

Lund Food Holdings, Inc. response on 02/27/2025

These responses are 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 Any proposals that are withdrawn by Lund Food Holdings, Inc. during the course of negotiations shall not be introduced as evidence or have any effect in any future bargaining, grievances, or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. 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.

**Employer Response:** Because the Union has not provided a cost analysis of its proposal, the Company has estimated the cost to be approximately \$43 million—a 50% increase over three years. This is significantly higher than the 18% cost increase in the historic 2023 contract—a cost increase we do not agree to repeat in this contract. The Company finds this proposal unreasonable and cannot agree to such a substantial cost increase. The Company strongly encourages the Union to present a more realistic proposal that reflects its true priorities. In contrast, the Company has put forth a proposal it believes is both fair and reasonable.

## 1) Wages

- A) See wage scales - [Union 1 Wage Scales - 2.25.25](#)

**Employer Response:** A counter proposal was issued by the Employer on 2/27/2025.

## 2) Retirement - Legacy Pension, Variable Annuity Pension (VAP), 401(k)

[See Union Exhibits](#)

### A) Legacy Pension

1. The Rehabilitation Plan Update will adopt Reasonable Measures to enable the Fund to emerge from Critical Status in March 2040.
2. Based on an emergence date of 2040, the annual contribution rate increases effective beginning March 2025 will be 7.5% as calculated by the Fund actuary, Segal, in their February 6, 2025 report to the Board of Trustees, based on a 7.0% annual investment return.
3. Further, the Rehabilitation Plan Update will contain an annual floor dollar contribution requirement that must be contributed by each employer for each March 1 through February 28 period, effective March 1, 2025, that reflects the applicable contribution rate increase and the projected hours assumed by Segal for the Plan year ending February 2024. These annual floor dollar amounts were calculated by Segal under Scenario D5 in their February 6, 2025 report to the Board of Trustees based on 67,600 full-time weeks and 63,900 part-time weeks.

This annual floor dollar amount provision will be administered as follows: As soon as practicable after the end of each fiscal year, the Fund will determine whether each Employer contributed at least the floor amount for that 12-month period.

Each Employer's share of the annual floor dollar amount will be based on the annual Estimated Withdrawal Liability for Individual Employers report prepared by Segal (the most recent report was issued January 8, 2025). If the Employer did not contribute at least the floor dollar amount, The Fund will send the Employer a "true up" invoice for the difference between the floor amount and the actual contributions paid. The Employer will pay the true-up amount in a lump sum within 30 days of its receipt of the invoice. If the Employer's actual contributions exceed the floor amount, there will be no credit or refund to the Employer.

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4. If, due to market events, Segal projects the Fund will become insolvent in the future as opposed to emerging from Critical Status, the bargaining parties shall reopen the contract for the sole purpose of negotiating an appropriate adjustment to the contribution rates to allow for emergence from Critical Status in the future rather than projected insolvency.

**Employer Response:** The Company finds this proposal irrelevant. We withdrew from the pension plan in February 2017 and have already paid nearly \$58 million to fulfill our obligation.

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B) Variable Annuity Pension Plan

1. The 3.0% Cap on annual benefit improvement adjustments is removed effective January 1, 2025.
2. The accrual rate will increase from \$35.00 to \$39.50 for UNFI participants effective January 1, 2025.
3. The accrual rate will increase from \$25.00 to \$28.00 for all other participants effective January 1, 2025.
4. These benefit improvements require no increases in the current Employer contribution rates because of the current funding status of the VAPP and the magnitude of the Fund's Stabilization Reserve.
5. All Employers that previously withdrew from the MRMC Pension Fund prior to January 1, 2019 but continue to participate in the MRMC Health Plan will begin participation in the VAPP effective January 1, 2025. The Employer's contribution obligation to the VAPP will be the difference between the previously required contribution to the MRMC Pension Fund and the current employer contribution to the individual Employer's 401 (k) plan. For example, if the MRMC Pension Fund contribution before withdrawal was \$2.00 per hour and the employer now contributes \$1.00 per hour to a 401 (k) plan, the Employer shall contribute no less than \$1.00 per hour to the VAPP on behalf of applicable employees. Such employees shall continue to be covered by their Employer's 401 (k) plan at the current negotiated rates.

