

AGREEMENT

BETWEEN

**SAFeway INC.
(GALLUP, NEW MEXICO)
RETAIL CLERKS**

AND

UNITED FOOD AND COMMERCIAL WORKERS UNION, LOCAL NO. 1564

CHARTERED BY:

UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION

EFFECTIVE: November 4, 2018 THROUGH AND INCLUDING November 5, 2022

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AGREEMENT

Between

Safeway Inc.

(Gallup, New Mexico)

And

United Food and Commercial Workers Union, Local No. 1564

Chartered By:

United Food and Commercial Workers International Union

Effective: November 3, 2018 through and including November 4, 2022.

This Agreement is entered into and is effective on this third day of November 2018, between Safeway Inc., Gallup, New Mexico, hereinafter referred to as the "Employer", and the United Food and Commercial Workers Union, Local No. 1564, chartered by United Food and Commercial Workers International Union, hereinafter referred to as the "Union".

It is the intent and purpose of the Employer and the Union to promote and improve Labor-Management relations between them and to set forth herein the basic terms of Agreement covering wages, hours and conditions of employment to be observed in the Retail establishment.

In consideration of mutual promises and agreements between the parties hereto, and in consideration of their mutual desires in providing for the orderly settlement of disputes between them, the parties to this Agreement agree as follows:

SECTION 1

RECOGNITION OF THE UNION

1.1 BARGAINING UNIT – The Employer recognizes the Union as the exclusive Collective Bargaining Representative for all employees employed by Safeway Inc., in the City of Gallup, New Mexico; excluding Meat Department employees, office clerical employees, confidential employees, professional employees, store managers, two assistant managers, and supervisory employees as defined by the Act.

1.2 COUNTER AGREEMENT – The Employer agrees not to enter into a counter agreement or contract with its employees subject to the jurisdiction of the Union, individually or collectively, which in any way conflicts with the terms and provisions of this Agreement.

1.3 BARGAINING UNIT WORK – To prevent the erosion of bargaining unit work, driver salesmen, book salesmen and sales representatives shall not perform work or services in the

Employer's retail establishment in excess of the prevailing practice in the Industry in areas covered by this Agreement.

Liquor Salesmen and/or Distributors shall be limited to performing the following duties in the Employers stores:

- (a) Build and/or stock displays.
- (b) Rotate reserve merchandise (not put product on shelf).
- (c) Price mark merchandise.
- (d) Drop beer in coolers.

1.4 Safeway believes it has a good faith working relationship with UFCW 1564 and will not present any anti-union information during new hire orientation to discourage union affiliation. This only applies to orientation for union positions.

SECTION 2 EMPLOYMENT PROCEDURES

2.1 Union Membership. Membership in the Union on or after thirty (30) days following the beginning of employment, or the effective date of this Agreement, whichever is later, shall be a condition of employment to the extent consistent with the law. Under the law, employees have a choice to be "full members" or "dues payers" of the Union. No employee covered by this Agreement shall be required as a condition of employment to be a full member of the Union. Whether or not an employee chooses to become a full member or a dues payor of the Union is his or her voluntary choice, and both the Union and the Company shall respect such choice.

After the thirty-first (31st) day of employment, an employee shall be required to pay an initiation fee and periodic Union dues as a condition of employment. If an employee chooses to be a full member of the Union, the amount of such initiation fee and dues shall be those uniformly assessed by the Union with respect to other full Union members in like classification and status. If an employee chooses to be a dues payor only, his only obligation shall be to pay pro rata initiation fees and dues which are directly related to Union expenses for collective bargaining, contract administration, grievance adjustment and other chargeable expenses as may be established by law.

- (a) Seven-day Notice. Upon the failure of any employee to comply with the terms and conditions of 2.1, the Union shall notify the Employer and the employee in writing of such notice, and not more than seven (7) days thereafter, the Employer shall discharge such employee, unless the Union has notified the Employer that the employee has satisfied the requirements of good standing.

- (b) The Union shall indemnify the Employer and hold the Employer harmless from any liability which may arise from the application of Section 2.1(a) and (b) at the request of the Union.
- (c) For the purposes of Section 2.1(a), the execution date of this Agreement shall be considered its effective date.

The Union agrees to indemnify and hold the Employer harmless from and against any and all demands, claims, damages, losses, liability or expenses, including without limiting the generality of the foregoing attorney's fees, arising from or growing out of the application of this Section by the Employer.

2.2 NOTICE OF NEW HIRES – The Employer agrees to notify newly hired employees to report to the Union within seven (7) days of employment. The Employer shall notify the Union in writing each week, on forms supplied by the Union as to the name, address, social security number, classification, rate of pay, date of hire and prior experience of all employees who are hired, rehired, reinstated or changed in classification during the preceding week.

2.3 PROBATIONARY PERIOD – The first ninety (90) calendar days of employment shall be considered a trial period for all employees during which time an employee may be terminated for any reason.

- (a) Probationary employees shall have no seniority rights, but upon completion of said probationary period, seniority rights shall date back to the initial date of employment.
- (b) All terms of this Agreement shall apply during the probationary period; provided however, that probationary employees may be terminated for any reason.
- (c) Part-time employees must work at least one hundred twenty-eight (128) hours to complete their probationary period. If such employee shall be continued in the employ of the Employer after the expiration of the probationary period, the length of service for that employee shall be computed from the date of last hire.
- (d) Employees who are promoted to a new classification shall have a sixty (60) day probationary period. If an employee does not perform satisfactorily during the sixty (60) day period, such employee shall be returned to the previous classification without loss of seniority.

2.4 Work Experience. Previous, comparable work experience within the past ten (10) years from the date of present employment shall be the basis for determination of an employee's rate of pay. Prospective employees may waive the crediting of all or any part of their previous experience provided that this waiver is reduced to writing prior to employment.

- (a) For credit to be given, the employee must indicate the experience at the time of employment on the application for employment furnished by the Employer, and, if requested to do so, shall provide written verification satisfactory to the Employer. Experience shall be credited retroactive for a maximum of sixty (60) days, upon receipt of such written verification.
- (b) Comparable work experience shall be work of similar duties with a company of comparable or larger size. Work in convenience stores shall not be considered. Self-employment will not be credited.
- (c) Employees will receive credit for previous experience in full increments set forth in Appendix "A" Wages and partial hours of experience shall not be credited.
- (d) Claims for a rate adjustment based on previous experience, in order to be eligible for retroactive payment, must be filed within forty (40) days from the date of employment. Claims filed after this period to a maximum of sixty (60) days shall be adjusted but not retroactively. Claims filed after sixty (60) days from date of employment shall be forfeited and waived and failure to provide information on the application blank will also waive any right of the employee to any future claim of experience credit for the experience so omitted.

SECTION 3 CHECK-OFF

3.1 The Employer agrees to deduct Union dues and initiation fees stipulated by Local No. 1564, from wages of employees in the bargaining unit who provide the Employer with a voluntary written authorization which shall be irrevocable for a period of not more than one (1) year or beyond the term of this Agreement, whichever occurs sooner. Such deductions shall be made on a weekly basis and shall be remitted to the Union on a monthly basis provided the Employer has received a request for dues and initiation fees by Local No. 1564 setting forth the amount and from whom it is to be deducted. Such amounts as are deductible from the employee on that pay period up to and including the full amount shall then be transmitted to Local No. 1564.

3.2 Upon notice from Local 1564, the Employer agrees to deduct annually, from the wages of employees who have authorized the Employer to do so, a uniform political deduction and forward such to the President of Local 1564.

3.3 The Union agrees to indemnify and hold the Employer harmless from and against any and all demands, claims, damages, losses, liability or expenses, including without limiting the generality of the foregoing attorney's fees, arising from or growing out of the application of this Section by the Employer.

SECTION 4
DISCHARGE AND DISCRIMINATION

4.1 NON-DISCRIMINATION – The Employer and the Union agree that each will fully comply with applicable laws and regulations prohibiting discrimination against any employee or applicant for employment because of such person’s race, religion, color, national origin, sex, disability or age. And the Employer shall not discriminate against an employee for upholding Union principles, including filing a grievance, enforcing the Contract or for other legally protected activity, serving on a committee of the Union, or any organization affiliated therewith. Whenever in this Agreement the masculine gender is used, it shall be deemed to include the feminine gender as well.

Nothing in this Agreement shall operate to prevail against affirmative action programs of the Employer with regard to Equal Opportunity or Requirements as set forth by State and Federal Courts.

4.2 DISCHARGE OR SUSPENSION – DISCIPLINE - (a) the Employer shall have the right to discharge, demote or suspend an employee for just cause.

(b) Warning Letters. Corrective Action Notices are intended to improve deficiencies in an employee’s work performance or an employee’s conduct while at work.

- (1) Such notices, in order to be valid, must be personally delivered to the employee within fourteen (14) days after the event giving rise to such notice and the contents of such notice must be personally explained to the employee at that time, outlining specifically what conditions must be changed or improved and the time limits for the employee to improve alleged deficiencies or misconduct.
- (2) Corrective Action Notices are not to be used for arbitrary, capricious or unlawfully discriminatory purposes.
- (3) Upon receipt, employees shall date and sign such notice acknowledging receipt of such notice. A copy of the notice shall be immediately transmitted to the Union within five (5) calendar days. However, such signing shall in no way be construed to be an admission of any misconduct or be in agreement with the contents of such notice.
- (4) Employees who are given Corrective Action Notices shall be given an adequate opportunity to improve their work or correct any alleged deficiencies in their conduct.
- (5) Warnings, both written and oral shall be effective for a period of twelve (12) months, unless another warning for a related or similar offense occurs within that twelve month period, in which event, the first, and any additional notices, remain

in effect for a period of twelve (12) months provided that no written warning for a related offense occurs during said twelve (12) months.

