

Stop & Shop Final Offer - UFCW Local 919

March 28, 2019

(As modified April 5, 2019)

Stop & Shop operates in a predominantly non-union market. Our overall labor costs are not competitive. The company's proposals seek to modernize the health benefit plans and adapt to market conditions on Sunday premiums while continuing to provide industry-leading wages to full-time associates and competitive wages to part-time associates.

Wages

With an average straight-time hourly rate of \$21.30 per hour, full-time associates at Stop & Shop in New England are among the highest paid in the industry. Stop & Shop's offer provides wage increases and/or bonuses to full-time associates which will keep our full-time associates' pay at or near the top of the US grocery industry.

Our offer contains the following general wage increases (GWI) for associates at the top of their wage scale. Full-Time Clerks promoted after 4/16/2016 who reach the top of the wage scale will receive a bonus. The Company estimates approximately 1% of Full-Time associates will receive a bonus during the term if they do not move to one of the classified positions. Many positions such as Department Heads, Lead Clerks, Meat Cutters and Night Crew Chiefs are not subject to the top rate and make up nearly 40% of the Full-Time positions.

- A. Clerks made full-time before April 17, 2016 who are at or above the top of their respective full-time wage scale, Department Heads, Lead Clerks and Night Crew Chiefs:

Ratification	Ratification +1 Year	Ratification +2 Years
\$20 per week	\$20 per week	\$25 per week

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- B. Clerks made full-time on or after April 17, 2016 who are at or above the top of their respective full-time wage scale:

Ratification	Ratification +1 Year	Ratification +2 Years
\$1,000 Bonus	\$1,000 Bonus	\$1,250 Bonus

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- C. Part-Time Associates:

	Ratification	Ratification +1 Year	Ratification +2 Years
Part-Time (7 or more years of service)	\$0.40	\$0.40	\$0.45

Part-Time (more than 3 years but less than 7 years of service)	\$0.30	\$0.30	\$0.35
Part-Time (more than 1 year but less than 3 years of service)	\$0.25	\$0.25	\$0.25

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Any increases received in the twelve months prior to the scheduled GWI will be credited against the scheduled increase. If an associate has received more than the scheduled GWI in rate adjustments during the prior twelve months, that associate will not receive the scheduled GWI.

For example, in Massachusetts the minimum wage will move to \$12.75 on January 1, 2020. Upon receiving the 30-day increase of \$0.30, an associate's rate will increase to \$13.05.

An eight-year part-time associate with a rate of pay of \$12.90, will move to \$13.05 on February 1, 2020, receiving an increase of \$0.15. In this case, the scheduled GWI for an eight-year associate is \$0.40. Because the associate already received a rate adjustment of \$0.15, the associate will receive an increase of \$0.25 – the \$0.40 scheduled GWI less the \$0.15 adjustment already received.

A three-year associate with a rate of pay of \$12.55, will move to \$13.05 on February 1, 2020, receiving an increase of \$0.50. In this case the associate will not receive the scheduled GWI because the \$0.50 adjustment they already received is greater than the \$0.30 scheduled GWI.

- D. Employees promoted from PT to FT: Change \$1.00 to \$2.00.

Sunday Premium

Sunday continues to be the top shopping day for our customers and making Sunday wage rates more competitive is necessary for proper store staffing on Sunday. In Connecticut, our Sunday premiums have been higher than nearly all competition for many years. To remain competitive, the company must adjust to the changing conditions on Sunday.

Part Time Associates:

- A. Part-Time associates hired on or before February 23, 2019, shall receive a frozen premium rate equal to the premium rate of pay they were earning as of February 23, 2019. Upon reaching 12 months of service, the frozen premium rate shall be equal to half the hourly rate of pay they were earning as of February 23, 2019. In addition to the frozen premium hourly rate of pay, they shall receive their regular

hourly rate of pay for all hours of work performed on Sundays and holidays. As their regular hourly rate of pay increases, the frozen premium shall remain the same, except the premium shall not be less than required by law.

