



## Kroger Houston Provides Last, Best and Final Offer

After 26 days of negotiations, the company and union are deadlocked. Healthcare has completely frustrated and stalled negotiations and meaningful discussions for the terms of a new contract.

**In a final effort to break the deadlock, Kroger Houston provided the union a Last, Best and Final Offer to settle for the Clerks Contract and Meat Contract on August 19 and asked that you be allowed to vote on this offer.**

With this offer, Kroger has put everything material on the table: wages, health care, pension, and other benefits. This offer includes:

- **One-Time Ratification Bonus** If the offer is ratified on or before September 4, 2020 lump sum bonuses will be paid as follows:
  - \$600 – Department Heads
  - \$500 – Full-Time Top Rate Associates
  - \$300 – Part-Time Top Rate Associates
- **Wage Increases** Hourly rate increases over the life of the contract ranging from \$.90 to \$2.45 per hour
- **Stable and Affordable Benefits** Provides predictable, secure and reliable health care benefits for associates through a company-administered plan already covering over 100,000 Kroger associates and their families
- **Personal Holidays** Associates will accumulate personal holidays more quickly
- **Minimum Hours Guarantee** Increases the minimum hours guarantee from 15 hours to 18 hours
- **Night Shift Premium** Improves wage premiums for all work performed between the hours of 10 p.m. and 6 a.m. for all regularly scheduled night crew associates

We hope the union gives you the opportunity to vote on this offer. If you want to vote, speak with your union representative.

You can download and review our Last, Best and Final Offer at [www.krogerhoustoncba.com](http://www.krogerhoustoncba.com) or ask your store leader for a copy. Thank you for all that you are doing to take care of your customers and each other.

Kroger – Houston, Texas L.P.  
 Last, Best, and Final Offer  
 UFCW Local 455  
 Houston Clerks Agreement  
 August 19, 2020

The Company makes the following Last, Best, and Final Offer (“Offer”) to UFCW Local No. 455 (“Union”) for a new collective bargaining agreement for Houston Clerks.<sup>1</sup>

**ARTICLE 4 CLERKS WORK**

Add changes in bold

**C1.** It is agreed that the prevailing practice of work performed **in the industry** by driver salesman, book salesmen, or sales representatives in the area covered by this agreement can further be explained as follows:

1. Many outside sales personnel (as outlined above) perform the service of checking their merchandise, removing their outdated products from sale for credit, making out orders based on shelf inventory, etc., and this practice should not be construed to be a violation of the Agreement.
2. It is further understood that the practice of outside sales personnel working in preparation of and assistance during new store openings, remodels or resets, is a valuable contribution to the future success of a particular store and should not be construed to be a violation of the agreement.
3. In addition to the above, the established practice of stocking **and maintaining** by certain vendors shall not be a violation of the agreement. Those products in Conventional Stores are as follows: beverages, ice, bakery products (cookies, bread, cakes, etc.), snacks, chips, etc., dairy products, ice cream, tobacco and tobacco products, magazines, books, greeting cards, etc., party supplies, candles, etc., records, hosiery, baby food, specialty and ethnic foods, spices, dressings, floor care rental and supplies, brooms, mops, etc., candy, nuts, gum, pasta products, rack jobber (sewing notions, toys, pet supplies, window shades, food care products, garden supplies, shoes, soft goods, patterns, hardware, cosmetics), fire wood, produce specialties (plants, flowers, etc.), bottled water, fishing supplies, sporting goods, paint, leather goods, appliances, auto supplies, and clothing.
4. **Vendor personnel will stock all bulk foods products and will sanitize bulk food bins. This practice should not be construed to be a violation of this agreement.**

This proposal allows the company to receive the same level of vendor support and services that our competitors receive.

<sup>1</sup>The Company reserves the right at any time during the negotiations process and prior to ratification to amend, withdraw, modify, clarify or add to any proposals. There shall be no final agreement on any issues, regardless of procedural tentative agreements, until a full and complete agreement is reached on all issues which are the subject of matter for bargaining and only after that full agreement is ratified by the parties.

**ARTICLE 7 SENIORITY**

Delete stricken language and add changes in bold

Section 7.03Choice of Schedules and Hours:

**C2.** (b) Full-time employees by classification within a store and where the employee is qualified to do the work available will be given the daily and weekly schedule with the most hours by seniority. ~~At least fifty percent (50%) of the scheduled hours (excluding Sacker/Carryout hours) shall be forty (40) hour schedules and fifty percent (50%) of hours will be General Clerk schedule by store. This provision shall not apply during the first twenty-six (26) weeks of a new store opening or a major remodeling.~~

**In Sales Volume 1 (under \$500k w/o RX & Fuel) stores, at least thirty percent (30%) of the scheduled hours (excluding sacker/carryout hours) shall be forty (40) hours schedules and seventy percent (70%) of hours will be clerks schedule by store.**

**In Sales Volume 2 (\$500k-\$750k w/o RX & Fuel) stores, at least forty percent (40%) of the scheduled hours (excluding sacker/carryout hours) shall be forty (40) hours schedules and sixty percent (60%) of hours will be clerks schedule by store.**

**In Sales Volume 3 (over \$750k w/o RX & Fuel) stores, at least fifty percent (50%) of the scheduled hours (excluding sacker/carryout hours) shall be forty (40) hours schedules and fifty percent (50%) of hours will be clerks schedule by store.**

**Sales Volume will be determined without RX and Fuel and adjusted each year as needed.**

This provision shall not apply during the first twenty-six (26) weeks of a new store opening or a major remodeling. To determine the number of forty (40) hour schedules per store, fractions will be treated as follows:

One-half (½) or over - Equals a full schedule  
Less than one-half (½) - Drop

Forty (40) hour shifts shall be scheduled in compliance with Section 8.01.

The Employer will maintain this ratio on a weekly basis notwithstanding any other provision of the agreement.

This language is outdated and has been restricting our operations since the early 1980s. Our business has changed and continues to do so. We need to be more flexible in scheduling full- and part-time associates. Adjusting FT and PT ratio based on sales volume will help provide more flexibility to meet the needs of the business on a store by store basis. The company may exceed FT ratios on a store by store basis but will not go below any FT level listed in our proposal.

Section 8.02Workday:

**C3.** 1. The basic workday for all employees before overtime shall be ~~eight~~ **eight and a half (8.5)** hours per day.

Section 8.03      Overtime:

**C4.** Overtime at the rate of time and one-half (1½) will be paid for all hours worked in excess of the **forty (40)** hour workweek or ~~eight~~ **eight and a half (8.5)** hour workday. Work performed on the seventh (7th) day worked in the workweek shall be compensated at the rate of time and one-half (1 ½). In no event shall the same hours be used twice in computing premium time and/or overtime.

Basic workday and OT: We are required by Federal law to pay overtime over 40 hours a week. We need to address the costs of daily overtime. As far as we are aware, our competitors do not offer daily overtime. Instead of eliminating daily OT, we have modified our previous proposal to pay daily OT for any time after an 8.5-hour workday.

Section 8.04      Daily, Weekly Guarantee:

**C5.** All employees (except Sacker/Carryout) who are scheduled to work and report for work as scheduled, shall be guaranteed a minimum schedule of four (4) hours of work per day and ~~fifteen (15)~~ **eighteen (18)** hours work per week. **The eighteen (18) hour weekly minimum may be waived by mutual agreement on an individual basis between the employer, employee, and Union representative.**

Employees called in to work shall also be guaranteed a minimum of four (4) hours per day provided the employee is available to work the needed hours.

**We are proposing to increase guaranteed minimum hours from 15 to 18.** We are also proposing to waive the proposed 18-hour weekly minimum on an individual basis – only if it is agreed upon by the employee and company. The proposed “mutually agreed” upon language helps associates or potential new hires who may want less than 18 hours a week. We have added “and Union representative” to address the union’s concerns.

**This proposal was tentatively agreed on 8/18/2020**

Section 8.12      Night Premium

**C6.** A night premium of ~~thirty five cents (35¢)~~ per hour will be paid for work performed between 9:00 p.m. to 6:00 a.m. to ~~regular night employees who are scheduled as part of the regular night crew.~~

**Effective October 4, 2020, a night premium of one-dollar (\$1.00) will be paid for work performed between 10:00 pm and 6:00 am to regularly scheduled night crew employees. Effective August 8, 2021, a night premium of one-dollar and fifty cents (\$1.50) will be paid for work performed between 10:00 pm and 6:00 am to regularly scheduled night crew employees. Grocery Night Stockers will be paid the overnight premium for all hours worked.**

**This proposal was tentatively agreed on 8/18/2020**

**Section 8.13      Other Work**

**C7.            Where the Employer deems it necessary, Clerks shall be assigned to assist in the Meat department. This will include stocking, cleaning, and sanitation. Clerks will not operate cutting equipment or machinery within the Meat department.**

**Where the Employer deems it necessary, Meat employees shall be assigned to assist in other departments. This will include stocking, customer service, hanging tags, and cleaning and sanitation outside the Meat department. Meat department employees shall not be assigned to Front End duties.<sup>2</sup>**

We withdrew our proposal to merge the Meat Contract with the Clerks contract. This new proposal would allow associates to move within departments and could potentially mean additional hours for associates and an opportunity to learn more aspects of the business. It also provides the company with flexibility to back fill hours due to call-offs or when a department is understaffed. It does not mean that Meat associates would lose hours, take someone's job or be asked to do front-end work.

**Section 10.05      Personal Holiday**

**C8. Effective January 3, 2021**, in addition to the National Holidays, employees shall earn personal Holidays as follows):

<del>Three</del> <b>Two (2)</b> years of continuous service	One (1) Personal holiday
<del>Eight</del> <b>Five (5)</b> years of continuous service	Two (2) Personal holidays
<del>Fifteen</del> <b>Eight (8)</b> years of continuous service	Three (3) Personal holidays
<del>Twenty</del> <b>Fifteen (15)</b> years of continuous service	Four (4) Personal holidays

**This proposal was tentatively agreed on 8/18/2020**

**Article 11 VACATIONS**

Add changes in bold

---

<sup>2</sup> Nothing in Kroger's proposed changes to work assignment language seeks to alter, or may be construed to impact, the bargaining unit description or the parties' rights to contest that associates performing the work are included or excluded from a bargaining unit.

Section 11.06      Part-time:

**C9.** (a) A part-time employee shall be granted a vacation under the same general rules as provided for full-time employees. Part-time vacation will be figured on the number of hours in the vacation qualifying year divided the weeks in a calendar year. **Part-time employees hired on or after January 3, 2021 will be eligible for a maximum of 3 weeks of vacation under the same general rules as provided for full-time employees.**

This language change does NOT affect current employees. **We are asking for this change for new PT hires only.** We believe PT employees have more opportunities to have time off at their convenience to meet their personal needs more so than full-time employees. That is the nature of being a PT employee. Several weeks of vacation for PT employees is unheard of in the retail industry and something our competitors do not offer.

We have modified our previous proposal on limiting the maximum time for vacation to three weeks for new part-time employees, which puts us more in line with our competition and helps offset our costs so we can put more money toward hourly wages and health care benefits.

**ARTICLE 9 WAGES**

**C10. See attached wage schedule**

**ARTICLE 13 LEAVES OF ABSENCE**

Delete stricken language and add changes in bold

Section 13.03

**C11.** (a) Union Business: The Employer shall grant the necessary time off without discrimination or loss of seniority rights and without pay to any employee designated by the Union to attend a labor convention or serve in any capacity on other official Union business, provided the Employer is given at least seven (~~7~~) **(14)** days' notice in writing specifying the length of time off, but in no case shall the length of time off exceed one (1) year. **The Employer agrees that management shall not coerce, and/or discourage employees from making their decision to serve in any capacity on Official Union Business. The Employer shall not interrogate the employee and/or question the employee's decision.**

The adjustment on days in this language aligns with our current scheduling process. Additional language was added to address union concerns.

**ARTICLE 14 GENERAL PROVISIONS**

Delete Stricken language and add changes in bold

Section 14.01

Uniforms: Any uniform clothing deemed necessary by the Employer for its employees shall be furnished by the Employer and replaced when needed.