This Section shall not be construed to require an Employer to issue a Corrective Action Notice in cases where discharge or suspension is imposed for just cause based on the offense.

4.3 APPEAL – If an employee does not agree with the action taken by the Employer in Section 4.2 above, such employee shall have the right to appeal such action by filing a written appeal pursuant to the Arbitration and Grievance procedure as provided for in Article 16 of this Agreement within fifteen days following the occurrence of the action.

4.4 REASON FOR DISCHARGE, SUSPENSION OR DEMOTION – Any employee who is discharged, suspended or demoted shall be informed at the time of the discharge, suspension or demotion of the immediate cause.

- (a) Upon request to a designated Employer Representative, any employee who is discharged, suspended or demoted shall be informed in writing of the cause of discharge, suspension or demotion within five (5) calendar days of receipt of such request.
- (b) Any employee who is suspended shall be informed of the length of the suspension at the time of the suspension, except for suspensions pending reasonably prompt investigations of no more than two (2) weeks, except when mutually extended by the Company and the Union.
- (c) It is understood and agreed that any employee, who has been trained in Company Policy and State Law, who violates Company Policy including, but not limited to, State Law, regarding the sale of alcohol and/or tobacco to minors, or check cashing procedures, shall be immediately suspended from work and may be discharged. Such training hours will be considered as time worked.

4.5 PAID ALL MONIES DUE – An employee who quits or is terminated for any reason shall be paid on the next regular pay day all monies due.

SECTION 5 CONTRACT ENFORCEMENT AND RULES

5.1 CONTRACT ENFORCEMENT – Each of the parties hereto warrants that it is under no disability of any kind that will prevent it from completely carrying out and performing each and all of the provisions of this Agreement and further that it will not take any action of any kind that will prevent or impede it in the complete performance of each and every Provision hereof.

5.2 WORK RULES – The Employer agrees to furnish the Union with a copy of existing Company rules and regulations, and it is understood that the employees will be required to comply with same. The Employer shall have the right to establish working rules and

procedures; provided the rules and procedures do not conflict with the terms of this Agreement. The Employer agrees to provide the Union with a copy of all rules and procedures established at least two (2) weeks prior to the date the Employer wishes them to take effect.

5.3 REGISTER SHORTAGES – No employee shall be held responsible for register shortages unless adequate procedures have been established by the Employer.

5.4 BAD CHECKS – No employee shall be required to make financial restitution for customers' bad checks. Employees shall be subject to disciplinary action, up to and including discharge for accepting checks in violation of posted Company rules or policies.

5.5 PAYROLL RECORDS – An authorized Union representative shall have the privilege of examining the Employer's payroll involving employees covered by this Agreement monthly, or when necessary to investigate a specific concern of improper payment, upon written request to the Division Labor Relations Department. Upon receipt of such request, the Division Labor Relations Department shall provide the Payroll Query Report (attached as Appendix E), or an Employer report(s) by a different name provided the information contained on it is the same, within fifteen (15) days.

5.6 CONFERENCE – The Employer shall have the right to call conferences with officials of the Union for the purpose of discussing his grievances, criticisms or other problems. The Union shall be granted the same privilege by calling the Employer for discussions of grievances and criticisms.

5.7 POLYGRAPH – No employee shall be required to take a polygraph test or other similar electronic type test.

SECTION 6

RIGHTS OF MANAGEMENT

6.1 The management of the Company and the directions of the working force, including the right to plan, direct, and control retail operations, to hire, lay-off or relieve employees from duties, to maintain the discipline and efficiency of the employees and to require employees to observe Company rules and regulations, demote or discharge employees for cause, are to be the sole right of and function of the Employer.

6.2 The parties agree that the foregoing enumeration of management's rights shall not be deemed to exclude other functions specifically set forth. The Employer, therefore, retaining all rights not otherwise specifically covered in this Agreement.

6.3 The exercise of the foregoing rights shall not alter any of the specific provisions of this Agreement, nor shall they be used to discriminate against any members of the Union.

6.4 The Employer may require an employee to submit to a drug and alcohol test in the event of an on-the-job injury or based upon reasonable suspicion of impairment.

SECTION 7

UNION AFFAIRS

7.1 STORE VISITATION – Authorized representatives of the Union shall be permitted to visit the store regarding Union matters during work hours after notifying the manager or person in charge. Such visits shall not unreasonably interfere with the conduct of the Employer's business. Time taken for such an interview in excess of ten (10) minutes for each employee shall not be on Company time.

7.2 UNION NOTICES -- The Employer shall provide space for posting official UFCW Local 1564 notices, and other forms called for or required by this Agreement. The Employer shall see that such notices are not defaced or removed.

7.3 UNION BUTTONS – Employees shall have the right to wear Union Buttons. This privilege shall not be abused by the Union or employees, by actions such as, but not limited to, the wearing of multiple buttons or an unreasonably large button, etc.

7.4 UNION STORE CARD – The Employer agrees to display within the store the official Union Store Card and/or decal as supplied by the United Food and Commercial Workers International Union and recognizes that the Union Store Card and/or decals are the property of the Union and are loaned to the Employer. The Union Store Card and/or decals may be removed from the store by the Union for any violation of this Agreement as determined by the final decision of an Arbitrator in accordance with this Agreement.

7.5 UNION LEAVE – Employees shall be allowed time off without pay for the purposes of attending Agreement negotiations, arbitrations, or for Union meetings or conventions or Union training schools. Such leaves shall be granted to not more than one (1) employee per each twenty (20) bargaining unit employees per store, not to exceed two (2) weeks; provided notice for such leave is given in advance sufficient to provide adequate replacement for the employee to be on leave. In response to a written request from the Union, the Employer agrees to grant a leave of absence for union business (organizing or similar activities) for up to one (1) year during the term of this Agreement to up to two (2) employees from the bargaining unit.

7.6 UNION STEWARD – The Union shall have the right to designate Stewards to assist the Union in enforcing this Agreement. Stewards shall be authorized to investigate grievances and to resolve grievances with the Store Manager. Stewards shall not be considered a "representative of the Union" for the purposes of union representation during the conducting of investigatory interviews based upon NLRB v. Weingarten (1975) issues.

Such stewards shall be allowed to verify an employee's recorded time worked and to view the Employer's time and attendance records as maintained at store level at reasonable intervals; however, such information shall not include confidential earnings information for non-bargaining unit management employees set forth in the Employer's Facility Register.

The Employer agrees not to discriminate against store stewards for engaging in lawful union activity.

7.7 UNION REPRESENTATION – Any employee covered by the terms of this Agreement may request a Union Business Representative be present during any interrogation by management, which the employee believes could result in the employee’s discharge or suspension. Upon request, the Employer agrees to immediately cease any further questioning pending arrival of a designated Union Representative. The Union agrees to make a representative available promptly after such request is made.

7.8 UNION BUTTONS – the Union member will have the right to wear their Union Buttons according to current National Labor Relations Board rules.

SECTION 8

WORKING HOURS AND OVERTIME

8.1 FULL-TIME EMPLOYEES – Those employees who regularly work forty (40) hours per week are defined as full-time employees and shall work five (5), eight (8) hour days.

8.2 PART-TIME EMPLOYEES – Those employees who regularly work less than forty (40) hours per week are defined as part-time employees. A regular full-time employee is defined as an employee who has been scheduled or worked forty (40) hours or more per week in five (5), eight (8) hour workdays in six (6) consecutive weeks; except where an employee averages forty (40) hours as a direct result of leaves of absence of more than one week but less than thirty (30) days, or for vacation relief.

However, if the employee who has worked the six (6), forty (40) hour weeks is not the senior employee who has requested full-time in accordance with Section 9.7 of this Agreement, such employee shall remain in part-time status, and the senior qualified employee in that classification who has complied with Section 9.7 shall be classified full-time.

Nothing herein shall be construed to require pay for time not worked; provided the Employer shall reasonably promptly make status changes.

8.3 WORK WEEK – The work week shall be Sunday through Saturday. For full-time employees, eight (8) hours shall constitute a day’s work and forty (40) hours, consisting of any five (5), eight (8) hour days out of seven (7) shall constitute a regular week’s work. If agreeable between the employee, the Employer and the Union, an employee may be scheduled four (4), ten (10) hour shifts, not necessarily consecutive, and when scheduled, would receive time and one-half (1-1/2) for all hours worked in excess of ten (10) work hours per shift or forty (40) work hours per week.

8.4 WORKDAY – The regular day’s work for all employees shall be worked within nine (9) consecutive hours.

8.5 OVERTIME – All time worked in excess of eight (8) hours in any one (1) day or in excess of forty (40) hours in any one week, shall be deemed overtime and paid for at the rate of time and one-half (1-1/2) the employee’s basic straight-time hourly rate of pay.

- (a) There shall be no pyramiding of overtime and/or premium pay, except that hours worked on Sunday shall be included as hours worked for the purpose of computing hours over forty (40) for the payment of specific overtime.
- (b) No employee shall be required to take time off in lieu of overtime hours worked.
- (c) The overtime rate of employees who receive a wage scale in excess of the rates in this Agreement shall be based on said employee's actual rate of pay.

8.6 SPLIT SHIFTS – There shall be no split shifts. The Employer may not work an employee a split shift without the employee's prior approval. A broken or split shift is defined as a period of time where not less than ten (10) hours have elapsed from the termination of an employee's previous shift.

8.7 MEAL PERIOD – All employees shall receive one (1) uninterrupted hour off for lunch at approximately the middle of the working shift.

- (a) No employee shall be required to take his or her meal before the end of the third (3rd) hour nor later than the end of the fifth (5th) hour of the employee's scheduled workday.
- (b) Where mutually agreeable between the Employer and the employee, a thirty (30) minute lunch may be taken.
- (c) Part-time employees who are scheduled to work six (6) hours but less than eight (8) hours shall be granted a thirty (30) minute unpaid meal period at the option of the employee.