- B. Part-Time associates hired after February 23, 2019, the Sunday and holiday premium shall be the greater of \$1.00 per hour or the minimum premium allowed by law for the first twelve (12) months. Thereafter the premium will be \$2.00 per hour or the minimum premium allowed by law. **Modified: 3/28/2019**

Pension

Stop & Shop is virtually alone among New England supermarkets in providing a majority of its associates a defined benefit pension. Industry employers generally offer a 401(k) program. Part-time defined benefit pensions are uncommon in any industry.

We estimate that a competitive full-time program with a 4-5% 401(k) match and 75% participation would cost \$1,300 per eligible associate, per year (even accounting for Stop & Shop's high full-time wages) – with programs costing much less for some competition.

Stop & Shop's FT programs in New England already cost between \$1,926 and \$2,644 without any increases.

Generally, employers pay very little for part-time retirement benefits. Stop & Shop pays \$12 million per year for the part-time associates covered by these contracts.

Our proposal increases the level of company contributions to the pension fund by over 20% and maintains current benefit accruals for all existing associates. New Full-Time Associates will have a future service accrual of \$40 per month per year of service and new Part-Time Associates will have a future service accrual of \$10 per month per year of service. **Modified: 3/28/2019**

Full-Time Associates:

- A. For eligible associates hired or promoted to Full-Time after February 23, 2019, the future service accrual will be \$40 (subject to the Fund's accrual phase-in rules) per month per year of service.

Part-Time Associates:

- A. Effective the 1st of the month after ratification, the Part-Time hourly contribution rate will be seventy-five cents (\$0.75).
- B. For eligible associates hired after February 23, 2019, having met the twelve-month waiting period, the future service accrual will be \$10 (subject to the Fund's accrual phase-in rules) per month per year of service.

Health & Welfare

As health care costs have risen dramatically over the years, health plans across the nation have generally evolved and costs have been shared between employees and employers. The health benefits offered to our Massachusetts, Connecticut and Rhode Island store associates have not kept pace with the changing health care market. For example, the deductible for individual coverage in the UFCW Union Local 919 and Contributing Employers' Food Health and Welfare Fund for most full-time associates is \$200. According to the Kaiser Family Foundation, the average deductible for individual coverage is \$1,500.

According to the Kaiser Family Foundation, national averages for employee contribution to health insurance premiums are about 20% for individual coverage and 28% for family coverage. Currently, Stop & Shop associates pay about 7.3% of the cost of coverage for individual coverage and about 5.0% of the cost of coverage for family coverage. These employee contributions have not kept pace with health care costs.

The company's offer asks Full-Time Associates participating in the medical plans to pay 9% to 11% for individual coverage compared to the Kaiser Family Foundation's national average of 20% for individual coverage and 6% to 8% of the cost of coverage for family coverage compared to the national average of 28% for family coverage. Associates would pay less than half the share of health care premiums the average federal government employee pays. A Federal employee average payment is 28% of cost of coverage.

Part-Time Associates will be required to pay \$3 per week if they choose to participate in the ancillary benefit program which includes dental, vision, life and disability insurance.

Having a high-quality health program with low associate costs has led to Stop & Shop subsidizing other employers because associates' spouses will join our programs rather than using insurance available to them through their own employers. Our proposal addresses this issue by modifying eligibility rules and increasing the cost for spouses to participate in the program.

According to the Kaiser Family Foundation, the national average employee contribution for family coverage in 2018 was \$106.67 per week. The company's proposals ask associates to pay \$30 per week in 2019, \$34 per week in 2020, and \$38 per week in 2021 for family. While these contributions increase \$4 per week each year, they still represent an excellent value for a quality family health plan that continues to be at the "gold" level under the ACA. In 2021, the \$38 per week our proposal asks an associate electing family coverage to pay is *64% less than the 2018 national average for family coverage.*

Modified: 4/5/2019

A. ASSOCIATE CONTRIBUTIONS –

The weekly pre-tax payroll deductions for Health & Welfare will be as follows:

	Associate	Associate + Spouse	Associate + Child(ren)	Family	Part-time (30-hour)
Current	\$13.00	\$20.00	\$20.00	\$26.00	\$13.00
July 1, 2019	\$15.00	\$24.00	\$24.00	\$30.00	\$15.00
March 1, 2020	\$17.00	\$27.00	\$27.00	\$34.00	\$17.00
March 1, 2021	\$19.00	\$30.00	\$30.00	\$38.00	\$19.00

Modified: 4/5/2019

B. EXCLUSION OF SPOUSES WITH ACCESS TO OTHER COVERAGE – Effective January 1, 2020, coverage for spouses is only available to full-time employees whose dependent spouse does not have access to a group health plan through his or her employer.

C. HEALTH PLAN MODIFICATIONS –

- ~~Effective January 1, 2020, change annual deductible to \$500 (individual)/\$1,000 (other coverage tiers).~~ **Withdrawn: 4/5/2019**

- Effective January 1, 2020, remove out-of-network out-of-pocket maximum.
- Coverage for preferred brand prescriptions will be at 30% coinsurance and coverage for specialty prescriptions will be at 40% coinsurance. The formulary will be the Optum Premium Formulary or similar.

D. Effective July 1, 2019, eligible part-time associates electing ancillary benefit coverage will contribute three dollars (\$3.00) per week.

E. The HSA and Bonus program will continue for eligible part-time associates based on the current contract language.

Funding – Company contributions

The company contributions to the UFCW Union Local 919 and Contributing Employers' Food Health and Welfare Fund will be sufficient to fund the projected benefit costs.

Paid Time Off

No changes in paid time off allotments are proposed for current associates.

HOLIDAYS

Competitors in the area offer 6 to 8 paid holidays and currently Stop & Shop offers 10.

Full-time Associates:

Full-Time Employees hired after February 23, 2019 will be eligible for the following Major holidays after ninety (90) days of continuous employment:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

After 1 Year of Service: (2) Personal Days

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Part-time Associates:

A part-time employee hired after February 23, 2019 shall be eligible for the following holidays after nine (9) months continuous employment:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

All Eligible Part-Time Employees:

Eligible part-time employees shall be paid for the foregoing holidays at four (4) hours each.

Additional Terms

1. **COVER PAGE, AGREEMENT, & ARTICLE 44 – DURATION:**
Change dates to reflect the new agreement.
2. **ARTICLE 2 – EMPLOYMENT OF UNION MEMBERS, SECTION 2:**
Update electronic authorization card.
3. **ARTICLE 3 – GENERAL CONDITIONS, SECTION 1(D):**
Add: The request for the wedding gift must be made no later than six (6) months after the wedding date.
4. **ARTICLE 3 – GENERAL CONDITIONS:**
Throughout entire agreement replace “he” and “she” to gender neutral terminology.
5. **ARTICLE 3 – GENERAL CONDITIONS, SECTION 9:**
Add: The Union will be notified of new employee orientations and will be allowed a reasonable amount of time, up to fifteen (15) minutes, to engage new employees.