**Employer Response:** The Company is not interested in this proposal. We negotiated the withdrawal from the UFCW 663 legacy pension plan in February 2017 and have since paid nearly \$80 million to exit financially troubled UFCW pension plans, including UFCW 663 Retail, UFCW 663 Fresh Kitchen, and UFCW 1189. Given this history, the Company does not agree to participate in another pension benefit plan.

C) Establish Multi-Employer Defined Contribution Plan

1. All FT and PT can participate - includes Modified PT, Regular PT, Custodial / Courtesy (no longer an issue after conversion to Regular PT)

**Employer Response:** The Company is not interested in this proposal. We have established a plan in which the Company covers the costs of a third-party administrator, legal and compliance services, and advisory fees. In a multi-employer plan, these expenses would be deducted from both employer and employee contributions.

3) **Health & Welfare**

[See Union Exhibits](#)

A) [Replacement language](#) as provided by the Union for FT and PT eligibility

B) Health Fund Reserves, Benefit Improvements and Shorter Waiting Period for Part-time

1. The net asset reserves shall be reduced from the current 11.4 months of continuation value to 7.8 months of continuation value by February 2028. The Fund consultant, Segal, has informed us that 7.8 months of continuation reserve is a prudent and appropriate reserve for this Fund.
2. Initially, Fund assets will be reduced in the first two months of the new agreement beginning

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March 1, 2025 by an employer contribution holiday estimated to be equal to \$5.8 million. Employers shall begin paying breakeven contribution rates determined by Segal in their report dated February 21, 2025 as soon as the contribution holiday concludes. During the holiday period, the employers shall continue to submit reports to the Fund Office reflecting those employees eligible to receive coverage and such employees shall be eligible to receive coverage notwithstanding the holiday.

3. The break even contribution rates account for the following benefit improvements:
  - a. Vision exams covered at 100% effective January 1, 2026.
  - b. Dental annual maximum increased from \$1,250 to \$2,000 effective January 1, 2026.
  - c. The Medical deductible shall be reduced from \$750/\$2,250 to \$500/\$1,500 effective January 1, 2026.
  - d. The Medical Out-of-Pocket Maximum will be reduced from \$3,000/\$6,000 to \$2,500/\$5,000 effective January 1, 2026.
  - e. The Employer will fund a Health Reimbursement Arrangement (HRA) effective March 1, 2025 by contributing \$10.00 per week or \$43.33 per month per eligible employee. Employees can use their HRA account assets to pay for out-of-pocket expenses that they incur relating to claims otherwise covered by the Fund.
4. The Employer shall make monthly contributions to the Fund on a composite basis. Such contributions shall reflect a waiting period of 6 months for part-time employees and the load factor for composite monthly contributions shall be adjusted by Segal to reflect the shorter waiting period.
5. The Employer shall cooperate with the Fund Office in providing the Fund Office with eligible employee information to allow for enrollment to be conducted by the Fund Office during periods of open enrollment and as employees become eligible for coverage during the year.

**Employer Response:** The Company has submitted its own counterproposal on Health & Welfare.

**4) Employee Discount**

- A) Employee Discount 30% for all items

**Employer Response:** The Company is not interested in this proposal. We currently offer a 10% discount on all products, with a higher 25% discount on select grab-and-go deli wraps, sandwiches, and prepackaged salads.

**5) Employer provided meal from store during meal period**

**Employer Response:** The Company is not interested in this proposal, as it would introduce additional costs and liabilities related to dietary, religious, and other potential accommodations that, if approved, would require significant effort by management to manage.

**6) Scheduling and Hours**

- A) Decrease minimum available hours required for all full-time and part-time employees

**Employer Response:** The Company is not interested in this proposal. Management must retain the ability to determine suitable availability to effectively schedule staff for all hours of operation, including work performed outside posted business hours. Additionally, we must balance employee availability, skill sets, and preferences to balance minimum hour guarantees already in the CBA and preferred weekly hours.