**C12.** The Employer shall provide and shall not charge for the ~~shirts~~ **uniforms** required by the company.

**This proposal was tentatively agreed on 8/05/2020**

**ARTICLE 17 HEALTH & WELFARE**

Delete Stricken language and add changes in bold

As with our previous offer, we have lowered our associate contribution increases by \$1 for the Employee only and Employee + Children, and we have lowered our Employee + Spouse and Employee + Family by \$2.

Our proposed company-administered plan is top-quality. We do not want to relive the funding shortfalls of the past. Our proposal eliminates this risk and potential benefit cuts. It addresses the following:

1. Provides secure, stable, affordable health care for associates for the life of the contract
2. Improves benefit options for our associates through modern plan designs, which lead to better health outcomes
3. Leverages the size and scale of the Kroger Family of Companies
4. Provides transparency and standardization in administration of benefits

You can find more information about our health care proposal at [www.krogerhoustoncba.com](http://www.krogerhoustoncba.com).

**C13.** ~~Section 17.01~~ Section 17.01 ~~The Employer shall contribute to the established South Central United Food and Commercial Workers Union and Employers Health and Welfare Trust Fund for all hours paid, not to exceed forty (40) hours per week, after thirty (30) calendar days of employment. Effective April 1, 2016 (March hours) the employer will begin making contributions on part-time fuel clerks. Such contributions shall be used to provide Health and Welfare benefits, for all enrolled Bargaining Unit Employees, and effective January 1, 2017 for part time fuel clerks, subject to and in strict accordance with the terms of Section 17.02 ("Funding Policy").~~

**The terms of the prior collective bargaining agreement regarding health and welfare benefits in effect as of April 1, 2020 will remain in effect through December 31, 2020, except as modified herein.**

**Effective on and after January 1, 2021, all health and welfare benefits provided for under this Agreement shall be provided through a single-employer group health plan or plans sponsored by the Employer, referred to hereafter as the "Plan" and as described in further detail below. As a result, the Employer shall not have any obligation to make contributions to any multiemployer health and welfare fund, including but not limited to the South Central United Food and Commercial Workers Union and Employers Health and Welfare Trust Fund, for any hours worked on or after January 1, 2021.**

A. Contributions to Fund Benefits:

Effective on and after January 1, 2021, the Employer will provide the health and welfare benefits described below through the Plan, subject to the employee premium cost-sharing and other terms and conditions described below.

~~The Employer shall contribute to the Fund in the following amount provided that the Trustees of the Plan provide benefits and manage the Plan in accordance with their fiduciary responsibility and in accordance with the provisions of this Article:~~

<u>Date</u>	<u>Amount</u>
April 1, 2016 (March hours)	\$3.00 per hour

~~Provided the Trustees have enacted modifications to the Plan consistent with the provisions contained at the end of this section (A. contributions to Fund Benefits), the Employer further agrees to the following increases to its contribution rates to the Fund:~~

- ~~1. Effective the first of the month following adoption by the Trustees of a package of plan amendments conforming with the provisions detailed herein, the Employer will make a lump sum payment equal to \$3,500,000, in the aggregate for all bargaining units of the employer covered under the South Central Funding Group effective for the employees of this Agreement. Effective March 1, 2017, provided hours are worked by employees covered by this agreement, the employer will make a second \$3,500,000 lump sum payment in the aggregate for all bargaining units of the employer covered under the South Central Funding Group. In addition, should the fund reserves fall below \$2,000,000 prior to February 28, 2017, the Employer agrees to accelerate one-half of the next month's contribution payment to bring the cash flow above \$2,000,000.~~
- ~~2. Effective April 1, 2016 (March hours), the Employer's contribution rate will be increased to \$3.00 per hour.~~
- ~~3. Effective April 1, 2017 (March hours), the Employer's contribution rate will be increased to \$3.05 per hour.~~
- ~~4. Effective April 1, 2019 (March hours), the Employer's contribution rate will be increased to \$3.10 per hour.~~
  - ~~a. In addition to the above rate increases, the Trustees (based on the advice of the Plan Consultants), no later than March 31, 2019, shall determine the Plan's current reserve status and if such reserves are projected to be at 4 months or above as of March 13, 2020, the Employer and the employees will receive contribution holidays in an amount necessary to achieve a reserve level on March 31, 2020 no greater than 4 months of reserves.~~

~~Effective January 1, 2017, the premium for Plan A spouse and family coverage in the Funding Group is increased as follows:~~



Employees hired after September 30, 2010:

	<u>Without Working Spouse</u>	<u>With Working Spouse</u>
Employee Only	\$6.00	
Employee & Spouse	\$6.00 + \$23.08	\$14.00 + \$34.62
Employee & Children	\$12.00	
Employee & Family	\$12.00 + \$23.08	\$20.00 + \$34.62

Employees hired on or before September 30, 2010:

	<u>Without Working Spouse</u>	<u>With Working Spouse</u>
Employee Only	\$5.00	
Employee & Spouse	\$5.00 + 23.08	\$10.00 + \$34.62
Employee & Children	\$10.00	
Employee & Family	\$10.00 + \$23.08	\$15.00 + \$34.62

Spouse Contribution = \$100 per month or \$23.08 per week.

Working Spouse = \$150 per month or \$34.62 per week

Effective January 1, 2021, employees shall be required to make premium contributions for coverage under the Plan, as follows:

	Plan One
Weekly Contributions - initial amount effective January 1, 2021, incremental increases each January 1 thereafter	Includes medical, Rx, dental and vision
Employee	\$8.00 (2021) / \$9.00 (2022) / \$10.00 (2023)
Employee + Spouse	\$36.00 (2021) / \$39.00 (2022) / \$42.00 (2023)
Employee + Child(ren)	\$14.00 (2021) / \$15.00 (2022) / \$16.00 (2023)
Employee + Spouse + Child(ren)	\$43.00 (2021) / \$46.00 (2022) / \$49.00 (2023)

	Plan Two
Weekly Contributions - initial amount effective January 1, 2021, incremental increases each January 1 thereafter	Includes medical, Rx, dental and vision
Employee	\$8.00 (2021) / \$9.00 (2022) / \$10.00 (2023)
Employee + Spouse	\$36.00 (2021) / \$39.00 (2022) / \$42.00 (2023)
Employee + Child(ren)	\$14.00 (2021) / \$15.00 (2022) / \$16.00 (2023)
Employee + Spouse + Child(ren)	\$43.00 (2021) / \$46.00 (2022) / \$49.00 (2023)

On or after January 1, 2021, the Kroger Co will collect the employee contributions.

The Employer will offer coverage under the Plan to eligible employees based on date of hire and other eligibility rules as outlined below and pursuant to the terms and conditions of the plan document for the Plan. Plan One plan of benefits is for employees hired before January 1, 2021. Plan Two plan of benefits is for employees hired on or after January 1, 2021. The attached benefit grid provides additional details on the plan of benefits under the Plan. Any terms and conditions of coverage under the Plan that are not provided for herein will be provided under the plan document for the Plan, and the plan document for the Plan, as amended by the Employer from time to time in its discretion, shall control with respect to terms and conditions of coverage that are not described herein. The Employer has the right to implement and apply changes to the Plan to the employees covered by this Agreement, so long as such changes are applied to all other participants in the Plan and do not conflict with the express terms and conditions of coverage and eligibility that are described in this Agreement and plan document.

~~As a condition of receiving the contributions provided above, the Trustees of the Plan will establish a Plan(s) of benefits consistent with the provisions herein, which can be supported by the contributions provided herein. The Bargaining Parties recommend that Trustees of the South Central Fund adopt said plan of benefits. Consistent with this provision, not later than the first of the month following April 16, 2016, to be effective July 1, 2016 or January 1, 2017, the Trustees are directed to make the modifications to the Plan (which can include adjustments to the Plan(s) of benefits, eligibility rules and/or employee co-premium rates) of sufficient amount that when taking into account the contingent contribution increases detailed above will ensure that on April 1, 2020 that the Plan will have a reserve equal to three (3) months reserves and to further ensure that on or after January 1, 2019, the Plan will not drop below two months reserves.~~

~~With respect to the July 1, 2016 or January 1, 2017 modifications contemplated in this provision, the Union Trustees will be allowed to take the laboring oar to make recommendations to the Trustees of the Fund with respect to benefit eligibility, benefit modifications, plan design and/or employee co-premium rates consistent with the objectives of this provision provided that such recommendations may not reduce the rate of employee co-premiums or delay the effective date of their implementation. The Employer Trustees, consistent with their fiduciary duties, shall support the recommendations of the Union Trustees.~~

~~If the Union Trustees fail to tender a timely motion no later than 60 days, or Consent Resolution, to enact changes consistent with this provision or the Union trustees motion to enact changes is inadequate according to the plan's actuarial consultant to achieve the target discussed herein and as a result the Trustees deadlock motions on adjustments necessary to bring the Plan back in to compliance with this provision, then the deadlocked motions shall be submitted for resolution to arbitration in accordance with the trust's deadlock procedures. The arbitrator shall be considered a fiduciary and such arbitrator's authority shall be limited to casting a vote for or against any pending deadlocked motion.~~

### Eligibility

~~The Administrator will, on an annual basis, obtain all data necessary to enroll or re-enroll employees and their dependents as participants eligible for coverage under the Plan. To remain enrolled as a participant eligible for plan~~

~~coverage, each employee who is currently enrolled, or who initially enrolls during the term of the Collective Bargaining Agreement, must re-enroll prior to the start of each succeeding plan year. Employees must make a positive election to enroll in the Plan. Enrollment is for the entire plan of benefits (except that Life Insurance and AD & D shall be provided to all eligible employees) for the Plan and an employee's failure to make a positive enrollment into the Plan shall result in such employee being ineligible for all benefits of the Plan for the remainder of the calendar year or until there has been a qualifying life event, as defined by the Trustees, whichever occurs first.~~

~~The Employer may, upon reasonable notice and at its own expense, audit the Fund's enrollment data and claims records once each plan year. The Employer may arrange to have the audit conducted by a recognized auditing firm that it shall select.~~

~~Independent of the foregoing audits, the Fund will audit its enrollment and claims records at least once each plan year to ensure that no employees of the Employer, or the dependents of such employees, are participating in plan coverage for which they are not eligible.~~

~~Employees shall become eligible for benefits upon meeting the requirements of the plan.~~

~~All employees must continue to meet all eligibility requirements of the Plan as a condition of continued eligibility.~~

~~The Trustees shall establish a separate accounting of income and expenses for the "Funding group" of the Fund who agree in their Collective Bargaining Agreements to the same provisions as provided herein, unless otherwise approved by the Trustees. Only those Employers who adopt these provisions may share in the pool of income and expenses established herein. The Trustees are expressly prohibited from using the contributions of these employers for the payment of benefits to the employees of other employers.~~

**Effective January 1, 2021, the Employer will, on an annual basis, obtain all data necessary to enroll or re-enroll employees and their dependents as participants eligible for coverage under the Plan. To remain enrolled as a participant eligible for Plan coverage, each employee who is currently enrolled, or who initially enrolls during the term of the Collective Bargaining Agreement, must re-enroll prior to the start of each succeeding Plan Year, which is the calendar year as of January 1, 2021. Employees must make an affirmative election to enroll in the Plan during each annual open enrollment period. Enrollment is for the entire plan of benefits (except that Life Insurance, AD&D, and short-term disability will be provided to all eligible employees) under the Plan and an employee's failure to affirmatively elect to enroll in the Plan will result in such employee being ineligible for all benefits under the Plan until the next Plan Year or until there has been a qualifying life event, whichever occurs first. The definition of a "qualifying life event" is provided under the Employer's Code Section 125 plan document or the plan document for the Plan.**

**The hour bank will be terminated on December 31, 2020. Any unused hours will be forfeited.**

**Plan One Coverage Eligibility – Employees Hired Before January 1, 2021**

**Plan One Coverage Initial Eligibility – On or after January 1, 2021** Using a 52-week measurement period (as outlined in the measurement/stability period description below) or as otherwise required under the Affordable Care Act, employees hired before January 1, 2021, must work an average of twenty two (22) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty four (34) hours a week to become eligible for employee and spouse coverage or spouse and dependent child(ren) coverage.