8.8 REST PERIODS – All employees shall receive an uninterrupted fifteen (15) minute rest period for each four (4) hours of work scheduled to be performed in any workday.

- (a) Employees shall receive two (2) breaks described above for each eight (8) hour workday. In the case of an employee entitled to two (2) rest breaks, one (1) break shall be granted as near the middle of the period prior to the meal break as possible and the other shall be granted as near the middle of the period following the lunch break as possible.
- (b) In cases of part-time employees working less than an eight (8) hour day, the rest period will be scheduled in the longer half of the shift if the shift is broken by a lunch period. Employees working more than six (6) hours in a workday shall be entitled to a second fifteen (15) minute uninterrupted rest period; provided they do not take the optional thirty (30) minute meal period.
- (c) Full-time and part-time employees shall receive an additional fifteen (15) minute uninterrupted rest period for each four (4) hours worked in excess of eight (8) hours of any shift.
- (d) Rest periods may be taken outside of the store.

8.9 WORK SCHEDULE – The Employer agrees to post a work schedule for the work week, in ink, in each store by 12:00 noon the Thursday prior to the start of the next work week. All employees listed on the schedule will be provided the work or pay for the hours posted; provided they report to work as scheduled.

- (a) Each schedule shall show first and last name of each employee, starting time, meal period, quitting time and days off.
- (b) Once the work schedule has been posted, the employee agrees to work such schedule. It is understood that circumstances may require the management to change or alter schedules during the work week in case of emergency (emergency shall be defined as fire, strike, flood, illness, funeral leave, acts of God or other similar emergencies).

However, if it becomes necessary to change the work schedule for any reason beyond the control of either party, store management or the employee, as the case may be, shall personally notify the other of the inability to work the posted schedule, giving as much advance notice as possible to the other.

Any employee who is not able to report to work as scheduled, and fails within twenty-four (24) hours thereafter to personally provide the Employer with sufficient reason to have prevented the employee from reporting to work, shall be considered a voluntary quit unless said employee is prevented from doing so because of proven medical incapacitation.

- (c) Any employee who periodically needs a specific day or days off for personal business will make the Store Manager aware of the need at least forty-eight (48) hours prior to the posting of the next weeks work schedule, and a reasonable effort will then be made to grant such request with no loss of hours subject to store needs.

When two (2) or more employees request the same specific day(s) off, seniority shall apply.

- (d) Full-time employees will be scheduled forty (40) hours in five (5), eight (8) hour workdays. Each employee covered by this Agreement shall be scheduled a full day off during the work week, unless mutually agreeable between the Employer and the employee.

Employees who do not want to work more than five (5) days in a work week shall provide the Store Manager with such a written request to that effect. The Employer will make a reasonable effort to honor such requests. Should it become necessary to work such employees such a schedule, it shall be by inverse order of seniority.

- (e) All employees shall report for and be ready for work at their scheduled starting time. The term "ready for work" shall include appropriate or required dress.
- (f) The parties agree the schedule will not be used for arbitrary, capricious, or retaliatory scheduling of employees. If an employee feels management is retaliating or punishing him/her through the work schedule, the employee, through the Union, may appeal this matter directly to the District Manager or Retail Operations Manager. The employee will be given a written response as to the purpose of such scheduling requirements.

8.10 STORE MEETINGS – Time spent in required store meetings called by the Employer shall be considered as time worked and shall be paid for in accordance with the provisions of this Agreement. Store meetings shall not constitute a split shift violation nor call-in where the Employer gives at least twenty-four (24) hours' notice. This privilege shall not be abused. No employee shall be disciplined in any manner for failing to attend a store meeting scheduled for such employee's vacation, personal holiday, or when on a scheduled day off.

8.11 WORK GUARANTEE – Employees who are scheduled to report for work, and/or who are called by store management or a department head to report for work on a scheduled day off, shall receive four (4) hours work or four (4) hours pay; provided they are available for such work. However, in no event shall anyone work or be paid less than two (2) hours. Regular full-time employees called in to work and who work on Sunday and/or holidays will be given eight (8) hours work.

8.12 SUNDAY WORK – Employees who want to work on Sunday shall so indicate by signing a roster in the store once each quarter.

- (a) The quarterly roster shall be posted in each store for three work weeks prior to the start of the quarter in which it is to apply. Quarter is defined as three (3) calendar months effective each January 1.
- (b) The Employer shall schedule work on Sunday from that list in order of department and classification and seniority in the departments and classifications where help is needed and further subject to their ability to perform the work. Employees who fail to work a Sunday which they are scheduled without good cause shall have their name removed from the current quarterly roster and will forfeit any right to sign the next quarterly roster.
- (c) If there are not sufficient employees of proper department and classification seniority who have the ability to perform the work who have signed the quarterly Sunday Roster, then the Employer shall assign such work by reverse seniority.

8.13 TRANSFERS – Transfers will not be made for arbitrary, capricious or unlawfully discriminatory reasons.

- (a) If any employee wishes to transfer from one store to another, the employee shall make a request to the District Office in writing stating the reason why; and when a vacancy of the appropriate classification, job skills and full-time or part-time status occurs in that store, the Company will make a reasonable effort to accommodate the employee.
- (b) Within fifteen (15) days of any denial, the employee may request that the Employer state the reason in writing.

8.14 MORE THAN ONE STORE – Whenever an employee is required by the Employer to work in more than one store during the same day, reasonable time consumed by the employee between stores shall be considered as time worked and paid for as part of the regular day's work.

SECTION 9 SENIORITY

9.1 DEFINITION – Seniority shall be defined as the length of continuous employment with the Employer in the bargaining unit as described in Section 1 of this Agreement, and no employee shall suffer loss of seniority by reason of approved leave as defined in this Agreement. If two or more employees have the same seniority date, the employee with the lowest sequence of the last four (4) digits of the employee's social security number shall be considered the most senior.

9.2 PRINCIPLE OF SENIORITY – The Employer agrees that the Principle of Seniority shall prevail in the layoff of employees, recall of employees and reduction of hours of full-time employees in the bargaining unit; provided the factors of skill and ability to perform the required tasks are relatively equal. The following application shall apply:

- (a) Layoff. Layoff is defined as a work week where an employee has no hours on the work schedule. When a layoff (reduction of the work force, as opposed to a reduction of hours) is necessary, the following procedure shall apply.

Layoffs will begin within recognized departments by job classifications to be affected in reverse order of seniority. The affected person(s) shall be personally notified as soon as possible of the impending lay-off and shall be given the following options:

1. displacing a less senior employee in the same classification in the same store;
2. displacing the least senior employee within the same classification within the Bargaining Unit;
3. displacing a less senior employee in a lower classification within the same store; or

4. accepting the layoff. It is agreed that layoffs shall only occur at the end of an employee's weekly schedule.

- (b) Reduction of Hours. Hours will be reduced from part-time employees within the affected classification in reverse order of seniority. Employees who receive less than ten (10) hours per week on the work schedule, may elect to accept a layoff in lieu of working the ten (10) hours, and shall for all purposes of this Agreement, be treated as a layoff.

Subject to the legitimate business requirements of the store, should it become necessary to reduce the hours of full-time employees in that store, the least senior full-time employee in the store in the affected classification may be reduced to part-time status; or the affected employee may exercise his/her seniority to claim a full-time schedule of the least senior full-time employee within the same classification within the Bargaining Unit.

- (c) Recall. The most senior employee on layoff status shall be the first employee recalled to the department and classification, prior to the Employer hiring any new employee or promoting any employee into the department and classification. Employees who are on layoff as a result of schedules of less than ten (10) hours, shall be required to accept recall if no one with less seniority remains on layoff.

Any employee reduced from full-time status to part-time status shall be returned to full-time status prior to any employee being hired or promoted into the same classification and department in that store, where possible.

Notice of recall after layoff shall be sent by registered mail to the employee's last known address with a copy to the Union. If persons so recalled do not report within five (5) working days after receipt of the above notice, they shall lose their seniority and right to further recall.

Laid off employees agree to advise the store manager of change of address or an out-of-town trip.

9.3 LOSS OF SENIORITY – Employees shall lose seniority for any of the following reasons:

- (a) Termination for just cause;
- (b) Resignation or quit;
- (c) Layoff beyond three hundred sixty-five (365) consecutive days. However, employees recalled after one hundred eighty (180) days shall be reduced by one (1) Apprentice Step;

- (d) Transfer or promotion out of the Bargaining Unit. However, an employee who is promoted out of the Bargaining Unit in the same store and returns within one hundred eighty (180) days shall suffer no loss of seniority;
- (e) Fails to return to work upon completion of a leave of absence; or
- (f) Fails to report to work following recall after layoff.

9.4 PROMOTION – Any employee who has been employed in a classification for six (6) months or more who desires assignment to a higher paying classification covered by this Agreement, shall indicate such desire by advising the Store Manager and District Manager in writing. Such employee shall then be given full consideration by seniority for such opening in the Store that occurs.

A Courtesy Clerk, who has been promoted to the Food Clerk classification in accordance with the terms of this Agreement, may be paid the Courtesy Clerk rate for one (1) week for checker training, provided no customer transactions are made.

9.5 AVAILABLE HOURS – All part-time work available shall be offered to the part-time employees in accordance with their seniority within their respective classification and store, subject to their ability to perform the work relatively equal. However, employees who are defined as self-restricted, i.e., those employees who notify management in writing that they are restricted as to which hours and/or days they are available to work, are not subject to Section 9.5. Employees who have self-restricted themselves may reverse such action by notifying management in writing after three months from date of restriction.

A part-time employee can exercise their seniority to claim work hours for which he is available up to and including eight (8) hours a day and forty (40) straight-time hours per week.

