

LETTER OF AGREEMENT: HEALTH & WELFARE BENEFIT MODERNIZATION

This letter of agreement shall be included in the new retail collective bargaining agreement with UFCW Local 663.

This proposal is offered in a good faith effort to reach negotiated agreements for our collective bargaining agreement with UFCW Local 663. We reserve the right to add to, subtract from or modify the terms of our proposals throughout the course of negotiations. Any proposals that are withdrawn by Lund Food Holdings, Inc. during the course of negotiations shall not be introduced as evidence or have any effect in any future bargaining, grievances, or arbitration hearings. Any proposal or any withdrawal or modification of a proposal does not constitute a waiver of any of our present rights. We reserve the right to add to, modify or delete proposals at any time. Failure to accept this proposal in its entirety without modification will result in Lund Food Holdings, Inc. reverting to its previous bargaining position on this matter. Any agreement as to a specific proposal is considered to be a tentative agreement subject to final agreement between Lund Food Holdings, Inc. and the Union concerning all matters related to these negotiations.

Background

- Lunds & Byerlys and UFCW Local 663 share an interest in improving the Health & Welfare benefits offered to Lunds & Byerlys employees with membership to UFCW Local 663.
- Attempts have been made to modernize the MRMC Health & Welfare plan since 2017, but no improvements have been implemented to date.
- Both parties remain committed to this effort and seek to renew their partnership to improve H&W benefits.

Benefit Modernization and Minimum Thresholds for Improvements

Guiding principles for H&W benefit modernization 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

Benefit design improvements shall 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*)

Benefit design improvements are based on the understanding that (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 Lunds & Byerlys 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:

- As the Chair for the MRMC Health & Welfare Board of Trustee, Rena Wong (UFCW Local 663) has - or will - instruct the trustees of the MRMC H&W Fund to evaluate options for modernizing the current benefit plan design.
- Trustees from UFCW Local 663 and Lunds & Byerlys will actively engage fellow Trustees in the modernization process and be advocates for benefit design changes that are fiscally responsible and sustainable.
- The next special H&W Trust meeting is scheduled for July 13, 2023. MRMC H&W plan

professionals have been instructed to update the model created in 2017-2019 by Trustee subcommittee with current and additional data from all participating Employers relating to eligibility and costs.

- Any changes to the MRMC H&W benefit design and eligibility rules must be approved by the Board of Trustees no later than September 1, 2024.

Evaluation of Company-Sponsored Health & Welfare Plan

Actions & Timeline:

- The Company will 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.
- As the Chair for the MRMC Health & Welfare Board of Trustees, Rena Wong (UFCW Local 663) - or the successor to Wong as Chair of the MRMC Health & Welfare Board of Trustees - will instruct the trustees of the MRMC H&W Plan to approve such a request. All union trustees will vote in favor of the data request being provided to the Company's benefit consultant.
- No later than September 1, 2024, the Company will inform the Union and its bargaining committee of any changes to its health and welfare benefit plan proposal.

Resolution to H&W Benefit Modernization

With the understanding that both parties seek to provide the best possible benefit coverage to Lunds & Byerlys employees with membership to UFCW Local 663 no later than January 1, 2025, Lunds & Byerlys employees shall be given the opportunity to vote on which plan they seek to be covered under after they fully understand the offerings provided under each plan. This process shall include:

1. A contract reopener for the exclusive purpose of evaluating health and welfare plan options between the MRMC Health & Welfare plan and the Lunds & Byerlys-sponsored Health & Welfare plan will occur starting no later June 5, 2024.
2. Lunds & Byerlys employees with membership to UFCW Local 663 that are selected to serve on the Union's bargaining committee will be determined as follows:
 - UFCW Local 663 at its sole discretion shall select no more than five (5) individuals that are employed by Lunds & Byerlys and who have membership with their Local
 - The Company at its sole discretion shall select no more than five (5) individuals that are employed by Lunds & Byerlys and who have membership with UFCW Local 663
3. The bargaining committee will meet no less than bi-weekly unless mutual agreement is reached between the Union and Company to meet at a different frequency.
4. The Company will conduct town hall meetings with its employees in the same manner as conducted when the Company presented the tentative agreement to withdraw from the MRMC Pension Plan and transition to a company-sponsored 401k retirement plan.
5. Town hall meetings will be used to communicate the facts pertaining to both plans. Any materials presented will first be provided to the Union and its bargaining committee.
6. Lunds & Byerlys employees who are members of UFCW Local 663 shall vote for the Health & Welfare plan they believe best serves them. The plan that receives the majority of votes will be deemed the Health & Welfare benefit plan with coverage beginning January 1, 2025.
7. This vote shall occur no later than September 30, 2024.

Remedies for Violation of Agreement

This letter of agreement shall be binding and enforced to the fullest extent by UFCW Local 663 and Lund Food Holdings, Inc. (d/b/a Lunds & Byerlys) and the successors to both parties. Should any representative of UFCW Local 663 fail to execute any and all terms of this agreement, it shall result in Lunds & Byerlys employees who are members of UFCW Local 663 transitioning to the Lunds & Byerlys-sponsored health and welfare and ancillary benefit plans effective January 1, 2025.