plan

Should the MRMC Plan Trustees adopt all reasonable measures to improve the Plan by the deadlines agreed herein, the Company commits to not propose any alternative company-sponsored health and welfare plan affecting bargaining unit employees during the negotiations of a 2025 successor agreement.

Disputes Over This Agreement

Should any disputes occur over the application and interpretation of the Letter of Agreement, the parties agree to expedited grievance arbitration. The arbitrator's authority shall be limited to interpreting and applying the language and intent of this agreement. In lieu of Article 16, the parties agree that the following process will be applicable to disputes arising out of this LOA:

- A. A grievance concerning this provision may be submitted by either party for expedited arbitration.
- B. A grievance will be filed directly with the other party.
- C. The party in which the grievance was served upon will have five (5) days to issue a final decision to the grievance.
- D. The request for expedited arbitration will be made within five (5) calendar days after receipt of the final decision in the grievance procedure. If no final decision has been issued, the request will be made within five (5) calendar days from the date such decision should have been issued.
- E. The parties agree that such matters will be heard by an arbitrator agreed upon by the parties, or if they do not agree the grieving party shall request from FMCS a panel of seven (7) regionally available arbitrators from the National Academy of Arbitrators. The parties shall strike arbitrators within three (3) business days of receipt of the panel, with the grieving party striking first. An arbitrator unable to hear an expedited arbitration case within thirty (30) calendar days will be deemed unavailable and the Parties will select another arbitrator.
- F. The hearing will be conducted as soon as possible but in no event later than 30 days from the request to the Arbitrator. The Parties may arrange for a pre-hearing conference with or without the Arbitrator to consider means of expediting the hearing.
- G. The arbitrator will issue a decision as soon as possible, but no later than twenty (20) calendar days after the official closing of the hearing, unless otherwise agreed by the Parties. By mutual agreement, the arbitrator may issue a bench decision.