- (a) No employee shall have their hours reduced below four (4) hours per day for clerks or below two (2) hours per day for Courtesy Clerks by the application of this Provision. It is further understood that no claim can be made for Sunday or premium day hours nor can a claim be made for forty (40) hours in six (6) days.
- (b) Claims of such hours must be made no later than 12:00 noon of the calendar day following the posting of the work schedule.
- (c) Claims must be made to the store manager or assistant store manager. If the claim is legitimate, the schedule should be changed to reflect the claim.
- (d) If the claim is denied, the claiming employee must, if a protest of the denial is desired, submit a true reproduction of the posted schedule showing the claiming employee's schedule along with the schedule to be claimed accompanied by the claim under Section 15 of this Agreement.

- (e) An employee may claim the entire daily schedule of a less senior employee in that classification, in which case the employee whose hours have been claimed would then assume the hours of the claiming employee, if any.
- (f) An employee may not claim a daily shift for which a premium is paid or as a result of the claim, a premium or overtime would be required by other provisions of this Agreement, except however, an entire weekly schedule may be claimed which included premium pay if such schedule contains more hours than were originally scheduled and the claim does not result in overtime pay.

9.6 CALL IN ROSTER – If it becomes necessary to call-in employees for work, the Employer shall first offer such work to employees in order of seniority who have signed a monthly "Call-in List".

- (a) The monthly "Call-in List" shall be conspicuously posted in each store one (1) week prior to the beginning of each month.
- (b) If no employee signs the "Call-in List" or if none or an insufficient number of those employees who have signed the "Call-in List" are available for work, the Employer shall call those employees who have not signed the "Call-in List" by inverse order of seniority.
- (c) Call-ins shall be for a minimum of four (4) hours or two (2) hours for Courtesy Clerks. Employees on straight-time will be called before employees on overtime.

9.7 Part-time employees who desire assignment to full-time work shall notify the Employer and the Union in writing. Such request must be renewed every twelve (12) months. When there is to be a full-time position filled, either through the action of the Employer, or through an employee working a full-time schedule; part-time employees in that store who have requested full-time work shall be given full consideration for the position in order of seniority.

9.8 SENIORITY LISTS – The Employer agrees to furnish the Union a seniority list of its employees each six (6) months upon written request from the Union.

SECTION 10 VACATIONS

10.1 VACATION ELIGIBILITY – All regular employees who have been in continuous employ of the Employer for:

- (a) One Week – one (1) year shall receive one (1) week of vacation with full pay.
- (b) Two Weeks – three (3) years shall receive two (2) weeks of vacation with full pay.
- (c) Three Weeks – seven (7) years shall receive three (3) weeks of vacation with full pay.

- (d) Four Weeks – fifteen (15) years shall receive four (4) weeks of vacation with full pay.
- (e) Five Weeks – twenty (20) years shall receive five (5) weeks of vacation with full pay.

Employees with three (3) or more years of continuous service will have January 1 of each year as their established vacation eligibility date.

Employees hired on or after October 30, 2005 must work 1040 hours to earn a paid vacation.

Employees hired on or after October 30, 2005 shall receive one (1) week paid vacation after one (1) year of continuous service, two (2) weeks paid vacation after four (4) years of continuous service, three (3) weeks of vacation after eight (8) years of continuous service; and four (4) weeks of vacation after fifteen (15) years of continuous service.

10.2 COMPUTING VACATION PAY – All regular full-time and regular part-time employees who have not completed one (1) calendar year of employment, but who are eligible for vacation, will receive one fifty-second (1/52) of the compensation received for the twelve (12) month period immediately preceding the vacation period. Upon completion of one (1) full calendar year of employment, all regular full-time and regular part-time employees eligible for vacation shall have their vacation computed on the employee's W-2 contract earnings for the prior year. Employees so eligible will receive one fifty-second (1/52) of such earnings for each week's vacation.

The Store Manager shall request vacation pay at least two (2) weeks in advance of each employee's scheduled vacation. In no event will any employee receive pay in lieu of vacation. A cash advance will be provided to an employee in the event that such employee's vacation check is not made available by the Friday in advance of such vacation week.

10.3 SELECTION OF VACATION – The selection of vacations shall be by seniority on a store basis, based upon the following:

- (a) On a vacation schedule posted by the Employer no later than December 31st of each year, employees shall be allowed to select their vacation for the calendar year up to March 31. When two (2) or more employees select the same week(s), employees having the most seniority shall be granted first choice.
- (b) The Employer will make every reasonable effort to maximize the number of employees permitted to select vacations during the period of April 15 to September 15.
- (c) Employees who do not make a selection by March 31, will be allowed to select unscheduled available weeks, subject to four (4) weeks' notice, but in no event shall they be allowed to displace any persons who have selected their vacations

by March 31. However, all employees must make vacation selections no later than September 15.

- (d) After April 15, the vacation schedule may only be changed by mutual agreement between the store manager and the employee.
- (e) Notwithstanding any of the above, the Employer retains the right to determine the number of employees that will be allowed to be off on vacation during any given week(s) depending on the individual store needs and legitimate business circumstances.

10.4 HOLIDAYS – If a holiday named under Section 14 of this Agreement falls within the vacation period of an employee, he/she shall be granted a day’s payment in lieu thereof.

10.5 TIME LOST – All time lost because of a reasonable absence from work through sickness or authorized absence shall be considered as time worked for the express purpose of determining length of employment.

10.6 EMPLOYMENT TERMINATED – Any employee whose employment by the Company is terminated for any reason other than dishonesty at the time he or she is entitled to a vacation for the current year or to pay in lieu thereof, but who has not yet taken his vacation, shall, upon separation, receive the vacation pay to which he is entitled.

10.7 PRO-RATA VACATION PAY – All regular full-time employees and regular part-time employees who have completed one (1) year of continuous service, shall be entitled to pro-rata vacation pay.

- (a) To be eligible for pro-rata vacation pay, the above described employees must give one (1) week’s written notice of intent to terminate their employment or in the case of discharge, pro-rata vacation will only be paid in cases where discharge was due to failure to perform work as required.
- (b) Pro-rata vacation pay shall be based upon full months of employment and neither the partial anniversary month of employment nor the partial month in which the termination occurs will be used in determining the fraction of vacation pay due the employee.
- (c) Employees who must enter military service shall be eligible for a pro-rata of their vacation pay at the time they leave for active duty and upon their reinstatement shall be eligible for a pro-rata vacation for the year in which they are reinstated based upon their original anniversary date of employment.

10.8 MILITARY LEAVE – Employees who are required to attend two (2) weeks’ National Guard or military reserve summer training shall not be required to take their vacation during this period.

10.9 UNBROKEN VACATION – Vacations shall be unbroken unless by mutual consent between the Employer and the employee.

SECTION 11
CLASSIFICATION AND WAGE RATES

11.1 Appendix "A" which sets forth the job classification minimum rates of pay, effective dates and other provisions is incorporated herein as if set forth in full.

11.2 COURTESY CLERKS – A Courtesy Clerk is an employee limited to the following duties:

1. Bag and carry out bags and/or boxes containing the customer's purchases to customer's vehicle.
2. General cleaning duties in the store and parking lot.
3. Sweeping, mopping and waxing.
4. Keeping check stand supplies filled and in order.
5. Collecting and lining up carts.
6. Assisting customers in handling their purchases at the check stands or counters.
7. Watering and covering produce at closing time.
8. Checking prices.
9. Handling "go-backs" and "orphans".
10. Cleaning of shelves and other display areas/cases including the removal and replacement of merchandise as required in connection with such cleaning duties.
11. May face shelves in dry grocery only, except for baby foods (no code checking).
12. Fill ice bin(s).

11.3 CLERKS – Employees shall be promoted from the Courtesy Clerk classification on the basis of seniority and qualification.-

11.4 General Merchandise Clerks. General Merchandise Clerks shall be defined as employees who work in the store's general merchandise/variety areas, and who receive, unload, sort, handle, service, and stock bulk foods, ice, items generally considered within the retail industry to constitute "general merchandise, variety, and/or HBC" items, including cleaning supplies, school supplies, stationery, gift wraps, party supplies, health products, disposable diapers, nutritional supplements, cosmetics, beauty aids, household hardware, pet supplies and soap products (excluding laundry detergent, bleach and similar household products).

11.5 Bakery Clerks. Bakery Clerks shall be permitted to operate a cash register, if any, in the bakery department and in addition to the duties historically performed by this classification, to order, handle, stock and check out the products in connection with the store's bread wall.

11.6 The Employer shall have the right to place cash registers/checkstands in any department within the store that it deems desirable to ring up customer purchases in that department (as well as any other incidental customer purchases), and clerks assigned to such departments shall

operate such cash register/checkstand in addition to the duties historically performed by their classification.

11.7 STORE SECRETARY – Store Secretary(s) may only perform the following duties:

1. Make tills and issue tills.
2. Balance safe.
3. Make deposits.
4. Do pick-ups.
5. Issue "loans".
6. Final till countdown.
7. Hourly sales reports.
8. Daily and weekly check-up reports.
9. Rewrite Work Schedules originally written by Store Managers.
10. Perform check-encoding.
11. Authorize and cash checks.
12. Sell money orders.
13. Check in and out rentals.
14. Make change for checkers.
15. Any assigned clerical duties performed within the confines of the manager's office and/or "booth".
16. Process Returned Checks.
17. Bag and carry out orders.
18. Release checkers and courtesy clerks for breaks.

Store Secretary(s) are not supervisors and shall not direct the work force, except as provided for in No. 18 above. Store Secretary(s) may bid for openings as Food Clerks under the conditions of the Collective Bargaining Agreement as it applies to Courtesy Clerks.

11.8 PAY SCHEDULE – It is agreed by the Employer that all employees covered by this Agreement shall be paid once each week.

