

**THIS DOCUMENT
REPRESENTS THE COMPANY'S
FINAL AND COMPLETE OFFER**

JANUARY 27, 2020

Discussions between UFCW Local 400 and UNFI d/b/a Shoppers Food Warehouse Corporation have recently concluded. This analysis was printed and assembled as accurately as possible for review. It is as complete as we could make it. Kindly forgive any omissions or typing errors.

All current articles, paragraphs and side letters that do not appear as changed in this proposal remain as they are in the current Collective Bargaining Agreement. We have only addressed areas of change in this document.

The following changes are as a result of Effects Bargaining. For stylistic reasons, or clarity, the language as approved may be altered slightly in its final form.

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SUMMARY OF THE EFFECTS BARGAINING SEVERANCE AGREEMENT
BETWEEN
UFCW LOCAL 400
AND
SHOPPERS FOOD WAREHOUSE CORPORATION
JANUARY 27, 2020

UNFI d/b/a Shoppers Food Warehouse Corp. (“Shoppers” or the “Company”) and United Food and Commercial Workers Union, Local 400 (the “Union”) (collectively, the “Parties”) will be entering into effects bargaining agreements (“Effects Agreements”) with respect to the closure of certain Shoppers stores and the Company’s sale of certain assets. It is the intent of the Parties that the substantive terms set forth in the Effects Agreements will apply to any other store closures or the finalization of any other asset purchase agreements relating to other stores that may occur. To the extent the Union agrees that the substantive terms set forth in the Effects Agreements will apply to any future store closures and transactions (which agreement will not be unreasonably withheld), the Company agrees to provide all severance payments set forth in the Effects Agreements to affected employees.

1. Separation Pay, Health Care Continuation, Pension Continuation, Holiday Pay, Personal Days, & Vacation

a) With the exception of those Bargaining Unit Employees electing to transfer jobs or bump pursuant to Section 2 of this Agreement, the Company will terminate the employment of all of the Bargaining Unit Employees effective [Insert date of individual Asset Purchase Agreement “APA”].

b) Those Bargaining Unit Employees terminated as a result of a transaction will be provided severance pay equal to one (1) week’s pay for each year of continuous service, commencing with the third (3rd) year of continuous service for employees averaging twenty-five (25) hours or more per week, and commencing with the fifth (5th) year for employees averaging less than twenty-five (25) hours per week, up to, but not to exceed, ten (10) weeks’ pay. However, those employees who have an incomplete year of continuous service as an employee, will receive pro-rata severance pay for that year as follows:

0 – 3 months equals twenty-five percent (25%) of a week’s pay.

3 – 6 months equals fifty percent (50%) of a week’s pay.

6 – 9 months equals seventy-five percent (75%) of a week’s pay.

Over 9 months equals one (1) week’s pay.

c) Severance pay shall be computed based on the average hours worked per week for the fifty-two (52) weeks preceding a voluntary layoff or termination and all severance pay shall be paid at the employer's regular rate.

d) The Employer shall continue contributions to the Health and Welfare Trust Fund for four (4) full months following termination for those employees who were eligible for coverage at the time of their termination, and employees will not be required to pay any share of the premium. This does not apply to those employees who secure employment with a contributing Employer in the Health and Welfare Trust Fund who makes a payment on their behalf for the first four (4) full months. Except as set forth in Paragraph (e) below, there shall be no continuation of contributions following termination with respect to the Pension Trust Fund.

e) The Employer shall continue contributions to the Pension Trust Fund on behalf of only those bargaining unit employees who have not yet attained five (5) years of seniority but will attain five (5) years of seniority (i) prior to July 11, 2020 and (ii) within three (3) months of their termination date. Such contributions on behalf of these employees will only be provided (i) until the earlier of the employee's five (5) year seniority date, or (ii) for three (3) full months following the Bargaining Unit Employee's termination.

f) Employees who are eligible for severance pay shall be entitled to holiday pay for calendar holidays that fall within thirty (30) days after their termination.

g) All employees who are terminated shall receive pay for earned personal holidays and earned and pro-rata vacation in accordance with the provisions of the current collective bargaining agreement.

h) All monies due employees shall be paid in a lump sum upon termination.

i) An employee who is terminated and who is eligible for severance pay, and accepts severance pay, forfeits his/her seniority and has no recall rights.