6. ARTICLE 11 – LEAVE OF ABSENCE, SECTION 2:
Amend: Requests for a leave of absence shall be submitted in writing or electronically to Human Resources and the Employee must submit a copy to the Local Union Office. The authority to approve or disapprove a leave of absence shall be vested with the Human Resources Lead, Stop & Shop Supermarket Company LLC.
7. ARTICLE 11 – LEAVE OF ABSENCE, SECTION 13:
Amend: If an employee notifies the Store Manager by Tuesday of their Return to Work, the employee will be added to the following week's schedule.
8. ARTICLE 12 – HOURS, SECTION 2 HOURS OF WORK FOR PART-TIME EMPLOYEES (B):
Add: Any part-time employee hired before July 1, 2003, who desires to work twenty (20) hours per week or more shall be scheduled for a minimum of twenty (20) hours per week (excluding Sundays), provided they request the additional hours and have a reasonable availability. Grievances involving this minimum shall not be subject to a retroactive remedy.
9. ARTICLE 12 – HOURS, SECTION 5: MEAL PERIOD:
Amend: However, in the event an employee, with the consent of the employer, desires one-half hour for lunch or supper it may be so arranged, if permitted by law. Such consent shall not be unreasonably withheld.
10. ARTICLE 13 – WEARING APPAREL AND TOOLS:
Add New: Effective 1/1/2020, eligible employees will receive a \$50 allowance for safety shoes a maximum of one (1) time per year. If a new vendor or authorized retailer is established, the Union will be notified.
11. ARTICLE 17 – INJURIES, SECTION 6:
Amend: In case of injuries sustained on the job, the Employer shall continue to make contributions for eligible employees to the Health and Welfare and Pension Funds for a period of up to nine (9) months.
12. ARTICLE 28 – WORK SCHEDULES:
Replace: The company will continue a two-week schedule. The schedule will be posted in ink at 5pm Thursday for the following two work weeks beginning on Sunday. Employees may request a reasonable adjustment to the second week and such requests will be at the management's discretion. The Union and the Employer agree that the scheduling provisions of the Collective Bargaining Agreement will govern exclusively notwithstanding any "predictive scheduling" legislation. If a waiver is not permitted by the legislation, then the parties will meet and discuss any changes required by law as it relates to this article.

Add Side Letter re: Pharmacy Techs:

The Employer agrees to maintain their current practice of reimbursing employees for the cost of the National Certified Pharmacy Technician (CPhT) training, state certification, and/or any other necessary pharmacy technician tests for the term of this agreement. This additional training can be obtained by seeking manager's approval.

This Side Letter will sunset with the expiration of the Collective Bargaining Agreement.

Add Side Letter re: Arbitration Procedure:

On a trial basis beginning with the ratification of the Collective Bargaining Agreement, the parties agree to use the services of Labor Relations Connections, LLC for any arbitration not pending at the American Arbitration Association or before any arbitrator mutually selected by the parties. Unless a party notifies the other of the intent to terminate this Side Letter on or before February 24, 2020, the parties will use Labor Relations Connections, LLC for the duration of the Collective Bargaining Agreement.

This Side Letter will sunset with the expiration of the Collective Bargaining Agreement.

IF THE CONTRACT IS RATIFIED OR SETTLEMENT IS RECOMMENDED PRIOR TO APRIL 10, 2019, THE COMPANY WILL OFFER THE FOLLOWING LONG SERVICE VOLUNTARY SEPARATION INCENTIVE PLAN IN 2019:

Stop & Shop shall offer a one-time buyout to Full-Time Associates with 25 or more completed full-time years of service in Locals 328, 371, 919, 1445 and 1459 in calendar year 2019. A Full-Time Associate will have a 14-day window to accept the buyout. The Company will accept applications from no more than 30% of eligible union Associates per Local.

- Active Full-Time Associates with twenty-five (25) or more years of consecutive Full-Time service with the company as of December 31, 2019 are eligible to participate.
- For accepted Associates the gross buyout amount shall be seventy-five thousand (\$75,000) dollars.
- For Associates who will be fifty-nine (59) years of age or younger on December 31, 2019, the Employer agrees to make monthly contributions to the appropriate Health & Welfare Trust Fund on their behalf at the Full-Time rate for twelve (12) months starting the month after their separation date.
- For Associates who will be sixty (60) through sixty-four (64) years of age on December 31, 2019, the Employer agrees to make monthly contributions to the appropriate Health & Welfare Trust Fund on their behalf at the Full-Time rate starting the month after their separation date through the month prior to attaining age sixty-five (65).

In the event that more than 30% of the total population of eligible union Associates apply to participate, the Company shall accept applications from those applicants with the most seniority. Seniority shall be based on date of hire, as determined by the Company. The Company, at its sole discretion, may accept more than 30% of the applications. If fewer than one-hundred eighty (180) associates (all Locals combined) apply to participate, the Company may decline to accept any application. To participate, accepted Associates must agree to the terms of the plan document and sign a separation and release of claims agreement.