11.9 NIGHT WORK PREMIUM – All employees who perform any work for the employer shall receive a night premium wage, in addition to their regular hourly rate, for all hours or portions of hours worked between the hours of 6:00 p.m. and 6:00 a.m. at thirty-five cents (\$0.35) per hour. Effective the Sunday following ratification of this Agreement, night premium hours shall be 7:00 p.m. to 6:00 a.m. Employees hired on or after October 30, 2005 shall not be eligible for night premium pay.

11.10 SUNDAY PREMIUM – All work performed on Sunday shall be paid for at the rate of time and one-half (1-1/2) the employee's straight-time hourly rate of pay. For Courtesy Clerks who are hired after December 5, 1982, all work performed on Sunday shall be paid for at a one dollar Sunday premium. The premium rate for all work performed on Sunday shall be one (\$1.00) dollar per hour for all employees hired on or after February 1, 2004. Employees hired after December 5, 2005 shall not be eligible for Sunday premium pay.

11.11 RELIEF PAY – In the event a department head covered by this Agreement is on an approved written leave of absence, other than vacation, in excess of one (1) week and a clerk is assigned to assume the responsibility and accountability of the department head's job, such person shall be paid the department head's basic straight-time rate of pay. It is understood that "accountability" as used herein means that management of a department is subject to the test of failure to perform work as required.

11.12 HIRING/RETENTION INCENTIVE – The Company may establish/maintain/discontinue a hiring retention incentive for Department Heads. The terms, timing, duration, application or non-application of such incentive to any employee or employees shall not be subject to the grievance or arbitration provisions of this collective bargaining agreement.

11.13 NEW CLASSIFICATION/DEPARTMENTS – When a new department or job is created by the Employer, the Union shall be notified immediately, and the parties shall meet in good faith to establish a new wage rate for such department/job. Until such time as the parties can agree, an initial wage rate shall be established by the Employer, and then upon the agreement between the parties, the agreed wage rate shall be retroactive to the first hour worked in the new classification/department.

SECTION 12 MINIMUM CONDITIONS

12.1 UNIFORMS AND EQUIPMENT – When the Employer requires aprons, caps, gowns or uniforms, the cost, laundry and upkeep of same shall be at the expense of the Employer except when employees are furnished with easy care wash and wear uniforms, then the employees will be responsible for laundering same. Replacement wash-and-wear uniforms shall be issued upon request provided they show signs of excessive wear.

12.2 PAY IN EXCESS OF AGREEMENT – No employee who, prior to the execution of this Agreement, were receiving pay in excess of that provided for the class of work performed, or who were receiving benefits not provided herein, shall have a reduction in pay, or any benefit revoked as a result of the operation of this Agreement except as agreed upon by the parties pursuant to collective bargaining conducted in 2002.

Employees who are receiving or who receive a rate of pay in excess of these provided herein shall not have such pay rate reduced, but at any time the pay rate in the Labor Agreement equals or exceeds the rate being paid, then the Employer shall absorb that portion of the excess pay rate by the amount of the increase on the effective date of the rate change in the Contract.

12.3 LEGAL PROCEEDINGS – Employees shall be paid as time worked under the terms of this Agreement for time spent at appearances in legal proceedings at the request of or in behalf of the Employer, less amounts paid the employee as and for witness fees.

12.4 NOTICE OF RESIGNATION – An employee desiring to terminate employment shall give at least two (2) calendar week's notice to the Employer in writing or forfeit all vacation due since

the last anniversary date and the Employer agrees to provide said employee with a week's work or a week's pay in lieu thereof.

12.5 ELECTION DAY – The Employer agrees to comply with the terms of the New Mexico State Law in regard to allowing its employees sufficient time off to vote in elections.

12.6 RECORDING OF TIME – The Employer shall make suitable provisions for recording the hours worked by each employee covered by this Agreement. Employees will be responsible for the recording of time on their own timecards and will be paid in accordance with the time recorded on such timecards. Employees failing to follow the proper procedure regarding timecards will be subject to discipline in accordance with this Agreement. When an employee fails to record time on his or her time card or when the time clock records an error on the time card, the employee shall report such failure or error to the Store Manager or his designate who shall insert the proper time in ink on the time card and initial it and the employee shall also initial said card. Timecards may be replaced by electronic recording devices.

It is intended that there shall be no "free" or "time-off-the-clock" work practices under this Agreement. Any employee found by the Employer or by the Union to be engaging in such unauthorized practice shall be subject to discipline which may include termination.

12.7 CHARITY – The Employer and the Union agree that neither shall conduct or handle any campaign or drive for charitable purposes among the employees covered by this Agreement, except where the cooperation and contribution of the employee is voluntary.

SECTION 13 HOLIDAYS

13.1 PAID HOLIDAYS – The Employer agrees that the following days shall be observed as holidays and employees shall be paid therefore as if the holiday was a regular workday:

NEW YEAR'S DAY	Labor Day
Easter Sunday	Thanksgiving Day
Memorial Day	Christmas Day
Independence Day	Two (2) Personal Holidays

Employees hired on or after February 1, 2004, who have completed at least one year of continuous service, shall be eligible for the two personal holidays outlined above.

Employees hired on or after October 30, 2005 shall be eligible for Thanksgiving and Christmas holidays after completion of the probationary period, and four (4) personal holidays effective as of the first calendar year following one year of service.

Personal holiday. The Employer shall be given written notice by the employee, at least two (2) weeks prior to the personal holiday. The Employer will make a reasonable effort to accommodate employees based upon date and time of application. In the event the employee does not request their personal holiday prior to November 15, the Employer may assign such holiday. The Employer reserves the right to determine the number and classification of employees who may take personal holidays on any day or week; provided that this determination is not done for arbitrary and capricious reasons.

13.2 When any of the above enumerated holidays falls on Sunday, other than Easter Sunday, the following Monday shall be considered the holiday and observed as such by all employees; provided the Employer's store is open for business on that Sunday.

13.3 The Company may (but shall not be required to) operate its stores on any of the holidays recognized by this agreement.

13.4 HOLIDAY PAY – Regular full-time employees will receive eight (8) hours pay at their straight-time hourly rate for each of the above-named holidays. Regular part-time employees shall receive Holiday Pay computed on the average for the preceding two (2) weeks according to the following schedules:

<u>Average Hours</u>	<u>Holiday Pay</u>
6 but less than 12	2 hours
12 but less than 24	4 hours
24 but less than 32	6 hours
32 or more	8 hours

13.5 REQUIREMENTS – No employee shall receive pay for any holidays not worked, unless such employee has reported for work on his/her regular working day next preceding and next following said holiday. Employees shall be deemed to have reported for work if absence on said day before and the same day after said holiday is due to the express permission from or action of the Employer, and also in case of certified illness; provided, the employee has worked during the holiday week. A certified illness shall be substantiated by an acceptable Physician's Statement. A Physician's Statement which only indicates that an employee "may return to work on ..." may not in all cases be considered acceptable. Employees shall receive either sick pay or holiday pay; but will not receive pay for both.

13.6 Employees hired prior to February 1, 2004, who are required to work on holidays will be paid for the hours worked at one and one half (1-1/2) times their hourly rate of pay in addition to the holiday pay as provided above. Employees hired on or after February 1, 2004 shall receive a one (\$1.00) dollar per hour premium for work performed on holidays.

13.7 Full-time employees may be scheduled four (4) days including the holiday in a holiday week.

13.8 At least twenty-one (21) days preceding the Thanksgiving holiday and at least twenty-one (21) days preceding the Christmas holiday, the Employer shall post a roster for such holiday, and employees interested in working the applicable holiday may sign such roster, up to the Tuesday before that holiday work schedule is to be posted. Employees who sign the roster shall be assigned such holiday work in order of their seniority within their classification and department. Should there not be sufficient volunteers, the Employer may seek qualified volunteers from excess volunteers in other stores in the bargaining unit, or the Employer may assign work in inverse order of seniority within the store. Excess volunteers from other stores shall not have bumping rights over employees regularly assigned to the store that is seeking additional volunteers.

SECTION 14 GENERAL PROVISIONS

14.1 When an employee suffers a job-related injury and reports for medical care and it is certified that he is unable to continue to work, he shall be paid the basic straight-time rate of pay for the scheduled hours not worked on the day of injury. Such hours paid for shall not be counted as hours worked for purposes of computing overtime.

14.2 Employees who are unable to report to work as scheduled shall personally notify the Manager (or the person in charge) of the employee's inability to work as scheduled. Employees who are absent because of illness beyond three (3) days may be required to show a doctor's certificate, as defined in Section 13. 5, verifying illness if requested to do so by management. The Employer shall have the right to require proof of an employee who has a history of calling in sick; or where a reasonable doubt exists.

14.3 SAVINGS CLAUSE – In the event that any portion of this Agreement is invalidated by the passage of Legislation or a decision of a Court of competent jurisdiction, such invalidation shall apply only to those portions thus invalidated, and all remaining portions of this Agreement not invalidated shall remain in full force and effect. In the event any Provision or Provisions are declared to be in conflict with a Law, both parties shall meet immediately for the purpose of renegotiating an Agreement on Provisions so invalidated.

SECTION 15 NO STRIKE/NO LOCKOUT

15.1 During the term hereof, the Union agrees that there shall be not strike, or any other interference with or interruption of the normal conditions of the Employer's business by the Union or its members. The Employer agrees that there shall be no lockout.

15.2 Section 15.1 will not apply where the Meat Department employees' Contract has expired.

SECTION 16
GRIEVANCE AND ARBITRATION

16.1 CONTROVERSY, DISPUTE AND ARBITRATION – Any and all matters of controversy, dispute or disagreement of any kind or character whatsoever existing between the Employer and the Union or members of the bargaining unit and arising out of or in any way involving the interpretation or application of the terms of this Agreement shall be settled and resolved by the procedures and in the manner hereinafter set forth.