2. Job Transfers and Bumping

a) This Section 2 sets forth the procedures relating to filling vacancies, transferring jobs, and bumping applicable to those Bargaining Unit Employees impacted by a sale or closure of a store.

b) The Company shall ask each Bargaining Unit Employee impacted by a store closure whether that employee would prefer to (i) be terminated and receive any applicable severance payments ("Severance Payments") outlined in Section 1(b)-(f) of this Agreement, or (ii) attempt to transfer jobs or bump to another store. Those employees who elect to receive Severance Payments will be terminated and will forfeit any right to transfer jobs or bump. The following procedures will apply to those Bargaining Unit Employees who elect to transfer jobs or bump.

(1) The Company will ask each Bargaining Unit Employee who forgoes the Severance Payments whether that employee would be interested in transferring to another store. Each employee will be allowed to rank up to three (3) locations where the employee would prefer to be transferred.

- (2) Based on the preferences of the Bargaining Unit Employees, the Company will then approach employees within the bargaining unit at other stores (that are not being immediately sold or closed) and seek volunteers in seniority order by store to accept Severance Payments consistent with the terms in Section 1 of this Agreement in exchange for such employee's agreement to terminate his/her employment. While the Company will canvas for volunteers in seniority order by store, the Company will have discretion with respect to the number of volunteers it seeks at each store. In general, the Company will offer the opportunity to volunteer to a number of employees at each store based on Bargaining Unit Employee preferences resulting from the process in Section 2(b)(1) of this Agreement and the needs of the business. Any employee agreeing to terminate his/her employment in exchange for the Severance Payments will be required to sign a release agreement.
- (3) The Company will attempt to place Bargaining Unit Employees into positions that become vacant following the process in Section 2(b)(2) and will honor the senior Bargaining Unit Employee's preferences where practicable. If the Company offers to place a Bargaining Unit Employee in one of his/her three (3) preferred stores, such Bargaining Unit Employee must accept such transfer.
- (4) Depending on the number of volunteers and the needs of the business, it is possible that a vacancy may not exist at one of the Bargaining Unit Employee's preferred transfer stores. In such case, each Bargaining Unit Employee will be allowed to bump in seniority order within the seniority district as follows:
 - i) The most senior Bargaining Unit Employee will be offered the opportunity to bump the most junior employee in the seniority district. If the senior employee does not want to bump into the junior employee's position, the senior employee will be terminated with the option to sign a release and receive Severance Payments. In such case, the next most senior employee will be offered the opportunity to bump into the junior employee's position. Any junior employee bumped will be entitled to receive Severance Payments set forth in Section 1 of this Agreement if such employee enters into a release agreement.

c) Bargaining Unit Employees who elect to accept a job transfer or bump shall not be entitled to any of the Severance Payments, except under the following circumstances:

- (1) If the Bargaining Unit Employee elects a job transfer(s) or bump(s) and is terminated as the result of a store closure such that the Bargaining Unit Employee's work opportunity is shorter than the severance period, such employee will be entitled to pro rata Severance Payments in which the employee's severance payments are offset by the number of weeks the employee actually worked after transferring stores or bumping. For example, if a Bargaining Unit Employee is eligible for ten (10) weeks of

severance pay and bumps into a store that closes within four (4) weeks, such employee will be entitled to the remaining six (6) weeks of severance pay and three (3) months of health care contributions.

d) To the extent there are employees represented by the Union other than the Bargaining Unit Employees impacted by sales or store closures as of [Insert date of individual Asset Purchase Agreement “APA”], the Parties agree that seniority by seniority district will prevail in conducting all job transfers or bumping.

e) The Company and the Union will use their best efforts to conclude the processes set forth in this Section 2 no later than [Insert date based individual Asset Purchase Agreement “APA”].

3. Available Resources

The Company will provide reasonable cooperation to the Union in pursuing any available retraining or unemployment benefits offered by the Federal, State or Local governments.

4. Release

The Union agrees it will advise each Bargaining Unit Employee that the Severance Payments outlined in this Agreement are contingent upon his or her signing a General Release Agreement.

5. Requests for Verification of Employment

The Company will respond to any requests for verification of employment by Bargaining Unit Employees who are impacted by the Transaction or their prospective employers. The Company will respond to any such request for verification with an explanation that the Bargaining Unit Employees was permanently laid off from the Company and not terminated for cause; provided, however, that the employee is not terminated for cause prior his/her layoff date. The Company will provide a point of contact for such requests.

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 **UFCW**
Local 400

Thank You
FOR
SHOPPING
UNION

a **VOICE** for working America

MARK P. FEDERICI
PRESIDENT

CHRISTOPHER HOFFMANN
SECRETARY-TREASURER