**Plan One Coverage Continuing Eligibility – On or after January 1, 2022** Using a 52-week measurement period (as outlined in the measurement/stability period description below or as otherwise required under the Affordable Care Act), employees hired before January 1, 2021 must work an average of twenty five (25) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty six (36) hours a week to become eligible for employee and spouse or spouse and dependent child(ren) coverage.

Plan One eligibility occurs the first (1st) day of the calendar year. In no event can an employee not become initially eligible if hired with the expectation of working 30 hours or more in a week, and such employees will be eligible on the (1st) day of the month following sixty (60) days of employment.

**Plan One Coverage Continuing Eligibility – On or after January 1, 2023** Using a 52-week measurement period (as outlined in the measurement/stability period description below or as otherwise required under the Affordable Care Act), employees hired before January 1, 2021 must work an average of twenty seven (27) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty six (36) hours a week to become eligible for employee and spouse or spouse and dependent child(ren) coverage.

Plan One eligibility occurs the first (1st) day of the calendar year. In no event can an employee not become initially eligible if hired with the expectation of working 30 hours or more in a week, and such employees will be eligible on the (1st) day of the month following sixty (60) days of employment.

**Plan Two Eligibility for the Plan – Employees Hired on or After January 1, 2021**

**Plan Two Coverage Initial and Continuing Eligibility – On or after January 1, 2021:** Using a 52-week measurement period (as outlined in the measurement/stability period description below) or as otherwise required under the Affordable Care Act, employees hired on or after January 1, 2021 must work an average of twenty seven (27) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty six (36) hours a week to become eligible for employee and spouse coverage or spouse and dependent child(ren) coverage.

Plan Two eligibility occurs the first (1st) day of the calendar year. In no event can an employee not become initially eligible for Plan Two coverage if hired with the expectation of working 30 hours or more in a week, and such employees will be eligible on the (1st) day of the month following sixty (60) days of employment.

Eligibility shall be continued under the following conditions:

In case of illness or non-compensable injury, while on an approved leave of absence, up to six (6) months of eligibility following the month in which the illness or injury occurred will be recognized.

The Employer agrees to extend eligibility for qualifying employees on an approved Family and Medical Leave of absence, not to exceed twelve (12) weeks pursuant to the provisions of the Family and Medical Leave Act.

- a) The Employer agrees to extend coverage for eligible employees until the end of the month following cessation of active employment, including but not limited to termination of employment. This obligation shall not be required when employees are discharged for dishonesty, drinking, or drunkenness on the job or resigns to go into business for themselves.
- b) Employees on approved medical, sick or disability-related leave of absence are required to make weekly contributions to maintain eligibility.

Employee contributions that have been discontinued as provided above will be resumed on the first day of the month following a return to work on the Employer's active payroll after illness or injury

Measurement/Stability Period effective January 1, 2021

Average hours for Plan One and Plan Two coverage eligibility effective on and after January 1, 2021 shall be determined over a twelve (12) month measurement period (measured over 52 or 53 weekly payroll periods, as necessary for compliance with the Affordable Care Act's employer shared responsibility rules) that will result in a twelve (12) month stability period during which time the employee shall be considered an "eligible employee." There shall be a twelve (12) month initial measurement period for new hires who are not reasonably anticipated to work on average at least thirty (30) hours per week, followed by a twelve (12) month initial stability period for such new hires that will end at the beginning of the next standard twelve (12) month stability period. There shall also be a twelve (12) month standard measurement period for all ongoing employees, which shall be the calendar year, followed by a twelve (12) month standard stability period based on employee hours during the standard measurement period. An administrative period may be applied between the end of a measurement period and the start of a stability period as long as the administrative period is in compliance with the Affordable Care Act's employer shared responsibility rules.

If a newly-hired employee is reasonably anticipated to work on average at least thirty (30) hours per week, such employee shall be considered a known full-time employee for purposes of health care and shall become eligible for Plan Two coverage on the first day of the month following sixty (60) days of employment and such date shall hereinafter be referred to as the employee's initial eligibility date. Subject to the above requirements, such coverage will remain in effect until such employee reaches the first standard twelve (12) month stability period, at which time coverage will be determined in accordance with the average hour requirements calculated over the previous twelve (12) month standard measurement period. If the Company promotes an employee to a known full-time position, for purposes of health care, prior to the end of an initial or standard measurement period, such employee shall become eligible for Plan Two coverage no later than the earlier of the (1) the 1st day of the month following sixty (60) days from the date of promotion or (2) the first day of the initial or standard stability period and such date shall hereinafter be

referred to as the employee's initial eligibility date. Such coverage shall remain in effect until such employee reaches the first standard twelve (12) month stability period, at which time coverage will be determined in accordance with the average hour requirements calculated over the previous twelve (12) month standard measurement period.

In applying the eligibility rules of this provision, if there is a gap between the end of the initial stability period and the start of the standard stability period, the employee shall continue to be eligible for coverage during the gap period based on the employee's eligibility during the initial stability period. In the case of an overlap of the initial stability period and the first standard stability period the employee shall be eligible for the highest level of coverage the employee would qualify for during the overlap period.

Section 17.02      ~~Funding Policy~~ **Treatment of Reserves in South Central H&W Fund**

~~This Funding Policy shall become activated and of full force and effect on April 1, 2016. The contributions provided for herein are with the parties' understanding and agreement that the Trustees to the South Central Health and Welfare Fund will maintain the Plan in a fully funded and reserved status and will provide benefits in accordance with the provisions of this Article.~~

~~There are two purposes of this Funding Policy:~~

~~A. Fully reserved status of the South Central Health and Welfare Fund~~

~~B. Claims Payment Standards of the South Central Fund.~~

A. Fully Reserved Status

~~It is agreed that the target for fully reserved status shall be defined as reserves equal to a minimum of three (3.0) months of Health and Welfare expenses. In October of each year, the Fund Consultant will give a projection for the coming plan year as well as a projection of the remaining term of the Agreement.~~

~~The Consultant will provide the current status of the reserves at each quarterly meeting as well as a projection through the end of the current plan year.~~

~~It is understood and agreed that any projection showing reserves below two (2.0) months will cause the financial condition to be monitored closely by the Trustees and the Professionals of the plan. A projection showing reserves below two (2.0) months for two consecutive quarters, on or after January 1, 2019, will cause action to be taken by the Trustees to bring the level on reserves back to the desired level of three (3.0) months. Such actions may include a combination of benefit adjustments, eligibility changes and/or employee contribution rate increases.~~

If the reserves in the South Central United Food and Commercial Workers Union and Employers Health and Welfare Trust Fund (the "Fund") as of September 30, 2020 are greater than \$17.0 (seventeen) million dollars, the Employer will not make contributions for paid hours in October 2020 (for which contributions would otherwise be due to the Fund in November 2020).

~~B. Claims Payment Standard~~

~~The Plan Administrator is responsible for payment of claims on a timely basis.~~

~~Payment schedules should comply with any vendor contractual obligations in order to maintain the appropriate discounts provided by the vendor.~~

~~The Plan Administrator will make reports to the Trustees on compliance with these standards. Trustees are responsible for monitoring compliance of these standards and taking corrective action, as appropriate.~~

Section 17.03      Cost Control Measures

~~The Trustees are directed to search for and adopt cost control measures that will aid the Fund in managing costs within the contributions provided by the employer and employees herein. The parties agree **Plan may to develop and extend to bargaining unit participants medical and prescription** management programs that targets high-risk participants with chronic diseases such as diabetes, asthma, and cardiovascular disease. Incentives to drive participation in the program are understood to be a key element to enhance quality health care.~~

~~There is recognition that incentives may take various forms and will likely evolve and change over time base on program experience with a goal of maximizing program effectiveness. The initial focus will be a thorough educational campaign in connection with program roll out. Such education will be reinforced by the Plan, the Union, and the Employer.~~

**Section 17.04. Quarterly Meetings on Health and Welfare**

**The Company and the Union agree to establish quarterly meetings to discuss issues or concerns about the company administered health and welfare program. These meetings will include designated representatives from the Union and the Kroger Co including representatives from the Total Rewards team that administers the Company's health and welfare programs. Either party can include other representatives as is deemed necessary.**

You will always have a voice. We have added this proposed language to address the union's concern about not having a voice in health care benefits with a company-administered plan.

Section 17.045      National Health Care Reform

~~The Employer and the Union agree to meet and discuss, at the request of either party, the effects of the Patient Protection and Affordable Care Act (PPACA) and Federal regulations or any other legislation that may impact the Employer's provision of health and welfare benefits during the term of this Agreement, and to make modifications to this Agreement on this Health and Welfare article and to make modifications as necessary and appropriate~~

Section 17.056      Texas Occupational Injury and Disease Benefit Plan

The parties agree to meet once per quarter to continue discussions brought forth in bargaining regarding the Kroger Texas Occupational Injury and Disease Benefit Plan. Prior to any updating of the Plan, the Employer will give the Union the opportunity to submit recommendations for consideration.

The meetings will be Co-Chaired by the Manager of Operations for the Southwest Division and the President of UFCW Local 455 and/or his designate. It is understood that the parties may include other representatives as deemed necessary.

Section 17.06

~~Contribution to the trust fund shall be continued under the following conditions effective 1-1-08 for participants of Plan A: In the case of a compensable injury while on an approved leave of absence, six (6) months contributions for full time (three (3) months contributions for part time) following the month in which the compensable injury occurs.~~

**ARTICLE 18 PENSION**

*Add the following:*

**C14. See Letter titled Regarding Consolidated Pension Fund**

**ARTICLE 19 DISPUTE PROCEDURE**

Delete stricken language and add changes in bold

Section 19.02      Should any differences, disputes, or complaints arise over the interpretation or application of the contents of this agreement, there shall be an earnest effort on the part of both parties to settle such promptly through the following steps:

- Step 1.            By conference between the aggrieved employee and/or store steward, Union business representative, or either, and the manager of the store. The Store Manager will issue their decision and/or position within five (5) days following the conference. It is understood that any agreement reached at Step 1 shall be on a non-precedent setting basis.
- C15.**    Step 2.            By conference between the Union business representative and/or store steward and the District Manager **or Division designee**. A meeting will be held within twenty (20) days of the first step decision, and a decision and/or position will be given within fifteen (15) days of the second step conference, unless mutually extended by the parties. It is understood that any agreement reached at Step 2 shall be on a non-precedent setting basis.
- Step 3.            By conference between an official of the Union and the Division Human Resource Manager (or Marketing Area President) or person designated by him. A meeting will be held within thirty (30) days of the second step, and a written decision and/or position on the grievance



within fifteen (15) days of the third step conference, unless mutually extended by the parties.

- Step 4. In the event Step 3 fails to settle the complaint, it may be referred to arbitration by either party within thirty (30) calendar days from receipt of the Employer's written decision and position on the complaint; otherwise, the grievance shall be considered null and void.

We take these dispute procedures seriously. As such we need to have flexibility on who can address them in a timely manner. Having a Division designee option in step 2 allows the company the opportunity to address and resolve disputes quickly and efficiently when an employee's District Manager is not available.

### **ARTICLE 23 DURATION AND EXPIRATION**

**C16.** Section 23.02 This agreement shall be in effect from ~~April 10, 2016~~ **April 12, 2020** through ~~April 11, 2020~~, **April 8, 2023** and shall automatically be renewed from year to year thereafter, unless either party serves notice in writing to the other party at least sixty (60) days prior to the expiration date or any anniversary date thereafter of a desire of termination or changes in this agreement.

We have agreed to a three-year contract with an expiration date of April 8, 2023.

### **GENERAL PROVISIONS RELATIVE TO WAGE SCALE**

Delete stricken language and add changes in bold

**C17.** Part-time employees will start on the first six (6) months rate for the proper classification, and will advance up the pay scale on the basis of one (1) bracket for each six (6) months worked. General Clerks will start on the first (1<sup>st</sup>) step and advance up the pay scale on the basis of one (1) bracket for each six (6) months worked. **Effective February 7, 2021, all clerks are held to the level they transitioned to effective with the February 7, 2021 contractual wage increase.**

**C18.** Any employee who is permanently assigned to a higher classification shall be placed in the next wage ~~bracket~~ **level** in the new classification that will afford him an hourly increase, except in the cases where both rates are the same. In such cases, the employee will be assigned the same rate and will progress to the higher ~~brackets~~ **level** in the new classification by normal progression.