16.2 Grievances shall be filed promptly, but no more than fifteen (15) days beyond the event giving rise to the dispute. Time limits may be extended upon consent in writing of both parties.

16.3 The following procedure shall be followed by the parties hereto:

- (a) Step 1. For administrative grievances, i.e., those grievances relating to Rates of Pay, Vacation Pay, Holiday Pay, Sunday Premium, Night Premium, etc., the employee, who may be assisted by the Store Steward, should first discuss any dispute with the Store Manager. The parties shall make every reasonable effort to resolve any dispute at this level. Settlements made at this level shall not establish any precedent. The parties agree that they shall not introduce, or attempt to introduce, or attempt to introduce such settlements, or the terms and conditions thereof, into any grievance or arbitration proceeding in any manner whatsoever, and that such settlements shall have no evidentiary value in any such proceeding.
- (b) Step 2. Should a settlement of the dispute not be forthcoming at Step 1, the Union, shall reduce the dispute to written form setting forth the following:
 - 1. The action complained of.
 - 2. The dates, places and persons involved.
 - 3. The Contract Provision allegedly violated.
 - 4. The proposed remedy.

which shall be submitted to the Labor Relations Department within fifteen (15) days of the event giving rise to the dispute. As soon as practical thereafter, but in no event more than thirty (30) days thereafter, a representative of the Labor Relations Department shall meet with representatives of the Union in an effort to resolve the dispute. The Employer will provide its response in writing.

The Employer may file a grievance against the Union by reducing the complaint to writing and filing the formal written grievant with the Union's President. Once the Union President has been contacted, he shall have fourteen (14)

working days in which to respond to the Employer, or the grievance shall be considered denied. The Union will provide its response in writing.

Should a settlement of the dispute not be forthcoming at Step 2, the matter may be referred to Arbitration.

16.4 No grievance or arbitration may be considered unless the procedure provided herein has been followed. The Employer and the Union agree that every reasonable effort should be made to resolve any dispute at the earliest level of the grievance procedure. The parties agree that no recriminate action may be taken against any employee who files a grievance, who provides evidence, or who exercises their rights under Section 15. Should either party become aware of any violation of the foregoing, the party shall take immediate action and effective steps to remedy such violation.

16.5 ARBITRATION – If the dispute or disagreement is not settled in a manner satisfactory to the Union or to the Employer, either party may request, within thirty (30) days of the Step 2 denial on behalf of both parties that the Federal Mediation and Conciliation Service (FMCS) provide a panel of seven qualified arbitrators. Within fifteen (15) days of receipt of the panel, each party shall strike a name in alternation with the Employer striking the first name. The remaining name will be empowered to serve as the arbitrator.

16.6 The Arbitrator shall issue his or her decision within thirty (30) days from the date of the hearing or the date of the receipt of post-hearing briefs, whichever is later, unless the thirty (30) day time limit is extended by mutual consent. The decision of the arbitrator shall be final and binding on both parties, however, the arbitrator shall not have the power to add to, subtract from, or in any way modify the terms of this Agreement and shall limit his decision strictly to the interpretation of the language of this Agreement. In the event an arbitrator awards backpay, he shall reduce such award by all earnings including unemployment compensation received by the aggrieved party during the period of the award. The expenses of the arbitrator shall be shared equally between the Employer and the Union.

16.7 The Arbitration procedure herein set forth is the sole and exclusive remedy of the parties hereto and the employees covered hereby, for any claimed violations of this Agreement, and for either party during the term of this Agreement and such arbitration procedure shall be (except to enforce, vacate or modify awards) to the extent permitted by law in lieu of any and all other remedies or forums of law, in equity or otherwise which will or may be available to either of the parties.

16.8 The Employer agrees to outline settlement of all grievance settlements and arbitration awards to the Union by providing the Union with copies of the settlement, if any, so the Union may assure prompt and correct settlement.

SECTION 17
HEALTH and WELFARE

Article 1 – Trust Fund: Effective June 30, 2015, employees shall cease to participate in the New Mexico UFCW Unions Employers Health and Welfare Trust Fund ("New Mexico Health Fund"). Effective July 1, 2015, the New Mexico Health Fund shall be merged with, and employees of the bargaining units and their eligible dependents shall participate in, the United Food and Commercial Workers and Employers Arizona Health and Welfare Trust ("Arizona Health Fund" on the same basis in terms of the Plan rules and regulations, eligibility for benefits, benefit designs and employee-co-premiums as employees covered under the Safeway collective bargaining agreement with UFCW Local 99.

Trustees of the Arizona Health Fund shall establish separate accounting for the New Mexico group with understanding that contributions from the New Mexico employers shall not be used to provide, or subsidize benefits for the Arizona group and that contributions Arizona Employers shall not be used to provide, or subsidize benefits for the New Mexico Group, Administrative expenses shall be prorated between the groups determined by the Trustees of the Fund.

Effective January 1, 2015 the New Plan A benefits Shall be modified to same benefit provisions as Arizona Plan A, the New Mexico B benefits shall be modified to the same benefit provisions as Arizona Plan B and the New Mexico Plan C benefits be modified to the same benefit provisions as Arizona Plan B1, except the co-insurance rates for participants who will be covered under Arizona plan A or B, shall continue to be equal to those co-insurance rates applied to those participants under the New Mexico Health Fund until otherwise modified by the Trustees of Arizona Health Fund. In addition, the short-term disability benefit for the New Mexico group shall be the same provided under New Mexico Health Fund. Additionally, effective January 1,2015, the administration of the New Mexico Health Fund shall be switched to the same administrator handling the Arizona Health Fund.

It is further understood that as a condition of receiving the contributions provided below, Trustees of the Arizona Health Plan will establish Plan(s) of benefits, which can be supported by the contributions provided herein and such Trustees have the authority to modify such benefits as they deem necessary to maintain the Plan in a fully reserved status.

Article 2: Employers Contributions - Employer shall continue to contribute to the New Mexico Fund the amounts described below each month by the twentieth (20th) day of the month for each of its eligible employees covered under Plan A, Plan B and Plan C but on the same eligibility basis as is required under Safeway collective bargaining agreement with UFCW Local 99, except that such contributions shall continue to be made on a Per Eligible Per Month basis. The Employer will make contributions on all eligible employees, in all plans, regardless of opt out status. In the event Safeway increases, or decreases, its employer contribution rate into the Arizona fund, then the employer contribution rates required under this agreement shall be

increased, or decreased, by the same percentage and at the same time as Safeway's contributions into the Arizona Health Fund are increased or decreased. Employee Contributions to be paid shall be the same as the Arizona Safeway group.

Article 3: Eligibility for coverage shall be defined in the Arizona Safeway collective bargaining agreement; and by the Arizona Health Fund.

Article 4: If legislation is enacted which affects Health and Welfare or related benefits, costs of providing them, this Contract may be opened by either party upon thirty (30) days written notice to the other party for the purpose of negotiation the Section so affected only.

SECTION 18 LEAVES OF ABSENCE

18.1 A leave of absence shall be granted to a non-probationary employee as a result of non-occupational illness, or injury or a work-related illness or injury to the extent of recovery for same up to a maximum of six (6) months.

- (a) Extensions of such leaves shall be granted by the Employer in writing (with a copy to the Union) solely upon the presentation by the employee of a written request for extension supported by medical evidence of continuing disability and reasonable expectation to return to work within no more than one (1) year's total leave.
- (b) All leaves of absence, except where expressly provided, are understood to be leaves without pay. Holiday pay shall not be paid to any employee on leave of absence.
- (c) In all cases of leave, it shall be the responsibility of the employee to keep the Employer advised of his/her desire to return to work and to give prior notice of intent to return to work. The Employer will not be obligated to return an employee to work within a work week in which the employee was not originally scheduled to work.

18.2 An employee may not accept other employment while on leave of absence and may be terminated for violation of this Provision, except where written consent has been obtained from the Employer.

18.3 This Section shall not be used to justify or support excessive absenteeism and should the Employer wish to verify an employee's illness or his ability and/or inability to perform the work required, it may employ a doctor of its own choosing for such purpose, paying all charges for such doctor's services.

18.4 Seniority shall continue to accrue while on any type of leave of absence to a maximum of six (6) months at which time, if leave has been extended by the Employer, seniority will remain frozen until the employee returns to active service.

18.5 PERSONAL LEAVE – The Employer agrees to notify the Union of any personal leave of absence and the conditions of same which it grants to any employee. Such leaves of absence shall not exceed one (1) calendar year. The Employer shall retain sole and exclusive right to grant personal leaves of absence.

18.6 Upon written request, Leave of Absence without pay for Union business, not to exceed six (6) months, will be granted by the Employer to each employee who has completed one (1) year of service or more. This leave may be extended by an additional six (6) months by mutual agreement between the Company and the Union. An employee on a Union leave of absence may receive pay from the Union.

SECTION 19 FUNERAL LEAVE

19.1 Upon request, an employee covered by this Agreement shall be granted reasonable time off in order to make arrangements for and/or attend the funeral occasioned by a death in his immediate family. Non-probationary employees will be compensated for time off to a maximum of three (3) regularly scheduled workdays in an amount equal to his straight-time hourly rate, times the number of hours (up to eight (8) per day) he would have been scheduled to work. Payment will be made for a day of absence only if such day is one of the three (3) days either commencing with the day of death or with the day immediately following the day of such death and is a day in which the employee would have worked had it not been for the absence.

19.2 If an employee is notified of the death of a member of his immediate family while at work, he shall be allowed the remainder of his workday off if he so wishes. His Funeral Pay would begin at the time of his leave; but would be extended by the number of hours he had worked that day if the full three (3) days of funeral leave is necessary.

