



September 30, 2021

Dear Heaven Hill Team Member,

Starting about two months ago, we began discussions regarding a new labor contract with the members of the UFCW negotiating team. Unfortunately, we were not able to reach an agreement and for the past three weeks we have experienced a strike. During this period, there have been any number of inaccurate comments made regarding the comprehensive enhancements to our previous contract and with this letter I want to make certain that everyone fully understands the details of what was, in fact, offered. Even though this letter is a bit long, I urge that each of you read this correspondence in its entirety. I can assure you what I have written is accurate and straightforward. I'm proud to have my name attached to it.

I was part of the early negotiations and challenged our team to work collaboratively with UFCW leadership on an industry-leading contract that is family-friendly and flexible for our workforce. For decades we have worked collaboratively with UFCW leadership and membership, and we remain committed to this process to ensure all members understand what the company is proposing. During the negotiations, we heard loud and clear what was the most important issue for each of you based on a survey of the membership and endorsed by your negotiating team. With that said, we also had several proposals that were important to our company to allow us to plan effectively and efficiently for the long-term success of the business and, frankly, that should be one of the most important objectives we should, together, achieve.

We believe we have proposed one of Kentucky's most competitive contract packages with increases in wages, vacation, paid holidays, and retirement contributions without sacrificing industry-leading insurance coverage with low employee contribution rates. I heard your top priority was retaining this health care plan design, and our offer solidifies our commitment to the same plan.

With each element of our contract offer, we believe we are delivering on your priorities as communicated to us by your UFCW leadership. In the interest of ensuring you fully understand the details of the offer presented, I have detailed several key components below.

Healthcare:

From the outset, the union negotiating committee identified healthcare, above wages, as the top economic priority for 97% of UFCW members. I understand the value of solid health care benefits for myself and my family. We worked collaboratively on the healthcare plan design to ensure employee healthcare contribution levels remain low and are

2021 Estimated Health Care Plan Costs/Pay Period	Total
Single	\$16.66
Single/Spouse	\$36.45
Single/Child	\$24.99
Family	\$49.98

determined in the same manner as the last two ratified contracts. Bottom line, there are no changes to the coverage in the healthcare program. Ratification of this contract results in employee contributions being calculated as they have been for the last 10 years, and we are maintaining the exact same plan design through 2026. While we cannot control cost inflation in the health care industry, Heaven Hill splits 50-50 between 4.25% and 8% of such cost inflation during the contract term, and the plan does cap inflation for employees with Heaven Hill paying 100% of the cost over 8% inflation. The result is some of the lowest employee contributions and best plan design in our industry and, to our knowledge in nearly any industry; better than any plan administrated by our provider in the region.



In addition to the lowest employee contributions in the region, we worked to maintain extremely low deductibles, low out of pocket maximums, 100% preventive and outpatient surgery coverage and prescription benefit caps. Once the employee has reached the cap, prescriptions are covered at 100%. Again, these benefits are hard to find at any company today and especially for such low employee contribution rates.

PPO Benefits	Single/Family
Deductible	\$250/\$500
Out-of-Pocket Maximum	\$1,500/\$3,000
Prescription Cost Cap	\$650/\$1300

Once the employee has reached the cap, prescriptions are covered at 100%. Again, these benefits are hard to find at any company today and especially for such low employee contribution rates.

Traditional and Non-traditional Schedules

There's been discussion around Traditional and Non-Traditional Schedules. I want to be clear about a few things as there seems to be great misunderstanding:

- Heaven Hill NEVER proposed any type of shift requiring seven days on and two days off
- No current UFCW member will EVER be required to move from a traditional to non-traditional schedule – any move would be voluntary and the employee's choice
- The vast majority of the available positions in the plant will be on a traditional schedule
- New hires may apply for traditional or non-traditional schedules

The purpose of adding a non-traditional schedule, as an option for employees, is in fact intended to alleviate mandatory weekends and reduce mandatory overtime as our business continues to grow. It's common in the production industry for facilities to operate seven days a week utilizing both traditional and non-traditional schedules to meet the needs of the business as well as create flexibility for employees.

In order to relieve the strain on our employees who in recent years have experienced frequent mandatory weekend overtime, especially in the cistern room and barrel warehousing, we want to add flexibility to hire dedicated crews to fulfill these needs, some of whom would have the option to work either a non-traditional or traditional schedule.

We have great respect for the lives our team members have outside of Heaven Hill. The changes to schedules give much greater flexibility and eliminates pain points for everyone. When employees give up a job, we will not replace open positions by moving people or positions to a non-traditional shift. Any move to a non-traditional shift is the employee's choice. While I was not in attendance during all the negotiation meetings, it is my understanding that at no point in the negotiation was there discussion of working swing shifts, mandating seven-day work weeks, or scheduling that would require working every weekend.

Finally, we believe the non-traditional schedule is a sign of the collaborative effort of each negotiating team. Monday through Friday schedules are important. But adding schedules outside of these expands the opportunity and flexibility for everyone. We have to prepare for the future and this is the bedrock initiative that we need.

Overtime Over 40 Hours Paid

Again, Heaven Hill never proposed taking away overtime for those who work more than a full week. Just as with the traditional versus non-traditional schedules, the prior contract language dictating weekends as 6th and 7th days of rest constrain everyone's ability to be flexible. While limited in scope, a shift to overtime over 40 hours paid would reduce employee absenteeism and the complications in employee scheduling and line inefficiencies that result. Overtime will be based on hours paid over 40 hours per



week, so employees are not penalized when on vacation, bereavement leave, jury duty, and other approved paid leave days.

2-Tier Wage Scale

Heaven Hill agreed to remove the two-tier wage scale and increase pay for those affected by up to \$3.40/hour. The implementation of a two-tier wage scale was effective at the time it was initially agreed, but its time has passed.

While I highlighted just a few of the benefits of this package above, we were also able to include greater vacation time, more paid holidays, increased retirement contributions, improvements to life insurance, and short-term disability benefits.

I feel we are continuing tradition as a family-owned company by providing an industry-leading contract for total compensation and benefits, and, once again, I encourage you to carefully review and consider the facts of the last, best and final offer which we have included herein.

In closing I would be remiss if I didn't extend my personal and sincere thanks to each of you for your commitment over the past year amidst the most challenging environment we have ever experienced, I look forward to working with you in the very near future.

Sincerely,

A handwritten signature in black ink, appearing to read "Max L. Shapira", written in a cursive style.

Max L. Shapira