Our proposal includes a simplified wage scale, effective in February 2021. We are collapsing the wage scales (not as many steps). Our proposal provides meaningful and more competitive wages each year, including wage increases for all associates. See attached wage scale.

### **C. Previous Experience**

**C19.** 1 Previous proven comparable experience within ten (10) years from date of present employment, not to exceed the maximum of five (5) years of credit, as shown on the application for employment shall be the basis for determination of the new employee's rate of pay. **Effective February 7, 2021, previous proven comparable experience within ten (10) years from date of present employment, not to exceed the maximum of four (4) years of credit, as shown on the application for employment shall be the basis for determination of the new employee's rate of pay, with years of employment corresponding to each level of rate of pay:**

0-1 years: Level 1  
 1-2 years: Level 2  
 2-3 years: Level 3  
 3+ years: Level 4

This aligns with our new wage scale plan. We are collapsing the wage scales (not as many steps). Work Experience Credit would still apply.

**C20.** Other Work: Employees shall perform any work, ~~except meat department work~~, which the manager of the store or District Manager may direct with the understanding that when an employee is assigned to a job with a lesser rate, he will be entitled to his regular rate of pay, unless due to a decrease of work, he has been regularly assigned to a lower rated job and desires to retain such job rather than accept a layoff.<sup>3</sup>

With our proposed meat language, removing this language would provide the opportunity for all clerks to work across the store.

**C21.** J. Where the Employer deems it necessary to appoint a Head Checker, in addition to a Front End Supervisor, such employee will receive top rate for their classification plus fifty cents (50¢) per hour. Where the Employer deems it necessary to appoint Leads in the positions of ~~Floral~~, Scan Coordinator, ~~Back Door Receiving~~, Dairy, Grocery, Frozen Food, Cake Decorator, Fuel, Starbucks/Seattle's Best, such employee will receive the top rate for their classification plus fifty cents (50¢) per hour over the employee's current rate upon satisfactory completion of training and upon certification. **Where the Employer deems it necessary to appoint Leads in the positions of Floral, Back Door Receiving, Dairy, E-Commerce, such employee will receive the top rate for their classification plus one dollar (\$1.00) per hour over the employee's current rate upon satisfactory completion of training and upon certification.** It is expected that these positions will apply to most all stores within the designated bargaining unit area. Each individual will be trained at the Company's expense and on the Company's timetable. After the training, each will be tested both on knowledge and work environment applications. Each successful candidate will then be certified in the position and shall begin receiving the premium referenced herein. The Employer will endeavor to complete the initial training for these newly created positions within 12 months following ratification of this agreement, if possible. The Employer reserves the right to remove any employee from the lead positions for performance related reasons including the failure to maintain "best practices" measurements for the average group performance in the Division.

We are proposing to offer a Lead premium from \$0.50 to \$1.00 for Floral, Back Door Receiving, Dairy and E-Commerce upon completion of training and certification.

**C22.** ~~K. A Fuel Center Clerk after six (6) months of service shall be given preference by seniority, together with ability, practicability, and availability should an opening occur for a General Clerk store position, at their food store location.~~

~~When a full time clerk store opening occurs it shall be made available to full time Fuel Center Kiosk clerks with six months or more seniority, at their food store location. It is understood that General Clerks shall have first preference to full time openings within the store. Such full time openings, for their food store location, shall be posted in the Fuel Center for seven (7) calendar days prior to filling. Full time Fuel Center Kiosk Clerks shall retain their full time~~

<sup>3</sup> Nothing in Kroger's proposed changes to work assignment language seeks to alter, or may be construed to impact, the bargaining unit description or the parties' rights to contest that associates performing the work are included or excluded from a bargaining unit.

seniority date earned in the Fuel Center and that date can be used in the determination of greater seniority over existing store clerks.

**C23.** L. Assistant Department Heads - The Employer, at its discretion, may appoint an Assistant Department Head. This is not a required position and Management may elect not to assign the position. In the event an employee is assigned as an Assistant Department Head then such employee shall be paid the top rate for their classification plus fifty cents (50¢) **one dollar (\$1.00)** per hour, effective **October 4, 2020**. ~~for Sales Volume 1 and the top rate for their classification plus sixty five cents (65¢) per hour for Sales Volume 2 and the top rate for their classification plus ninety cents (90¢) per hour for Sales Volume 3.~~

With our proposal, we would eliminate the three volume levels for premium pay for Assistant Department Heads and offer a straight \$1.00 premium for all sales volume levels.

**C24.** P. Lead Floral Volume 2 or 3 Management may assign an employee to the position of "Lead Floral Volume 2 or 3". This is not a required position and management may elect not to assign the position. In the event an employee is assigned as a Lead Floral Sales Volume 2 or 3, then such employee shall be paid the top rate for their classification plus sixty five cents (65¢) per hour for Volume 2 or the top rate for their classification plus ninety cents (90¢) per hour for Volume 3 above their current non-premium wage rate provided total store sales are at the Volume 2 or 3 Level.

With the elimination of sales volume tiers and offering a straight \$1.00 premium for Floral, this language is no longer applicable.

## LETTERS OF AGREEMENT

- Renew LOA #1
- Renew LOA #2
- Renew LOA #3
- Renew LOA #4
- Delete LOA #5
- Add LOA Educational Leave of Absence:
- Add LOA UFCW Consolidated Pension Fund:
- Add LOA Assistant Department Head Training:

**Side Letter  
Regarding Educational Leave of Absence Policy**

An employee enrolled as a full-time student at an accredited college/university, technical/vocational training or a specialized training program as a full-time student during each academic cycle may request an educational leave of absence under the following conditions:

- Institution is beyond a reasonable commuting distance to a Kroger store.
- Leave must be requested on an Educational Leave of Absence Form in advance and must be accompanied by a written confirmation of attendance from the institution.
- Leave shall be granted for a period not to exceed the length of the institution's designated sessions, i.e. semester, trimester or quarter.
- Student must report to management no later than fourteen (14) days from the end of the session.
- When school is not in session and the student lives beyond a reasonable commuting distance, the student may request a leave under the same terms and conditions as other educational leaves.

FOR THE COMPANY:

FOR THE UNION:

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**This letter was tentatively agreed on 8/18/2020**

Add UFCW Consolidated Pension Fund:

**Side Letter  
Regarding Consolidated Pension Fund**

Kroger and various UFCW locals are parties to a Memorandum of Understanding (“MOU”) governing pension benefits and Kroger’s funding obligations that expires on December 31, 2021. The parties acknowledge that Section 3.7 of the MOU provides, in relevant part, that if the parties to the MOU, including Local 455, do not reach agreement by December 31, 2021 regarding pension benefits and/or Kroger’s funding obligation, then the status quo shall remain in effect under then current CBA between Kroger and Local 455 until the expiration of the CBA.

Add Assistant Department Head Training:

**Side Letter  
Regarding Assistant Department Head Training**

During the course of negotiations, the parties discussed Assistant Department Head training. As a result of these discussions, the Company agrees to conduct three training classes per calendar year. The training classes will be held between February 1st through October 31<sup>st</sup> of each calendar year.

**This letter was tentatively agreed on 8/18/2020**

Kroger – Houston, Texas L.P.  
Last, Best, and Final Offer  
UFCW Local 455  
Houston Meat Clerks Agreement  
August 19, 2020

The Company makes the following Last, Best, and Final Offer (“Offer”) to UFCW Local No. 455 (“Union”) for a new collective bargaining agreement for Houston Meat Clerks.<sup>1</sup>

#### **ARTICLE 4 MEAT DEPARTMENT EMPLOYEES**

*Delete stricken language and add changes in bold.*

**C1.** B. Assistant Department Head - The Employer, at its discretion, may appoint an Assistant Department Head. This is not a required position and Management may elect not to assign the position. In the event an employee is assigned as an Assistant Department Head, then such employee shall be paid the top rate of their classification plus a premium of ~~fifty cents (.50)~~ **one dollar (\$1.00)** per hour, **effective October 4, 2020.** ~~for Volume 1 and sixty five cents (.65) for Volume 2 and ninety cents (.90) for Volume 3 stores.~~

With our proposal, we would eliminate the three volume levels for premium pay for Meat Assistant Department Heads and offer a straight \$1.00 premium for all sales volume levels.

~~**C2.** K. A Service Clerk at the six dollar and twenty five cent (\$6.25) rate or above who gets promoted to the Seafood Captain classification will automatically be put at the next progression increase.~~

This language is no longer relevant.

#### **ARTICLE 5 WAGES**

*Delete stricken language and add changes in bold, re-letter B-D to C-E.*

**C3.** B. **Part-time employees will start on the first six (6) months rate for the proper classification, and will advance up the pay scale on the basis of one (1) bracket for each six (6) months worked. Meat Clerks will start on the first (1<sup>st</sup>) step and advance up the pay scale on the basis of one (1) bracket for each six (6) months worked. Effective February 7, 2021, all Meat clerks are held to the level they transitioned to effective with the February 7, 2021 contractual wage increase.**

**Any employee who is permanently assigned to a higher classification shall be placed in the next wage bracket level in the new classification that will afford him an hourly increase, except in the cases where both rates are the same. In such cases, the employee will be assigned the same rate and will progress to the higher brackets level in the new classification by normal progression.**

Our proposal includes a simplified wage scale, effective in February 2021. We are collapsing the wage scales (not as many steps). Our proposal provides meaningful and more competitive wages each year, including wage increases for all associates. See attached wage scale.

<sup>1</sup> The Company reserves the right at any time during the negotiations process and prior to ratification to amend, withdraw, modify, clarify or add to any proposals. There shall be no final agreement on any issues, regardless of procedural tentative agreements, until a full and complete agreement is reached on all issues which are the subject of matter for bargaining and only after that full agreement is ratified by the parties.

- C4. B.C.** Previous proven comparable experience within ten (10) years, not to exceed five (5) maximum credit, from date of present employment, as shown on application for employment shall be the basis for determination of the new employee's rate of pay. **Effective February 7, 2021, previous proven comparable experience within ten (10) years from date of present employment, not to exceed the maximum of four (4) years of credit, as shown on the application for employment shall be the basis for determination of the new employee's rate of pay, with years of employment corresponding to each level of rate of pay:**
- 0-1 years: Level 1**
  - 1-2 years: Level 2**
  - 2-3 years: Level 3**
  - 3+ years: Level 4**

This aligns with our new wage scale plan. We are collapsing the wage scales (not as many steps). Work Experience Credit would still apply.

## **ARTICLE 6 HOURS OF WORK**

*Delete stricken language and add changes in bold.*

- C5. C.** Any time worked in excess of ~~eight and a half (8.5)~~ **(8.5)** hours in any one (1) day shall be considered overtime and the minimum rate of pay shall be time and one-half (1½) the regular basic rate of pay.

**Basic workday:** We are required by Federal law to pay overtime over 40 hours a week. We need to address the costs of daily overtime. As far as we are aware, our competitors do not offer daily overtime. Instead of eliminating daily OT, we have modified our initial proposal to pay daily OT for any time after a 8.5-hour workday.

- C6. K.** A work schedule for part-time employees for the succeeding ~~week~~ **weeks** shall be posted in each market by 4:00 ~~pm~~ **12:00 pm** on Friday of the current workweek. Part-time employees will be scheduled for a minimum of ~~fifteen (15)~~ **eighteen (18)** hours per week if available. **The eighteen (18) hour weekly minimum may be waived by mutual agreement on an individual basis between the employer, employee, and Union representative.**

**We are proposing to increase guaranteed minimum hours from 15 to 18.** We are also proposing to waive the proposed 18-hour weekly minimum on an individual basis – only if it is agreed upon by the employee and company. The proposed “mutually agreed” upon language helps associates or potential new hires who may want less than 18 hours a week. We have added “and Union representative” to address the union’s concerns.