19.3 Immediate family used in this Section shall be defined as the employee's parents, in-law parents, spouse, children, brothers, sisters, grandparents, and grandchildren.

SECTION 20
JURY DUTY

20.1 Employees who are required to and who report for jury duty shall be paid by the Employer for each day partially or wholly spent in performing jury duty an amount equal to the difference between the employee's regular straight-time hourly rate times the number of hours (up to eight (8)) that he otherwise would have been scheduled to work and the compensation received for jury duty (excluding amounts received as reimbursement for expenses or as a travel allowance). Such hours paid for shall not be counted as hours worked for purposes of computing overtime. Jury Duty pay shall not exceed ten (10) working days pay per year.

20.2 In order to be eligible to receive payment under this Section, an employee must notify his store manager on his first (1st) workday after receipt of the notice to report for jury duty and must furnish satisfactory evidence that jury duty was performed and the amount of compensation received for such service on the days off which payment is claimed.

20.3 If an employee is notified to report to work by the store manager or assistant manager when he is excused from jury service either temporarily or permanently, on any scheduled workday, the employee shall promptly report to complete any remaining hours of his scheduled workday, provided no employee shall be required to so report for work on any day on which he has served and been compensated by the Court for at least eight (8) hours jury duty, nor shall an employee who reports back to work under this Section be required to work more than ten (10) hours, less the number of hours for which he served and was compensated for jury duty by the Court on that day.

20.4 If an employee appears in Court or the Police Department on behalf and at the request of the Employer, he shall receive his basic straight-time rate of pay for the time spent in making such an appearance, and such time shall not be considered as part of the work week under the terms of this Agreement.

SECTION 21
PENSION

21.1 Effective January 1, 2006, the Employer agrees to make pension contributions of sixty-eight cents (\$0.68) per straight-time hour worked (including Sunday hours) for eligible employees hired before October 30, 2005 to the Desert States Employers and UFCW Union Pension Trust Fund. Effective January 1, 2007, the Employer agrees to make pension contributions of seventy-eight cents (\$0.78) per straight-time hour worked (including Sunday hours) for eligible employees to the Desert States Employers and UFCW Union Pension Trust Fund. Effective January 1, 2008, the Employer agrees to make pension contributions of eighty-eight cents (\$0.88) per straight-time hour worked (including Sunday hours) for eligible employees to the Desert States Employers and UFCW Union Pension Trust Fund. Effective January 1, 2009, the Employer agrees to make pension contributions of ninety-eight cents

(\$0.98) per straight-time hour worked (including Sunday hours) for eligible employees to the Desert States Employers and UFCW Union Pension Trust Fund. Though no contributions are required on Courtesy Clerks, they shall be granted past service credits if promoted from the Courtesy Clerk classification and effective January 1, 1999, they shall be covered by the terms of the pension plan although no pension contribution on Courtesy Clerk hours is required. Holiday and vacation hours shall be added to those hours for which the above-mentioned contributions shall be made. The Employer contributions for employees hired on or after October 30, 2005 will commence on the later of one (1) year of service with the Employer or twenty-one (21) years of age and shall be at a rate of forty-eight (\$0.48) cents per straight-time compensable hour.

Supplemental contributions are contained in subsection 21.7.

21.2 Said Pension Fund shall be used to provide benefit pensions for eligible employees of the Employer as provided in a Pension Plan, the term and provisions of which are to be agreed upon by the parties hereto: said Pension Plan shall, among other things, provide that all benefits under the Plan and costs, charges, and expenses of administering the Plan and all taxes levied or assessed upon or in respect of said Plan or Trust or any income therefrom shall be paid out of the Pension Fund.

21.3 Said Pension Plan and the Trust Agreement establishing the Pension Fund has been submitted to the United States Treasury Department and the United States Department of Labor for the approval and rulings satisfactory to the Employer, that said Plan is qualified under I.R.C. Section 401, et seq. and that no part of such payments shall be included in the regular rate of pay of any employee.

21.4 It is agreed by and between the parties hereto that when the Pension Plan is approved by the United States Treasury Department and the United States Department of Labor and becomes operative and the Employer makes contributions into the fund those employees covered by this Agreement shall automatically cease to participate in the Employer's Retirement Plan then in effect.

21.5 The Employer shall be represented by its employees, or some other representative on the Board of Trustees administering such Pension Plan. A copy of the Trust Agreement and any amendments thereto shall be made a part hereto as if herein at length set forth, when adopted.

21.6 If for any reason the United States Treasury Department and the United States Department of Labor withholds approval and rulings satisfactory to the Employer, the parties to this Agreement hereto agree to negotiate other fringe benefits or wage increases in the amount equal to the cents per hour provided for in this Section for all hours worked at straight-time in lieu of payments into the Pension Fund, and that those employees who are eligible will continue to participate in the Employer's Retirement Plan.

21.7 Pension Protection Act

The Trustees are authorized and directed to make the 205 election under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA) to extend the Rehabilitation Period three (3) years.

The bargaining parties agree and understand that the Employer's obligation to make pension contributions in addition to the base contribution rate specified in Section 21 of the Gallup Retail Clerks Agreement and Section 22 of the Farmington/Aztec Retail Clerks Agreement shall be limited to the contribution rates required in the attached Alternate Schedule (modified only as provided herein) as follows: effective with hours worked in December 2009 a supplemental contribution of ten cents (\$0.10) per contribution-eligible hour; effective with hours worked in December 2010 an additional supplemental contribution of fifteen cents (\$0.15) per contribution-eligible hour; and effective with hours worked in December 2011 an additional supplemental contribution of fifteen cents (\$0.15) per contribution-eligible hour. These supplemental contribution increases, in the aggregate, shall not exceed \$0.40 cents per contribution-eligible hour during the term of this Agreement. It is understood and agreed that the Employer may reduce the amount of any supplemental contribution due the Trust (but not below zero) by the amount of any surcharge, deficiency or excise tax required to be paid by the Employer as a result of the plan's being in the red zone under the Pension Protection Act (the "PPA"), including any amounts paid after January 1, 2009, the date the plan entered the Red Zone, and shall be accounted for in the form of a contribution credit. The supplemental contributions provided for herein shall be dedicated solely to improving the funding of the Plan, and shall not be used to increase or improve benefits, and will be reduced or discontinued upon determination by the Plan's Trustees, based on projections provided by the Plan's actuaries, that such supplemental contributions are no longer needed to support the level of benefits provided for under the Plan in accordance with the provisions of subsection (iv).

As a result of the Plan's having been certified and being in critical status for the Plan Year beginning January 1, 2009, the Trustees are authorized and directed to adopt the Rehabilitation Plan Alternate Schedule attached as Appendix B-1 hereto. If the Alternate Schedule is adopted by the Trustees, it is hereby deemed approved by the bargaining parties and automatically incorporated into this Agreement.

The Alternate Schedule shall be effective with hours worked on and after December 2009 as to the supplemental Employer contributions required in this subsection, and January 1, 2011 as to benefit reductions.

The Trustees are authorized and directed to adopt and take into account to the extent legally permitted any relief available under IRC Section 431(d). Notwithstanding the foregoing, and unless and until further judicial, legislative or regulatory guidance is provided which resolves the issue, the Trustees shall not apply Proposed Regulation 1.432(b)-1 to allow an exit from the Red Zone by taking into account any Section 431(d) extensions unless the Plan will not re-enter the Red Zone without taking into account those Section 431(d) extensions.

In no event shall any contribution increases be required during the term of this Agreement as a result of any annual updates or other changes to the Rehabilitation Plan Alternate Schedule or, if applicable, to any Default Schedule.

In the event the Trustees determine, based on projections provided by the actuaries for the Plan, that, at any time during the term of this Agreement, an Alternate Schedule with lesser contribution rates and or benefit reductions would be sufficient to reasonably enable the Plan to emerge from critical status by the end of the Rehabilitation Period, the Trustees may amend the Alternate Schedule in a manner that, to the extent possible, would restore reduced benefits and would reduce the Employer's supplemental contributions in an equal manner and amount, based on actuarial equivalence, provided that such modifications to the Alternate Schedule would enable the Plan to emerge from critical status by the end of the Rehabilitation Period, taking into account to the extent legally permitted any relief available under IRC Section 431(d). In the event the Trustees amend the Alternate Schedule as provided in this subsection (iv), the bargaining parties shall adjust the supplemental contribution rates provided above to reflect the lower rates provided in the amended Alternate Schedule. Notwithstanding the foregoing, if, prior to the effective date of any benefit cuts specified in the Alternate Schedule, the Trustees determine that (a) such benefit cuts are no longer required to avoid critical status or to have a valid Rehabilitation Plan, and (b) the supplemental contributions could be reduced or eliminated, then the Employer supplemental contributions shall be reduced or eliminated accordingly, and the Employer shall be further entitled to recoup the value of any supplemental contributions paid prior to the effective date of the benefit reductions set forth in the Alternate Schedule. This provision shall apply regardless of the reason for the Trustees' determination, including a change in the law and/or improved investment returns. The value of the contributions shall be recouped via a suspension of contributions in an amount equal to the amount of the supplemental contributions paid.

The Board of Trustees is authorized and directed to take all reasonable measures to cooperate and assist in achieving these objectives, including consistent with their fiduciary obligations adoption of actuarial methods statutorily available that will reduce requirements for supplemental contributions.

If legislative changes and/or regulatory changes or interpretations occur affecting the PPA during the term of this Agreement, the Board of Trustees is authorized and directed to mitigate any benefit reductions and any contribution increases set forth in the Alternate Schedule and this Agreement to the extent permitted by law, and in accordance with provisions of subsection (iv).