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- B) Employees on any form of leave or time off, paid or unpaid, shall not count towards a department's allotted labor hours & discuss adequate staffing levels *[HOLD for future proposals]*

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

- C) Flexibility for department heads to schedule according to the needs of each department and store, with equitable assignment of night shifts based on seniority and employee's availability

**Employer Response:** The Company is not interested in this proposal. While we agree, conceptually, that night shifts should be equitably assigned, this does not mean an employee can be exempt from their fair share based on availability or seniority. Additionally, the Company will schedule staff to best meet business needs across all hours of operation.

- D) Discuss PT scheduling to improve work-life balance, retention and hiring *[HOLD for future proposals]*

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

- E) 1 guaranteed consistent day off every week

**Employer Response:** The Company is not interested in this proposal. Part-time employees can address this through their availability, while full-time schedules are structured to meet service alignment while also balancing distribution of days off among full-time staff in the department.

- F) Limit number of consecutive scheduled shifts to 7

**Employer Response:** The Company is not interested in this proposal. In weeks with reduced work schedules—such as holidays or employee-requested time off—it may not always be possible to accommodate this while still meeting minimum or desired hours under the contract. While we support the concept and will strive to align scheduling practices accordingly, we cannot commit to it in every week or circumstance.

- G) Consistent weekly hours

1. All part-time employees guaranteed 24 hours per week, unless waived by employee

**Employer Response:** The Company is not interested in this proposal, as it fails to account for an employee's availability, skill set, and other relevant factors.

- H) Breaks

1. Starts after food acquired and paid at store

2. Employer scheduling practices to avoid providing breaks - **Employees will not be scheduled within 30 minutes of any 3-hour increment, for example an employee cannot be scheduled for 5 hrs and 45 min (15 minutes short of a 6-hour shift)**

**Employer Response:** The Company is not interested in this proposal. We provide excellent break room accommodations, allowing employees to bring or purchase food before their shift and store it for consumption during breaks. Additionally, we strive to avoid scheduling practices that would, for example, assign a 5.75-hour shift when two 15-minute breaks are required at six consecutive hours worked. However, certain situations, such as legal restrictions for minors, may make this unavoidable.

- I) Scheduling stability *[HOLD for future proposals]*

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

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- J) Attendance policy & grace period [*HOLD for future proposals*]

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

- K) **Employer shall supply to the Union an electronic copy of work schedules weekly. Entire weekly schedules for all associates and departments shall be provided in Excel spreadsheets and emailed as attachments to the Union. - standardize across all contracts**

**Employer Response:** The Company finds this proposal irrelevant. This language is already included in the Company's contract.

**7) Ratios - The Employer shall reach at least:**

- A) 40% FT ratio by the end of this CBA (Employer shall make all necessary Fund contributions)

**Employer Response:** The Company finds this proposal irrelevant, as the current contract already addresses this matter. If the Union is proposing different language, the Company is not interested.

- B) 40% PT Modified ratio by the end of this CBA (Employer shall make all necessary Fund contributions)

**Employer Response:** In the last contract, the Company and Union agreed to adjust the part-time modified ratio in exchange for increasing the full-time ratio. The Company is not interested in modifying this ratio again.

- C) Increase PT top 24% to 30%

**Employer Response:** The Company finds this proposal irrelevant, as the current contract already recognizes a Top 30% for part-time. If the Union is proposing different language, the Company is not interested.

**8) Wage Differentials**

- A) PT Supervisor - \$2.00 shift differential for all hours scheduled for the shift
- B) MOD - \$2.00 shift differential for all hours scheduled for the shift
- C) Assistant Department Head classified as Traditional Full-time
- D) Deli - \$2.00 shift differential for all hours scheduled for the shift
- E) All hours worked between 6pm and 6am - \$2.00 shift differential for all hours scheduled for the shift
- F) Training new hires - Employees who train or shadow new hires will receive a \$2.00 differential for all hours scheduled for the shift

- G) Interpretation - \$2.00 shift differential for all hours scheduled for the shift**

**Employer Response:** The Company is not interested in any of the proposals in #8. In the 2023 contract, the Company and Union agreed to a new wage differential for certain part-time employees in supervisory roles. Adding further differentials would not only create significant additional costs but also pose administrative challenges.