## **This proposal was tentatively agreed on 8/19/2020**

- C7 S. Effective October 4, 2020,** A night premium of ~~thirty-five (\$0.35)~~ **one-dollar (\$1.00)** cents per hour will be paid for work performed between ~~9:00 pm~~ **(10:00 pm)** to ~~4:00 am~~ **(6:00 am)**. **Effective August 8, 2021, a night premium of one-dollar and fifty cents (\$1.50) will be paid for work performed between 10:00 pm and 6:00 am.**

**We are proposing to increase the night premium** on October 4th from \$.35 to \$1 and then again effective 8/8/2021 from \$1 to \$1.50. We are also proposing to adjust night shift premium hours to be paid from 10 p.m. to 6 a.m. This aligns more traditionally with night shift work and expands night shift premium hours by one hour.



## ARTICLE 7 VACATIONS

*Delete stricken language and add changes in bold*

**C8.** B. A qualifying part-time employee, who has completed twelve (12) months continuous service, will be eligible to receive a vacation with pay (provided that the part-time employee has worked six hundred twenty-four [624] or more straight-time hours during such twelve [12] month anniversary period).

Each part-time employee who meets the eligibility requirements of this Section of this Article shall, on his anniversary date, be entitled to receive: One (1) week's pro-rata vacation with pay to be calculated on the basis of the total hours worked during the applicable anniversary year divided by the weeks in a calendar year.

Part-time employees shall be entitled to a second (2nd) week of pro-rated vacation after completion of three (3) years service. **Effective January 3, 2021, Part-time employees shall be entitled to a third (3rd) week of pro-rated vacation after completion of ten (10) years service.** ~~Two (2)~~ **Three (3)** weeks shall constitute the maximum allowed pro-rated vacation for part-timers.

For those current PT associates in our current Meat contract, this would raise their maximum vacation weeks from two to three weeks.

## ARTICLE 8 HOLIDAYS

*Delete stricken language and add changes in bold*

**C9. Effective January 3, 2021,** in addition to the National Holidays, employees shall earn personal Holidays as follows:

<del>Three</del> <b>Two (2)</b> years of continuous service	One (1) Personal holiday
<del>Eight</del> <b>Five (5)</b> years of continuous service	Two (2) Personal holidays
<del>Fifteen</del> <b>Eight (8)</b> years of continuous service	Three (3) Personal holidays
<del>Twenty</del> <b>Fifteen (15)</b> years of continuous service	Four (4) Personal holidays

**This proposal was tentatively agreed on 8/19/2020**

## ARTICLE 9 LEAVES OF ABSENCE

*Delete stricken language and add changes in bold*

**C10.** B. The Employer agrees to grant the necessary time off without discrimination or loss of seniority rights and without pay to not more than two (2) employees out of any one (1) store, and no more than five (5) employees from the Employer, designated by the Union to attend to Union business, provided the Employer is given at least ~~one (1)~~ **two (2)** week's notice, in writing, from the Union, specifying the length of time off, but in no case shall the length of time exceed one (1) year. **The Employer agrees that management shall not coerce, and/or discourage employees from making their decision to serve in any capacity on Official Union Business. The Employer shall not interrogate the employee and/or question the employee's decision.**

The adjustment on days in this language aligns with our current scheduling process. Additional language was added to address union concerns.

**Article 11 WORKING CONDITIONS***Delete stricken language and add changes in bold*

**C11.** The Employer shall provide and shall not charge for the ~~shirts~~ **uniforms** required by the company.

**This proposal was tentatively agreed on 8/12/2020**

**C12.** N. Where the Employer deems it necessary, Clerks shall be assigned to assist in the Meat department. This will include stocking, cleaning, and sanitation. Clerks will not operate cutting equipment or machinery within the Meat department.

Where the Employer deems it necessary, Meat employees shall be assigned to assist in other departments. This will include stocking, customer service, hanging tags, and cleaning and sanitation outside the Meat department. Meat department employees shall not be assigned to Front End duties.

The Intent of this language is not to negatively impact Meat employees.<sup>2</sup>

We withdrew our proposal to merge the Meat Contract with the Clerks contract. This new proposal would allow associates to move within departments and could potentially mean additional hours for associates and an opportunity to learn more aspects of the business. It also provides the company with flexibility to back fill hours due to call-offs or when a department is understaffed. It does not mean that Meat associates would lose hours, take someone's job or be asked to do front-end work.

**Article 12 GRIEVANCE AND ARBITRATION***Delete stricken language and add changes in bold*

**C13.** Step 2. By conference between the Union business representative and/or store steward and the District Manager **or Division designee**. A meeting will be held within twenty (20) days of the first step decision, and a decision and/or position will be given within fifteen (15) days of the second step conference, unless mutually extended by the parties. It is understood that any agreement reached at Step 2 shall be on a non-precedent setting basis.

We take these dispute procedures seriously. As such we need to have flexibility on who can address them in a timely manner. Having a Division designee option in step 2 allows the company the opportunity to address and resolve disputes quickly and efficiently when an employee's District Manager is not available.

---

<sup>2</sup> Nothing in Kroger's proposed changes to work assignment language seeks to alter, or may be construed to impact, the bargaining unit description or the parties' rights to contest that associates performing the work are included or excluded from a bargaining unit.

**Article 13 HEALTH AND WELFARE***Delete stricken language and add changes in bold*

As with our previous offer, we have lowered our associate contribution increases by \$1 for the Employee only and Employee + Children, and we have lowered our Employee + Spouse and Employee + Family by \$2.

Our proposed company-administered plan is top-quality. We do not want to relive the funding shortfalls of the past. Our proposal eliminates this risk and potential benefit cuts. It addresses the following:

1. Provides secure, stable, affordable health care for associates for the life of the contract
2. Improves benefit options for our associates through modern plan designs, which lead to better health outcomes
3. Leverages the size and scale of the Kroger Family of Companies
4. Provides transparency and standardization in administration of benefits

You can find more information about our health care proposal at [www.krogerhoustoncba.com](http://www.krogerhoustoncba.com).

~~C14. Section 13.01 The Employer shall contribute to the established South Central United Food and Commercial Workers Union and Employers Health and Welfare Trust Fund for all hours paid, not to exceed forty (40) hours per week, after thirty (30) calendar days of employment. Effective April 1, 2016 (March hours) the employer will begin making contributions on part time fuel clerks. Such contributions shall be used to provide Health and Welfare benefits, for all enrolled Bargaining Unit Employees, and effective January 1, 2017 for Part time Fuel Clerks, subject to and in strict accordance with the terms of Section 13.02 ("Funding Policy").~~

The terms of the prior collective bargaining agreement regarding health and welfare benefits in effect as of April 1, 2020 will remain in effect through December 31, 2020, except as modified herein.

Effective on and after January 1, 2021, all health and welfare benefits provided for under this Agreement shall be provided through a single-employer group health plan or plans sponsored by the Employer, referred to hereafter as the "Plan" and as described in further detail below. As a result, the Employer shall not have any obligation to make contributions to any multiemployer health and welfare fund, including but not limited to the South Central United Food and Commercial Workers Union and Employers Health and Welfare Trust Fund, for any hours worked on or after January 1, 2021.

A. Contributions to Fund Benefits:

Effective on and after January 1, 2021, the Employer will provide the health and welfare benefits described below through the Plan, subject to the employee premium cost-sharing and other terms and conditions described below.

~~The Employer shall contribute to the Fund in the following amount provided that the Trustees of the Plan provide benefits and manage the Plan in accordance with their fiduciary responsibility and in accordance with the provisions of this Article:~~

<u>Date</u>	<u>Amount</u>
April 1, 2016 (March Hours)	\$3.00 per hour

Provided the Trustees have enacted modifications to the Plan consistent with the provisions contained at the end of this section (A. contributions to Fund Benefits), the Employer further agrees to the following increases to its contribution rates to the Fund:

1. ~~Effective the first of the month following adoption by the Trustees of a package of plan amendments conforming with the provisions detailed herein, the Employer will make a lump sum payment equal to \$3,500,000, in the aggregate for all bargaining units of the employer covered under the South Central Funding Group effective for the employees of this Agreement. Effective March 1, 2017, provided hours are worked by employees covered by this agreement, the employer will make a second \$3,500,000 lump sum payment in the aggregate for all bargaining units of the employer covered under the South Central Funding Group. In addition, should the fund reserves fall below \$2,000,000 prior to February 28, 2017, the Employer agrees to accelerate one half of the next month's contribution payment to bring the cash flow above \$2,000,000.~~
2. ~~Effective April 1, 2016 (March hours), the Employer's contribution rate will be increased to \$3.00 per hour.~~
3. ~~Effective April 1, 2017 (March hours), the Employer's contribution rate will be increased to \$3.05 per hour.~~
4. ~~Effective April 1, 2019 (March hours), the Employer's contribution rate will be increased to \$3.10 per hour.~~
  - a. ~~In addition to the above rate increases, the Trustees (based on the advice of the Plan Consultants), no later than March 31, 2019, shall determine the Plan's current reserve status and if such reserves are projected to be at 4 months or above as of March 13, 2020, the Employer and the employees will receive contribution holidays in an amount necessary to achieve a reserve level on March 31, 2020 no greater than 4 months of reserves.~~

Effective January 1, 2017, the premium for Plan A spouse and family coverage in the Funding Group is increased as follows:

Employees hired after September 30, 2010:

	<u>Without Working Spouse</u>	<u>With Working Spouse</u>
Employee Only	\$6.00	
Employee & Spouse	\$6.00 + \$23.08	\$14.00 + \$34.62
Employee & Children	\$12.00	
Employee & Family	\$12.00 + \$23.08	\$20.00 + \$34.62

Employees hired on or before September 30, 2010:

	<u>Without Working Spouse</u>	<u>With Working Spouse</u>
Employee Only	\$5.00	
Employee & Spouse	\$5.00 + 23.08	\$10.00 + \$34.62
Employee & Children	\$10.00	
Employee & Family	\$10.00 + \$23.08	\$15.00 + \$34.62

Spouse Contribution = \$100 per month or \$23.08 per week.

Working Spouse = \$150 per month or \$34.62 per week

Effective January 1, 2021, employees shall be required to make weekly premium contributions for coverage under Plan One (Hired Before January 1, 2021) or Plan Two (Hired On or After January 1, 2021), as follows:

	Plan One
Weekly Contributions - initial amount effective January 1, 2021, incremental increases each January 1 thereafter	Includes medical, Rx, dental and vision
Employee	\$8.00 (2021) / \$9.00 (2022) / \$10.00 (2023)
Employee + Spouse	\$36.00 (2021) / \$39.00 (2022) / \$42.00 (2023)
Employee + Child(ren)	\$14.00 (2021) / \$15.00 (2022) / \$16.00 (2023)
Employee + Spouse + Child(ren)	\$43.00 (2021) / \$46.00 (2022) / \$49.00 (2023)

	Plan Two
Weekly Contributions - initial amount effective January 1, 2021, incremental increases each January 1 thereafter	Includes medical, Rx, dental and vision
Employee	\$8.00 (2021) / \$9.00 (2022) / \$10.00 (2023)
Employee + Spouse	\$36.00 (2021) / \$39.00 (2022) / \$42.00 (2023)
Employee + Child(ren)	\$14.00 (2021) / \$15.00 (2022) / \$16.00 (2023)
Employee + Spouse + Child(ren)	\$43.00 (2021) / \$46.00 (2022) / \$49.00 (2023)

On or after January 1, 2021, the Kroger Co will collect the employee contributions.

The Employer will offer coverage under the Plan to eligible employees based on date of hire and other eligibility rules as outlined below and pursuant to the terms and conditions of the plan document for the Plan. Plan One plan of benefits is for employees hired before January 1, 2021. Plan Two plan of benefits is for employees hired on or after January 1, 2021. The attached benefit grid provides additional details on the plan of benefits under the Plan. Any terms and conditions of coverage under the Plan that are not provided for herein will be provided under the plan document for the Plan, and the plan document for the Plan, as amended by the Employer from time to time in its discretion, shall control with respect to terms and conditions of coverage that are not described herein. The Employer has the right to implement and apply changes to the Plan to the employees covered by this Agreement, so long as such changes are applied to all other participants in the Plan and do not conflict with the express terms and conditions of coverage and eligibility that are described in this Agreement and plan document.

~~As a condition of receiving the contributions provided above, the Trustees of the Plan will establish a Plan(s) of benefits consistent with the provisions herein, which can be supported by the contributions provided herein. The Bargaining Parties recommend that Trustees of the South Central Fund adopt said plan of benefits. Consistent with this provision, not later than the first of the month following April 16, 2016, to be effective July 1, 2016 or January 1, 2017, the Trustees are directed to make the modifications to the Plan (which can include adjustments to the Plan(s) of benefits, eligibility rules and/or employee co-premium rates) of sufficient amount that when taking into account the contingent contribution increases detailed above will ensure that on April 1, 2020 that the Plan will have a reserve equal to three (3) months reserves and to further ensure that on or after January 1, 2019, the Plan will not drop below two months reserves.~~

~~With respect to the July 1, 2016 or January 1, 2017 modifications contemplated in this provision, the Union Trustees will be allowed to take the laboring oar to make recommendations to the Trustees of the Fund with respect to benefit eligibility, benefit modifications, plan design and/or employee co-premium rates consistent with the objectives of this provision provided that such recommendations may not reduce the rate of employee co-premiums or delay the effective date of their implementation. The Employer Trustees, consistent with their fiduciary duties, shall support the recommendations of the Union Trustees.~~

~~If the Union Trustees fail to tender a timely motion no later than 60 days, or Consent Resolution, to enact changes consistent with this provision or the Union Trustees motion to enact changes is inadequate according to the plan's actuarial consultant to achieve the target discussed herein and as a result the Trustees deadlock motions on adjustments necessary to bring the Plan back in to compliance with this provision, then the deadlocked motions shall be submitted for resolution to arbitration in accordance with the trust's deadlock procedures. The arbitrator shall be considered a fiduciary and such arbitrator's authority shall be limited to casting a vote for or against any pending deadlocked motion.~~

### **Eligibility**

~~The Administrator will, on an annual basis, obtain all data necessary to enroll or re-enroll employees and their dependents as participants eligible for coverage under the Plan. To remain enrolled as a participant eligible for plan coverage, each employee who is currently enrolled, or who initially enrolls during the term of the Collective Bargaining Agreement, must re-enroll prior to the start of each succeeding plan year. Employees must make a positive election to enroll in the Plan. Enrollment is for the entire plan of benefits (except that Life Insurance and AD & D shall be provided to all eligible employees) for the Plan and an employee's failure to make a positive enrollment into the Plan shall result in such employee being ineligible for all benefits of the Plan for the remainder of the calendar year or until there has been a qualifying life event, as defined by the Trustees, whichever occurs first.~~

~~The Employer may, upon reasonable notice and at its own expense, audit the Fund's enrollment data and claims records once each plan year. The Employer may arrange to have the audit conducted by a recognized auditing firm that it shall select.~~

~~Independent of the foregoing audits, the Fund will audit its enrollment and claims records at least once each plan year to ensure that no employees of the Employer, or the dependents of such employees, are participating in plan coverage for which they are not eligible.~~

~~Employees shall become eligible for benefits upon meeting the requirements of the Plan.~~

~~All employees must continue to meet all eligibility requirements of the Plan as a condition of continued eligibility.~~

~~The Trustees shall establish a separate accounting of income and expenses for The "Funding Group" of the Fund who agrees in their Collective Bargaining Agreements to the same provisions as provided herein, unless otherwise approved by the Trustees. Only those Employers who adopt these provisions may share in the pool of income and expenses established herein. The Trustees are expressly prohibited from using the contributions of these employers for the payment of benefits to the employees of other employers.~~

**Effective January 1, 2021, the Employer will, on an annual basis, obtain all data necessary to enroll or re-enroll employees and their dependents as participants eligible for coverage under the Plan. To remain enrolled as a participant eligible for Plan coverage, each employee who is currently enrolled, or who initially enrolls during the term of the Collective Bargaining Agreement, must re-enroll prior to the start of each succeeding Plan Year, which is the calendar year as of January 1, 2021. Employees must make an affirmative election to enroll in the Plan during each annual open enrollment period. Enrollment is for the entire plan of benefits (except that Life Insurance, AD&D, and short-term disability will be provided to all eligible employees) under the Plan and an employee's failure to affirmatively elect to enroll in the Plan will result in such employee being ineligible for all benefits under the Plan until the next Plan Year or until there has been a qualifying life event, whichever occurs first. The definition of a "qualifying life event" is provided under the Employer's Code Section 125 plan document or the plan document for the Plan.**

#### **Plan One Coverage Eligibility – Employees Hired Before January 1, 2021**

**Plan One Coverage Initial Eligibility – On or after January 1, 2021** Using a 52-week measurement period (as outlined in the measurement/stability period description below) or as otherwise required under the Affordable Care Act, employees hired before January 1, 2021, must work an average of twenty two (22) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty four (34) hours a week to become eligible for employee and spouse coverage or spouse and dependent child(ren) coverage.

**Plan One Coverage Continuing Eligibility – On or after January 1, 2022** Using a 52-week measurement period (as outlined in the measurement/stability period description below) or as otherwise required under the Affordable Care Act, employees hired before January 1, 2021, must work an average of twenty five (25) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty six (36) hours a week to become eligible for employee and spouse coverage or spouse and dependent child(ren) coverage.

**Plan One Coverage Continuing Eligibility – On or after January 1, 2023** Using a 52-week measurement period (as outlined in the measurement/stability period description below) or as otherwise required under

the Affordable Care Act), employees hired before January 1, 2021 must work an average of twenty seven (27) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty six (36) hours a week to become eligible for employee and spouse or spouse and dependent child(ren) coverage.

Plan One eligibility occurs the first (1st) day of the calendar year. In no event can an employee not become initially eligible if hired with the expectation of working 30 hours or more in a week, and such employees will be eligible on the (1st) day of the month following sixty (60) days of employment.

The hour bank will be terminated on December 31, 2020. Any unused hours will be forfeited.

**C. Plan Two Eligibility for Plan – Employees Hired On or After January 1, 2021**

**Plan Two Coverage Initial and Continuing Eligibility – On or after January 1, 2021:** Using a 52-week measurement period (as outlined in the measurement/stability period description below) or as otherwise required under the Affordable Care Act, employees hired on or after January 1, 2021 must work an average of twenty seven (27) hours a week for employee-only coverage, a minimum of thirty (30) hours a week for employee and dependent child(ren) coverage, and a minimum of thirty six (36) hours a week to become eligible for employee and spouse coverage or spouse and dependent child(ren) coverage.

Plan Two eligibility occurs the first (1st) day of the calendar year. In no event can an employee not become initially eligible for Plan Two coverage if hired with the expectation of working 30 hours or more in a week, and such employees will be eligible on the (1st) day of the month following sixty (60) days of employment.

**D. Eligibility shall be continued under the following conditions:**

In case of illness or non-compensable injury, while on an approved leave of absence, up to six (6) months of eligibility following the month in which the illness or injury occurred will be recognized.

The Employer agrees to extend eligibility for qualifying employees on an approved Family and Medical Leave of absence, not to exceed twelve (12) weeks pursuant to the provisions of the Family and Medical Leave Act.

- a) The Employer agrees to extend coverage for eligible employees until the end of the month following cessation of active employment, including but not limited to termination of employment. This obligation shall not be required when employees are discharged for dishonesty, drinking, or drunkenness on the job or resigns to go into business for themselves.
- b) Employees on approved medical, sick or disability-related leave of absence are required to make weekly contributions to maintain eligibility.

Employee contributions that have been discontinued as provided above will be resumed on the first day of the month following a return to work on the Employer's active payroll after illness or injury



### E. Measurement/Stability Period effective January 1, 2021

Average hours for Plan One and Plan Two coverage eligibility effective on and after January 1, 2021 shall be determined over a twelve (12) month measurement period (measured over 52 or 53 weekly payroll periods, as necessary for compliance with the Affordable Care Act's employer shared responsibility rules) that will result in a twelve (12) month stability period during which time the employee shall be considered an "eligible employee." There shall be a twelve (12) month initial measurement period for new hires who are not reasonably anticipated to work on average at least thirty (30) hours per week, followed by a twelve (12) month initial stability period for such new hires that will end at the beginning of the next standard twelve (12) month stability period. There shall also be a twelve (12) month standard measurement period for all ongoing employees, which shall be the calendar year, followed by a twelve (12) month standard stability period based on employee hours during the standard measurement period. An administrative period may be applied between the end of a measurement period and the start of a stability period as long as the administrative period is in compliance with the Affordable Care Act's employer shared responsibility rules.

If a newly-hired employee is reasonably anticipated to work on average at least thirty (30) hours per week, such employee shall be considered a known full-time employee for purposes of health care and shall become eligible for Plan Two coverage on the first day of the month following sixty (60) days of employment and such date shall hereinafter be referred to as the employee's initial eligibility date. Subject to the above requirements, such coverage will remain in effect until such employee reaches the first standard twelve (12) month stability period, at which time coverage will be determined in accordance with the average hour requirements calculated over the previous twelve (12) month standard measurement period. If the Company promotes an employee to a known full-time position, for purposes of health care, prior to the end of an initial or standard measurement period, such employee shall become eligible for Plan Two coverage no later than the earlier of the (1) the 1st day of the month following sixty (60) days from the date of promotion or (2) the first day of the initial or standard stability period and such date shall hereinafter be referred to as the employee's initial eligibility date. Such coverage shall remain in effect until such employee reaches the first standard twelve (12) month stability period, at which time coverage will be determined in accordance with the average hour requirements calculated over the previous twelve (12) month standard measurement period.

In applying the eligibility rules of this provision, if there is a gap between the end of the initial stability period and the start of the standard stability period, the employee shall continue to be eligible for coverage during the gap period based on the employee's eligibility during the initial stability period. In the case of an overlap of the initial stability period and the first standard stability period the employee shall be eligible for the highest level of coverage the employee would qualify for during the overlap period.

### Section 13.02 Treatment of Reserves in South Central H&W Fund

~~This Funding Policy shall become activated and of full force and effect on April 1, 2016. The contributions provided for herein are with the parties' understanding and agreement that the Trustees to the South Central Health and Welfare Fund will maintain the Plan in a fully funded and reserved status and will provide benefits in accordance with the provisions of this Article.~~

There are two purposes of this Funding Policy:

(A) ~~Fully reserved status of the South Central Health and Welfare Fund~~

(B) ~~Claims Payment Standards of the South Central Fund.~~

A. ~~\_\_\_\_\_~~ Fully Reserved Status

~~It is agreed that the target for fully reserved status shall be defined as reserves equal to a minimum of three (3.0) months of Health and Welfare expenses. In October of each year, the Fund Consultant will give a projection for the coming plan year as well as a projection of the remaining term of the Agreement.~~

~~The Consultant will provide the current status of the reserves at each quarterly meeting as well as a projection through the end of the current plan year.~~

~~It is understood and agreed that any projection showing reserves below two (2.0) months will cause the financial condition to be monitored closely by the Trustees and the Professionals of the plan. A projection showing reserves below two (2.0) months for two consecutive quarters, on or after January 1, 2019, will cause action to be taken by the Trustees to bring the level on reserves back to the desired level of three (3.0) months. Such actions may include a combination of benefit adjustments, eligibility changes and/or employee contribution rate increases.~~

If the reserves in the South Central United Food and Commercial Workers Union and Employers Health and Welfare Trust Fund (the "Fund") as of September 30, 2020 are greater than \$17.0 (seventeen) million dollars, the Employer will not make contributions for paid hours in October 2020 (for which contributions would otherwise be due to the Fund in November 2020).

B. ~~\_\_\_\_\_~~ Claims Payment Standard

~~The Plan Administrator is responsible for payment of claims on a timely basis.~~

~~Payment schedules should comply with any vendor contractual obligations in order to maintain the appropriate discounts provided by the vendor.~~

~~The Plan Administrator will make reports to the Trustees on compliance with these standards. Trustees are responsible for monitoring compliance of these standards and taking corrective action, as appropriate.~~

Section 13.03      Cost Control Measures

~~The Trustees are directed to search for and adopt cost control measures that will aid the Fund in managing costs within the contributions provided by the employer and employees herein. The parties agree **Plan may** to develop and extend to **bargaining unit participants** medical and prescription management programs that targets high-risk participants with chronic diseases such as diabetes, asthma, and cardiovascular disease. Incentives to drive participation in the program are understood to be a key element to enhance quality health care.~~

There is recognition that incentives may take various forms and will likely evolve and change over time base on program experience with a goal of maximizing program effectiveness. The initial focus will be a thorough educational campaign in connection with program roll out. Such education will be reinforced by the Plan, the Union, and the Employer.