**9) Cross training and working in more than one department**

- A) Cross training and/or requiring employees to work outside their department will be by mutual agreement only
- B) If cross training is mutually agreed to, the employee will be scheduled to shadow department leadership for at least 3 consecutive shifts before expected to work independently
- C) \$2.00 shift differential for all hours scheduled for the shift when employees are assigned to work in more than one department per shift

**Employer Response:** The Company is not interested in any of the proposals in #9. We do not support more restrictive language limiting the Food Handler designation, which currently allows both full-time and part-time employees to perform a wide range of job duties within the store. Additionally, as stated in our response to proposal #8, the Company is not interested in adding

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wage differentials for the reasons previously outlined.

#### 10) Transfer protections

- A) Employees may only be transferred to another department or store by mutual agreement between the employee and the employer.
- B) Any involuntary transfers to another department or store, whether for work performance or other disciplinary actions, may only be permissible when accompanied by discipline or a Performance Improvement Plan (PIP) for cause.
- C) Whenever there is a vacancy for a benefit-eligible position that the employer intends to fill, the employer shall post the position both electronically and in a visible location at each store for at least seven (7) calendar days. Vacancies shall be filled by the most senior internal applicant(s), whenever possible.

**Employer Response:** The Company is not interested in any of the proposals in #10. The current contract already includes language addressing transfers related to disciplinary actions, it isn't permitted. If the Union is requesting different language, the Company does not agree. Additionally, the Company and Union agreed to remove seniority-based hiring in the 2018 contract, and we are not open to reverting to that process. The Company has also addressed the Union's questions regarding current job posting practices, including posting for all benefited positions to fill specific openings or build a talent pipeline. For these reasons, we are not agreeable to any new language that would alter our existing job posting practices.

#### 11) PTO / ESST / Leave

- A) Increase Bereavement - ensure consistency for all CBAs
  - i. All full-time and part-time employees ~~(excluding Group 3)~~ on the seniority list shall be entitled to bereavement pay according to the following:
    - A maximum of four (4) days of leave with pay in the event of the death of a spouse, parent, ~~stepparent~~, child or stepchild.
    - A maximum of ~~three (3) two (2)~~ days of leave with pay in the event of the death of a brother, sister, mother-in-law or father-in-law, ~~grandparent or grandchild.~~
    - ~~One (1) day of leave with pay to attend the funeral in the event of the death of a grandparent or grandchild.~~

**Employer Response:** The Company is not interested in this proposal, as we already provide everything the Union requests, except for the recognition of stepparents. While we may be open to considering this, it must be balanced with other Union and employer priorities, as well as the overall cost impact of the contract.

#### B) Holiday pay

- i. Revisit designated paid holidays, add 1 more
- ii. Holiday pay increased from 4 to 6 hours paid for all part-time
- iii. **Ensure consistency for all CBAs - Part-time employees are eligible for holiday pay after 90 days**
  - Custodial / Courtesy / Clean Team will not have to wait 1 year to receive, should be same as PT which is after 90 days (no longer an issue if all convert to regular part-time)

**Employer Response:** The Company is not interested in this proposal. The Company already provides part-time employees with more than 10 years of service six hours of pay for each recognized holiday.

#### C) Vacation / PTO / ESST

*[HOLD for future proposal]*

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**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

## 12) Classifications

- A) Clear and equitable paths to promotion

1. Discussion to include part-timers who perform duties of full-timers  
(example: Deli Supervisors at Kowalski's)

**Employer Response:** The proposal is unclear. The Company believes its explanation of job posting guidelines is sufficient, and the terms of the CBA already define the hierarchy of classifications.

- B) Custodial / Courtesy / Clean Team - eliminated and all reclassified as Regular Part-time

**Employer Response:** The Company is not interested in this proposal. The duties of courtesy and custodial employees are much more limited than those of food handlers, which is reflected in the pay difference.

- C) Group 3 - eliminated and all reclassified as Regular Part-time (maintain FT lay-off language)

**Employer Response:** This proposal is not relevant to the Company, as we do not have a Group 3 part-time classification and agreed to eliminate this in the 2018 contract.