#### **Section 13.04. Quarterly Meetings on Health and Welfare**

**The Company and the Union agree to establish quarterly meetings to discuss issues or concerns about the company administered health and welfare program. These meetings will include designated representatives from the Union and the Kroger Co including representatives from the Total Rewards team that administers the Company's health and welfare programs. Either party can include other representatives as is deemed necessary.**

You will always have a voice on health care. We have added this proposed language to address the union's concern about not having a voice in health care benefits with a company-administered plan.

#### **Section 13.0405      National Health Care Reform**

The Employer and the Union agree to meet and discuss, at the request of either party, the effects of the Patient Protection and Affordable Care Act (PPACA) and Federal regulations or any other legislation **that may impact the Employer's provision of health and welfare benefits during the term of this Agreement, and to make modifications to this Agreement on this Health and Welfare article and to make modifications as necessary and appropriate.**

#### **Section 13.056      Kroger Texas Occupational Injury and Disease Benefit Plan**

The parties agree to meet once per quarter to continue discussions brought forth in bargaining regarding the Kroger Texas Occupational Injury and Disease Benefit Plan. Prior to any updating of the Plan, the Employer will give the Union the opportunity to submit recommendations for consideration.

The meetings will be Co-Chaired by the Manager of Operations for the Southwest Division and the President of UFCW Local 455 and/or his designate. It is understood that the parties may include other representatives as deemed necessary.

#### **Section 13.06**

~~Contribution to the trust fund shall be continued under the following conditions effective 1-1-08 for participants of Plan A: In the case of a compensable injury while on an approved leave of absence, six (6) months contributions for full time (three (3) months contributions for part time) following the month in which the compensable injury occurs.~~

**Article 14 PENSIONS***Delete stricken language and add changes in bold*

**C15.** The Employer agrees to continue participation in and contribute to the United Food and Commercial Workers International Union Industry Pension Trust Fund, which Fund has and shall maintain Treasury Department approval. Employer will not be obligated to make any contributions to the Fund which are not deductible for income tax purposes.

A. — Effective the month following ratification (10/1/10) for employees hired prior to June 13, 2004, the Employer shall pay two hundred forty two dollars and twenty cents (\$242.20) per month, for employees who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.

B. — Effective the month following ratification (10/1/10) for employees hired on or after June 13, 2004, the Employer shall pay one hundred eighty six dollars and one cent (\$186.01) per month, for employees who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.

C. — Effective the month following ratification (10/1/10) for employees at the 2007 contractual rate of seventy nine dollars and fifty cents (\$79.50) and for employees hired after ratification, the Employer shall pay one hundred eight dollars and fifty seven cents (\$108.57) per month, for employees who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.

D. — Effective the month following ratification (10/1/10) for part time employees, the Employer shall pay forty eight dollars and six cents (\$48.06) per month, for part time employees who have completed twelve (12) full months of employment, attained the age of twenty one (21) and who have worked at least eight hundred and seventy (870) hours or more in a calendar year. Upon qualification, a monthly contribution will be made if the employee averages seventy two and one half (72.5) hours per month. Each plan year, (July 1st through June 30th), the employee's hours will be reviewed to determine if eight hundred and seventy (870) hours were worked during this time frame. If eight hundred and seventy (870) hours or more were worked, a retroactive contribution will be made for any months in which the employee did not initially receive a contribution in that plan year.

The first contributions under this section shall be due and payable by the tenth (10th) day of the month following initial liability.

E. — Effective May 1, 2016, for employees hired prior to June 13, 2004 and participating prior to September 1, 2005, the Employer shall pay two hundred fourteen dollars and ninety cents (\$214.90) per month, for employees who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.

F. — Effective May 1, 2016, for employees hired prior to June 13, 2004 and participating after September 1, 2005, the Employer shall pay two hundred eleven dollars and eighty three cents (\$211.83) per month, for employees

who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.

~~G. — Effective May 1, 2016, for employees hired on or after June 13, 2004 and before October 1, 2010, the Employer shall pay one hundred sixty two dollars and seventy one cents (\$162.71) per month, for employees who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.~~

~~H. — Effective May 1, 2016, for employees at the 2007 contractual rate of seventy nine dollars and fifty cents (\$79.50) and for employees hired after June 13, 2004, or hired on or after October 1, 2010, the Employer shall pay ninety three dollars and sixty four cents (\$93.64) per month, for employees who have completed twelve (12) full months of employment, and worked an average of twenty four (24) hours or more per week for the four (4) consecutive weeks immediately preceding the first of the month into the United Food and Commercial Workers Union and Industry Pension Fund.~~

~~I. — Effective May 1, 2016, for part time employees, the Employer shall pay forty two dollars and ninety eight cents (\$42.98) per month, for part time employees who have completed twelve (12) full months of employment, attained the age of twenty one (21) and who have worked at least eight hundred and seventy (870) hours or more in a calendar year. Upon qualification, a monthly contribution will be made if the employee averages seventy two and one half (72.5) hours per month. Each plan year, (July 1st through June 30th), the employee's hours will be reviewed to determine if eight hundred and seventy (870) hours were worked during this time frame. If eight hundred and seventy (870) hours or more were worked, a retroactive contribution will be made for any months in which the employee did not initially receive a contribution in that plan year.~~

~~J. — If prior to April 1, 2017, the National Pension Fund Trustees make the decision to reset the AUCR, and such reset requires a contribution increase to maintain the benefit level in effect on April 2, 2016, and the trustees further determine that such contribution increase must be made prior to the expiration of this agreement, then the employer agrees that the contribution rates in effect may be restored in an amount up to the rates in effect April 2, 2016.~~

The first contributions under this section shall be due and payable by the tenth (10th) day of the month following initial liability.

**Kroger Houston, Texas LP. ("Kroger") and Local 455 of the United Food and Commercial Workers International Union entered into a Memorandum of Understanding dated June 30, 2020 (the "Pension MOU"), the terms of which are incorporated herein by reference. The Pension MOU establishes all of the terms and conditions of employment as they relate to the provision of retirement benefits provided to eligible employees under this CBA. Among other things, the Pension MOU provides that Kroger ceased to have any obligation to contribute to the UFCW International Union - Industry Pension Fund ("National Fund") as of June 30, 2020 and completely withdrew from the National Fund as of that date. Beginning July 1, 2020 retirement benefits for bargaining unit employees covered by this CBA will be provided through the UFCW International Union - Industry Variable Annuity Pension Plan ("VAPP") and Kroger shall be obligated to make contributions to the VAPP in accordance with the terms and conditions of the Pension MOU.**

Employees in the bargaining unit covered by this CBA shall participate in the VAPP in accordance with the terms of the Pension MOU and subject to the eligibility, vesting and other requirements and in accordance with the plan of benefits of the VAPP.

Kroger agrees to provide to the Board of Trustees of the VAPP or its designee all information with respect to all bargaining unit employees that is needed in connection with the administration of the VAPP, including but not limited to all hours or months worked, paid, or for which employees are entitled to payment. In order to ensure that all bargaining unit employees entitled to participate in the VAPP are appropriately reflected in the records of the VAPP, Kroger further agrees to the examination of its payroll records by the Board of Trustees of the VAPP or its designee.

The National Fund Trustees have reached a tentative agreement for Kroger to withdraw from the National Fund and form a new industry variable annuity pension plan. This pension agreement must be ratified by members of 20 different local UFCW unions by September 30, 2020.

~~K. If prior to April 1, 2017, the National Pension Fund Trustees make the decision to reset the AUCR, and such reset requires a contribution increase to maintain the benefit level in effect on April 2, 2016, and the trustees further determine that such contribution increase must be made prior to the expiration of this agreement, then the employer agrees that the contribution rates in effect may be restored in an amount up to the rates in effect April 2, 2016.~~

~~L. Contributions to the Pension Fund shall be discontinued as of the first of the month immediately following:~~

- ~~1. A layoff or leave of absence of thirty (30) calendar days or more, except as otherwise provided below;~~
- ~~2. The employee's ceasing to be an eligible employee due to his failure to work an average of twenty-four hours or more per week for four (4) consecutive calendar weeks (96 hours).~~

~~M. Contributions to the Pension Fund discontinued as set forth in Section L above, shall be resumed as of the first of the month following return from layoff or leave of absence.~~

~~N. Contributions to the Pension Fund shall be continued under the following conditions:~~

- ~~1. In case of a non-work accident, one (1) month's contribution following the month in which the employee incurred the accident.~~
- ~~2. In case of illness, (2) months contribution following the month in which the illness occurs.~~
- ~~3. In case of compensable injury, three (3) months contribution following the month in which the injury occurs.~~

RETIREE LIFE INSURANCE: Effective April 4, 2004, any employee who retires and is eligible for pension benefits will be given a \$4,000 death benefit, provided by the Kroger Southwest Division.

**Article 20 DURATION**

*Delete stricken language and add changes in bold*

**C16.** This contract shall become effective as of ~~April 10, 2016,~~ **April 12, 2020**, and shall continue in full force and effect through ~~April 11, 2020~~ **April 8, 2023**, and shall be automatically renewed and extended from year to year thereafter, unless either party serves notice in writing on the other party at least sixty (60) days prior to the expiration date, or anniversary date thereafter, of a desire to terminate or change this contract.

We have agreed to a three-year contract with an expiration date of April 8, 2023.

**LETTERS OF AGREEMENT**

- Renew LOA #1
- Renew LOA #2
- Renew LOA #3
- Delete LOA #4
- Add LOA Educational Leave of Absence:
- Add LOA Assistant Department Head Training

**Side Letter  
Regarding Educational Leave of Absence Policy**

An employee enrolled as a full-time student at an accredited college/university, technical/vocational training or a specialized training program as a full-time student during each academic cycle may request an educational leave of absence under the following conditions:

- Institution is beyond a reasonable commuting distance to a Kroger store.
- Leave must be requested on an Educational Leave of Absence Form in advance and must be accompanied by a written confirmation of attendance from the institution.
- Leave shall be granted for a period not to exceed the length of the institution’s designated sessions, i.e. semester, trimester or quarter.
- Student must report to management no later than fourteen (14) days from the end of the session.
- When school is not in session and the student lives beyond a reasonable commuting distance, the student may request a leave under the same terms and conditions as other educational leaves.

FOR THE COMPANY:

FOR THE UNION:

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**This proposal was T/A'd on 8/19/2020**

Add Assistant Department Head Training:

**Side Letter  
Regarding Assistant Department Head Training**

During the course of negotiations, the parties discussed Assistant Department Head training. As a result of these discussions, the Company agrees to conduct three training classes per calendar year. The training classes will be held between February 1st through October 31<sup>st</sup> of each calendar year.