- D) Retail Specialist - eliminated and all reclassified as Classified Assistant - ensure consistency for all CBAs

**Employer Response:** This proposal is not relevant to the Company, as we do not have a Retail Specialist classification and agreed to eliminate this in the 2018 contract.

- E) Department Heads:

- i) All Department Heads shall be classified as Traditional Full-Time Food Handlers for purposes of Appendix A-1 "Food Handlers Sunday Clause."
- ii) Any Department Head who is demoted or chooses to step down will revert to the classification they held prior to becoming a Department Head. - ensure consistency for all CBAs
- iii) Ensure that all FT heads of departments are classified and paid as Department Heads (e.g. Pricing, Front End, E-Commerce, Floral, Gift, General Merchandising, Coffee, Cheese)
- iv) Amend Section 5.5 to read: Any time a department head is off and a replacement is assigned to fill in for the duties of a department head or assistant department head, the employee assigned to fill in will receive department head or assistant department head pay for each shift in which those duties are performed.

**Employer Response:** The Company is not interested in proposals (i) or (iii). The language in proposals (ii) and (iv) already exists in the current contract. If the Union is requesting different language, the Company is not interested.

- F) Training hours: When an employee is training as a higher paid classification, they shall be compensated at the higher classification for said hours.

**Employer Response:** The Company is not interested in this proposal, as it is already practices this to some extent. For example, the Meat & Seafood Culinary Professional Program promotes employees to the Classified Assistant classification at the start of the program and provides a pay increase upon completion.

- G) Full-time Waiver - Amend full-time waiver rate in Section 23.1 to \$23.00 for the duration of the waiver period up to a maximum of one thousand two hundred (1,200) hours of said



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period. If an employee exceeds a maximum of 1,200 hours, the employee will become a Classified Assistant. - ensure consistency for all CBAs

**Employer Response:** The Company tentatively agrees to this proposal.

**H) Maintaining seniority for students - [hold for future discussion]**

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union. The Company believes this proposal is irrelevant, as the current contract already addresses this matter.

**13) Safety and Wellbeing [HOLD for future proposals]**

**A) Employer shall update schedules and nametags of an employee once informed of a name change and with employee's consent**

**Employer Response:** This proposal is not relevant to the Company. The practice is already in place and the Company is not interested in including it in the contract.

**B) Employer will require that any federal immigration agent, Immigration and Customs Enforcement (ICE) agent, Department of Homeland Security (DHS) agent, or State and Local law enforcement officials present a valid warrant signed by a judge before admission to the worksite or access to employee records. Employer shall immediately notify UFCW 663 in the event of such an incident**

**Employer Response:** The Company does not believe this proposal is lawful and is not interested in any proposal that violates federal law.

**C) Employees will not be expected to participate in rodent or insect remediation**

**Employer Response:** This proposal is not relevant to the Company, as we already have a third-party arrangement in place for this purpose. We are not interested in including it in the contract.

**14) Tools and Training**

**A) Front end and Pharmacy employees will be provided stools, fatigue mats, and be permitted to have water - discuss ergonomic needs**

**Employer Response:** This proposal is not relevant to the Company. We divested our Pharmacy business before the 2021 contract and reached an agreement with the Union in 2023 to remove all pharmacy-related language from the contract. Additionally, the Company already provides mats and accommodates access to water and stools as medically necessary. Therefore, we are not interested in including this in the contract.

**B) Bakery, Deli and Meat department employees will be provided non-slip fatigue mats**

**Employer Response:** This proposal is not relevant to the Company. The Company already provides mats. Therefore, we are not interested in including this in the contract.

**C) Apprenticeships & Job Training [HOLD for further discussion]**

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

**D) Limit on using AI technology including, but not limited to, scheduling, inventory management, and in-store customer service [HOLD for future proposal]**

**Employer Response:** The Company will hold its response until it receives a full and complete proposal from the Union.

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15) Check-off

- A) All check-off remittances (dues, initiation fees, ABC) collected by the Company shall be promptly remitted to the Union no later than the 5th of the month following the month of such deductions.

**Employer Response:** The Company requires more details and a redline of how this proposal changes current contract language before it can fully consider this proposal.