**This proposal was T/A'd on 8/19/2020**



Updated 08/19/2020 ALL CLERKS ARE HELD AT THE STEP THEY TRANSITION TO ON 2/7/2021

### Houston Clerks

	Current	10/4/2020	Level	2/7/2021	8/8/2021	2/6/2022	4/3/2022
<b>Clerks</b>							
Full-time							
6-6	\$ 10.00	\$ 10.00	L1	\$ 11.00	\$ 11.00	\$ 11.50	\$ 11.50
6-12	\$ 10.20	\$ 10.20	L2	\$ 12.00	\$ 12.00	\$ 12.50	\$ 12.50
6-18	\$ 10.40	\$ 10.40	L3	\$ 13.00	\$ 13.00	\$ 13.50	\$ 13.50
6-24	\$ 11.00	\$ 11.00	L4	\$ 14.00	\$ 14.00	\$ 14.50	\$ 14.50
6-30	\$ 11.40	\$ 11.40	L5	\$ 15.65	\$ 16.05	\$ 16.05	\$ 16.45
6-36	\$ 12.00	\$ 12.00					
6-42	\$ 13.00	\$ 13.00					
6-48	\$ 14.00	\$ 14.00					
6-54	\$ 15.25	\$ 15.65					
6-60	\$ 15.25	\$ 15.65					
<b>Pharmac Techs</b>							
Full-time							
6-6	\$ 12.00	\$ 12.00	L1	\$ 14.00	\$ 14.00	\$ 15.00	\$ 15.00
6-12	\$ 12.50	\$ 12.50	L2	\$ 15.00	\$ 15.00	\$ 16.00	\$ 16.00
6-18	\$ 13.00	\$ 13.00	L3	\$ 15.00	\$ 15.00	\$ 16.00	\$ 16.00
6-24	\$ 13.50	\$ 13.50	L4	\$ 15.50	\$ 15.50	\$ 16.50	\$ 16.50
6-30	\$ 14.00	\$ 14.00	L5	\$ 18.30	\$ 18.70	\$ 18.70	\$ 19.10
6-36	\$ 17.00	\$ 18.50					
6-42	\$ 17.00	\$ 18.50					
<b>Dept Heads</b>							
Full-time							
Tier 1	\$ 19.30	\$ 19.30	\$ 20.30	\$ 20.80	\$ 21.30		
Tier 2	\$ 19.80	\$ 19.80	\$ 20.80	\$ 21.30	\$ 21.80		
Tier 3	\$ 20.30	\$ 20.30	% of base/RX				
<b>Convergence</b>							
Since Mar	\$ 17.75	\$ 18.15	\$ 18.55	\$ 18.95			
<b>Courtesy Clerk</b>							
Current	10/4/2020	2/7/2021	2/6/2022	4/3/2022			
\$ 9.50	\$ 9.50	\$ 10.00	\$ 10.50				
<b>Red-Circled FT Clerks</b>							
Current	10/4/2020	8/8/2021	4/3/2022				
17.31	\$ 17.31	\$ 17.71	\$ 18.51				
<b>Head Checkers**</b>							
Current	10/4/2020	8/8/2021	4/3/2022				
17.81	\$ 17.81	\$ 18.61	\$ 19.01				
15.75	\$ 15.75	\$ 16.15	\$ 16.55				

Updated 08/19/2020 ALL CLERKS ARE HELD AT THE STEP THEY TRANSITION TO ON 2/7/2021

### Houston Meat

	Current	10/4/2020	Level	2/7/2021	8/8/2021	2/6/2022	4/3/2022
<b>Apprentice</b>							
Full-time							
6-6	\$ 10.00	\$ 10.00	L1	\$ 11.00	\$ 11.00	\$ 11.50	\$ 11.50
6-12	\$ 10.20	\$ 10.20	L2	\$ 12.00	\$ 12.00	\$ 12.50	\$ 12.50
6-18	\$ 10.40	\$ 10.40	L3	\$ 13.00	\$ 13.00	\$ 13.50	\$ 13.50
6-24	\$ 11.00	\$ 11.00	L4	\$ 14.00	\$ 14.00	\$ 14.50	\$ 14.50
6-30	\$ 11.40	\$ 11.40	L5	\$ 15.65	\$ 16.05	\$ 16.05	\$ 16.45
6-36	\$ 12.00	\$ 12.00					
6-42	\$ 13.00	\$ 13.00					
6-48	\$ 14.00	\$ 14.00					
6-54	\$ 15.25	\$ 15.65					
6-60	\$ 15.25	\$ 15.65					
<b>Weighers &amp; Wrappers</b>							
Full-time							
6-6	\$ 10.00	\$ 10.00	L1	\$ 11.00	\$ 11.00	\$ 11.50	\$ 11.50
6-12	\$ 10.20	\$ 10.20	L2	\$ 12.00	\$ 12.00	\$ 12.50	\$ 12.50
6-18	\$ 10.40	\$ 10.40	L3	\$ 13.00	\$ 13.00	\$ 13.50	\$ 13.50
6-24	\$ 11.00	\$ 11.00	L4	\$ 14.00	\$ 14.00	\$ 14.50	\$ 14.50
6-30	\$ 11.40	\$ 11.40	L5	\$ 15.65	\$ 16.05	\$ 16.05	\$ 16.45
6-36	\$ 12.00	\$ 12.00					
6-42	\$ 13.00	\$ 13.00					
6-48	\$ 14.00	\$ 14.00					
6-54	\$ 15.25	\$ 15.65					
6-60	\$ 15.25	\$ 15.65					
<b>Service Clerks</b>							
Full-time							
6-6	\$ 10.00	\$ 10.00	L1	\$ 11.00	\$ 11.00	\$ 11.50	\$ 11.50
6-12	\$ 10.20	\$ 10.20	L2	\$ 12.00	\$ 12.00	\$ 12.50	\$ 12.50
6-18	\$ 10.40	\$ 10.40	L3	\$ 13.00	\$ 13.00	\$ 13.50	\$ 13.50
6-24	\$ 11.00	\$ 11.00	L4	\$ 14.00	\$ 14.00	\$ 14.50	\$ 14.50
6-30	\$ 11.40	\$ 11.40	L5	\$ 15.65	\$ 16.05	\$ 16.05	\$ 16.45
6-36	\$ 12.00	\$ 12.00					
6-42	\$ 13.00	\$ 13.00					
6-48	\$ 14.00	\$ 14.00					
6-54	\$ 15.25	\$ 15.65					
6-60	\$ 15.25	\$ 15.65					
<b>Dept Heads</b>							
Full-time							
Tier 1	\$ 19.30	\$ 19.30	\$ 20.30	\$ 20.80	\$ 21.30		
Tier 2	\$ 19.80	\$ 19.80	\$ 20.80	\$ 21.30	\$ 21.80		
Tier 3	\$ 20.30	\$ 20.30	% of base/RX				
<b>Convergence</b>							
Since Mar	\$ 17.75	\$ 18.15	\$ 18.55	\$ 18.95			
<b>RC Journeyman Meat Cutter</b>							
Current	10/4/2020	8/8/2021	4/3/2022				
19.49	\$ 19.49	\$ 19.89	\$ 20.29	\$ 20.69			
<b>RC Weighers &amp; Wrappers</b>							
Full-time							
17.11	\$ 17.11	\$ 17.51	\$ 17.91	\$ 18.31			
<b>RC Weighers &amp; Wrappers</b>							
Full-time							
15.70	\$ 15.70	\$ 16.10	\$ 16.50	\$ 16.90			

Updated 08/19/2020 ALL CLERKS ARE HELD AT THE STEP THEY TRANSITION TO ON 2/7/2021

### Nachogdoches

	Current	10/4/2020	Level	2/7/2021	8/8/2021	2/6/2022	4/3/2022
<b>Clerks</b>							
Full-time							
6-6	\$ 10.00	\$ 10.00	L1	\$ 11.00	\$ 11.00	\$ 11.50	\$ 11.50
6-12	\$ 10.20	\$ 10.20	L2	\$ 12.00	\$ 12.00	\$ 12.50	\$ 12.50
6-18	\$ 10.60	\$ 10.60	L3	\$ 13.00	\$ 13.00	\$ 13.50	\$ 13.50
6-24	\$ 11.00	\$ 11.00	L4	\$ 14.00	\$ 14.00	\$ 14.50	\$ 14.50
6-30	\$ 11.40	\$ 11.40	L5	\$ 15.65	\$ 16.05	\$ 16.05	\$ 16.45
6-36	\$ 12.00	\$ 12.00					
6-42	\$ 13.00	\$ 13.00					
6-48	\$ 14.00	\$ 14.00					
6-54	\$ 15.25	\$ 15.65					
6-60	\$ 15.25	\$ 15.65					
<b>Checker/Courtesy Booth Operator</b>							
Full-time							
6-6	\$ 10.00	\$ 10.00	L1	\$ 11.00	\$ 11.00	\$ 11.50	\$ 11.50
6-12	\$ 10.20	\$ 10.20	L2	\$ 11.75	\$ 11.75	\$ 12.25	\$ 12.25
6-18	\$ 10.60	\$ 10.60	L3	\$ 12.75	\$ 12.75	\$ 13.25	\$ 13.25
6-24	\$ 11.00	\$ 11.00	L4	\$ 13.75	\$ 13.75	\$ 14.50	\$ 14.50
6-30	\$ 11.40	\$ 11.40	L5	\$ 15.65	\$ 16.05	\$ 16.05	\$ 16.45
6-36	\$ 12.00	\$ 12.00					
6-42	\$ 13.00	\$ 13.00					
6-48	\$ 14.00	\$ 14.00					
6-54	\$ 15.25	\$ 15.65					
6-60	\$ 15.25	\$ 15.65					
<b>RC FT Clerks</b>							
15.85	\$ 15.85	\$ 16.25	\$ 16.65	\$ 17.05			
<b>Dept Heads</b>							
Full-time							
Tier 1	\$ 19.30	\$ 19.30	\$ 20.30	\$ 20.80	\$ 21.30		
Tier 2	\$ 19.80	\$ 19.80	\$ 20.80	\$ 21.30	\$ 21.80		
Tier 3	\$ 20.30	\$ 20.30	% of base/RX				
<b>Courtesy Clerk</b>							
Current	10/4/2020	2/7/2021	2/6/2022	4/3/2022			
\$ 9.50	\$ 9.50	\$ 10.00	\$ 10.50				
<b>RC FT Clerks Before 4/2/2000</b>							
Current	10/4/2020	8/8/2021	4/3/2022				
16.35	\$ 16.35	\$ 16.75	\$ 17.15	\$ 17.55			

Assistant Department Head		
Hourly Rate		
Sales Volume	Current	10/4/2020
\$750,001+	\$0.90	\$1.00
\$500,001 - \$750,000	\$0.65	\$1.00
\$500,000 and less	\$0.50	\$1.00

Note: Assistant department heads shall receive the top rate of their classification in addition to the hourly premium.

Sales Volume - Total store sales excluding pharmacy and fuel

Floral Lead		
Hourly Rate		
Sales Volume	Current	10/4/2020
\$750,001+	\$0.90	\$1.00
\$500,001 - \$750,000	\$0.65	\$1.00
\$500,000 and less	\$0.50	\$1.00

Note: Floral leads shall receive the top rate of their classification in addition to the hourly premium.

Sales Volume - Total store sales excluding pharmacy and fuel

E-Commerce Lead		
Hourly Rate		
Position	Current	10/4/2020
Clicklist Lead	\$0.50	\$1.00

Note: E-Commerce Leads shall receive the top rate of their classification in addition to the hourly premium.

Lead Classification		
Hourly Rate		
Position	Current	10/4/2020
Apparel Lead	\$0.50	No Change
Back Door Receiver	\$0.50	\$1.00
Bistro Chef	\$0.50	No Change
Cake Decorator Lead	\$0.50	No Change
Coffee Shop Lead	\$0.50	No Change
Dairy Lead	\$0.50	\$1.00
		No Change
Frozen Food Lead	\$0.50	No Change
Fuel Lead	\$0.50	No Change
Grocery Lead	\$0.50	No Change
		No Change
Head Checker	\$0.50	No Change
Murray's Cheese Clerk	\$0.50	No Change
Nature Market Lead	\$0.50	No Change
Scan Coordinator	\$0.50	No Change
		No Change
Seafood Lead	\$0.50	No Change
Wine Consultant*	\$0.50	No Change

Note: Lead positions shall receive the top rate of their classification in addition to the hourly premium.

\*Wine Consultant - Store must maintain average weekly sales of \$25,000+ in wine (excluding beer). x

Night Premium	
Night Shift Premium	Hourly Rate
Current	\$0.35
Upon Ratification	\$1.00
Effective 8/8/2021	\$1.50

Effective October 4, 2020, a night premium of one-dollar (\$1.00) will be paid for work performed between 10:00 pm and 6:00 am to regularly scheduled night crew employees. Effective 8/8/2021, a night premium of one-dollar and fifty cents (\$1.50) will be paid for work performed between 10:00 pm and 6:00 am to regularly scheduled night crew employees. Grocery Night Stockers will be paid the overnight premium for all hours worked.

Holiday Premium	
Holiday Premium	\$0.50 / Hour
Current	Or (1 - 1/4) pay

Clerks - Shall receive \$0.50 per hour for their holiday premium for the first 12 months of employment. Upon completion of 12 months of service, they shall receive time and one-quarter (1 1/4) times an employee's regular rate of pay.

Courtesy Clerks (Baggers) - No holiday premium for the first 6 months of employment. Upon completion of 6 months of service, they shall receive \$0.50 per hour.