The existing Long-Term Funding Policy of the Fund shall be suspended for the term of this Agreement, provided that the Alternate Schedule (as it may be modified from time to time) must go into effect and remain in effect as contemplated in this Agreement. Upon expiration of the term of this Agreement or when the Alternate Schedule is no longer in effect or no longer

required, the Long-Term Funding Policy shall automatically go back into effect without the need for further action by the Trustees or any other party.

21.8 Make any change in contribution rate to the Desert States Employers and UFCW Unions Pension Plan during the term of this 2018-2022 Agreement as the major employers in Arizona.

SECTION 22 STORE CLOSING

22.1 In the event the Employer closes or sells a store and employees are terminated as a result thereof, pay equal to one week's pay shall be provided for each year of continuous service commencing with the third (3rd) year of continuous service for employees, up to, but not exceed to eight (8) weeks' pay at their regular rate. 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 week's pay

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.

22.2 The Employer shall continue contributions to the Pension and Health and Welfare Trust Funds for three (3) full months following termination on an hourly basis in direct relationship to the severance pay received for those employees who receive severance pay, except for those employees who secure employment with a contributing Employer in the Pension and Health and Welfare Trust Funds.

22.3 All monies due employees, including severance pay, shall be paid in a lump sum upon termination. It is agreed further by the parties hereto, that, upon sale or transfer of ownership of the Employer's business or upon dissolution of business, vacation pay for all months worked for which no vacation has been given shall be immediately paid to all employees coming under this Agreement, regardless of length of time said employee has been with the Employer and for those employees who are eligible and have not taken a personal holiday in the year the store closes or is sold, the Employer will pay holiday pay for one personal holiday.

22.4 An employee who is terminated and who is eligible for severance pay, and accepts severance pay, forfeits his seniority and has no recall rights. However, an employee may elect to accept a voluntary layoff not to exceed ninety (90) days. At the end of the ninety (90) day period, if he has not been recalled, he will be paid severance pay and forfeit his seniority. Any extensions of this ninety (90) day period must be agreed upon in writing and signed by the employee, a representative of the Union and the Employer. In no case will such extension exceed a total of six (6) months from the date the employee accepted the layoff.

22.5 If an employee is offered a transfer or other employment with the Employer within forty (40) miles of the store in which he was last working and he refuses to accept the transfer or other employment with the Employer he forfeits his rights to severance pay and Pension and Health and Welfare contributions.

22.6 If a store is sold and the successor Employer offers employment to an employee who is otherwise eligible for severance pay under the terms of this Section and the new job is comparable, then no provisions of this Section shall apply. Comparable is defined as 75% of the employee's wage rate.

22.7 The Employer agrees to give to the employees and the Union three (3) weeks' notice in advance of a store closing or sale. When such notice is given, an employee shall remain with the Employer until the plant or store closes, or forfeit his rights under this Section, unless mutually agreed to by the employee, Employer and Union.

22.8 No benefits shall accrue under the terms of this Section unless the Employer makes a business decision to close or sell a store. If a store closing is caused by fire, flood, storm, land condemnation or remodeling, then this Section shall not apply.

22.9 It is understood and agreed that employees can exercise their seniority rights under the Layoff Section; however, if they exercise such seniority rights, the provisions of this Section shall be null, void and not applicable.

SECTION 23 WAIVER

The parties acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to all proper subjects of collective bargaining and that all such subjects have been discussed and negotiated upon and the Agreements contained in this Contract were arrived at after the free exercise of such rights and opportunities; therefore, the Employer and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time they negotiated or signed this Agreement.

SECTION 24 TECHNOLOGICAL CHANGE

The parties recognize that automated equipment and technology is now available for the retail food industry. The Employer recognizes that there is a desire to protect and preserve work opportunities. At the same time, the Union recognizes that the Employer has the right to avail itself of modern technology. With this common objective, the parties agree as follows:

- (a) In the event the Employer introduces major technological change which for the purpose of this Section is defined as electronic price marking, electronic scanner, and any robotic devices which would have a direct material impact affecting bargaining unit work, sixty (60) days advance notice of such change will be given to the Union.

(b) In addition, the parties agree:

1. The Employer has the right to install such equipment
2. Any training or necessary retraining will be furnished expense free by the Employer to affected employees.
3. Where employees would be displaced by such installation, the Employer will make every effort to affect a transfer.
4. If an employee is not retrained or transferred and would be displaced as a direct result of major technological change, as defined above, then the employee would qualify for separation pay, if:
 - a. The employee has two (2) or more years of continuous service.
 - b. Does not refuse a transfer within a twenty-five (25) mile radius.
 - c. Does not refuse to be retrained.
 - d. Such action does not occur more than one (1) year from date of installation.
 - e. Does not voluntarily terminate employment.
5. Severance pay would be paid at the rate of one (1) week's pay for each year of service in excess of two (2) years not to exceed eight (8) weeks.
6. Severance pay would equate the average number of hours worked the fifty-two (52) weeks preceding adjustment.

SECTION 25
TERM OF AGREEMENT

This Agreement shall be in effect from November 4, 2018 through and including November 5, 2022, and from year to year thereafter, subject to amendment, alteration or termination by either party upon sixty (60) days written notice given prior to any anniversary date of the Contract beginning with the last date mentioned above.

Signed this ____ day of _____, 2020.

FOR THE EMPLOYER:

Safeway, Inc.

By: _____

Danny Ma
Vice President, Labor Relations
Southwest Division

FOR THE UNION:

UFCW Local 1564

By: _____

Greg Frazier
President

APPENDIX 'A'

WAGE SCHEDULE – GALLUP (1743) CLERKS

DEPARTMENT HEADS

	11/6/16	11/18/18	11/10/19	11/8/20	11/7/21
Head Baker	14.10	14.40	14.70	15.00	15.25
Produce Manager	15.51	16.32	16.62	16.92	17.17
Assist Produce Manager	N/A	15.85	16.15	16.45	16.70
Starbucks Supervisor	12.38	12.68	12.98	13.28	13.53
Floral Manager	11.40	12.50	12.80	13.10	13.35
Deli Manager	15.42	15.72	16.02	16.32	16.57
Assist Deli Manager	N/A	13.10	13.40	13.70	13.95
Wine/Beverage Steward	N/A	15.77	16.07	16.37	16.62
EMPLOYEES HIRED PRIOR TO FEBRUARY 1, 2004					
	11/6/16	11/18/18	11/10/19	11/8/20	11/7/21
Food Clerks	14.81	15.11	15.41	15.71	15.96
GM, Floral, Video and Customer Service	11.24	11.54	11.84	12.14	12.39
Bakery Sales and Snack Bar Deli	10.76	11.06	11.36	11.66	11.91
Bakers	13.65	13.95	14.25	14.55	14.80
Store Secretaries	11.20	11.50	11.80	12.10	12.35
EMPLOYEES HIRED ON OR AFTER FEBRUARY 1, 2004					
	11/6/16	11/18/18	11/10/19	11/8/20	11/7/21
Step 1: REMOVE	DELETE				
Step 2: REMOVE	DELETE				

NEW STEPS					
Step 1: 1040 hours worked	7.70	7.70	7.70	7.70	7.70
Step 2: 1040 hours worked	7.80	7.80	7.80	7.80	7.80
Step 3: 1040 hours worked	7.90	7.90	7.90	7.90	7.90
Step 4: 1040 hours worked	8.25	8.25	8.25	8.25	8.25
Step 5: 1040 hours worked	8.75	8.75	8.75	8.75	8.75
Step 6: 1040 hours worked	9.25	9.25	9.25	9.25	9.25
Step 7: 1040 hours worked	9.75	9.75	9.75	9.75	9.75
Step 8: 1040 hours worked	10.25	10.25	10.25	10.25	10.25
Thereafter	11.40	11.70	12.00	12.30	12.55
Courtesy Clerks (any hire date)	Minimum Wage				

With new minimum wage increases after ratification of the 2018-22 Agreement, the first step to be at least 10c above minimum wage and every other step will be at least 10 cents apart, except for Santa Fe and Las Cruces.

APPENDIX B

PENSION

Desert States Pension Plan

Effective January 1, 2006, the Employer agrees to make pension contributions of sixty-eight cents (\$0.68) per straight-time hour worked (including Sunday hours) for eligible employees hired before October 30, 2005 to the Desert States Employers and UFCW Union Pension Trust Fund. Effective January 1, 2007, the Employer agrees to make pension contributions of seventy-eight cents (\$0.78) per straight-time hour worked (including Sunday hours) for eligible employees to the Desert States Employers and UFCW Union Pension Trust Fund. Effective January 1, 2008, the Employer agrees to make pension contributions of eighty-eight cents (\$0.88) per straight-time hour worked (including Sunday hours) for eligible employees to the Desert States Employers and UFCW Union Pension Trust Fund. Effective January 1, 2009, the Employer agrees to make pension contributions of ninety-eight cents (\$0.98) per straight-time hour worked (including Sunday hours) for eligible employees to the Desert States Employers and UFCW Union Pension Trust Fund. Though no contributions are required on Courtesy

Clerks, they shall be granted past service credits if promoted from the Courtesy Clerk classification and effective January 1, 1999, they shall be covered by the terms of the pension plan although no pension contribution on Courtesy Clerk hours is required. Holiday and vacation hours shall be added to those hours for which the above-mentioned contributions shall be made. The Employer contributions for employees hired on or after October 30, 2005 will commence on the later of one (1) year of service with the Employer or twenty-one (21) years of age and shall be at a rate of forty-eight (\$0.48) cents per straight-time compensable hour.

The Trustees of Desert States Employers and UFCW Union Pension Plan shall be authorized and directed to modify the pension plan as follows:

- For each year that the benefit accrual rate is now \$30 or \$31.50, the accrual rate shall be increased to \$35.
- For years of Benefit Credit accrued on and after 1/1/97, the benefit accrual rate shall be \$40 until such time the participant has accumulated a total of ten years of Benefit Credit (including years that are less than \$40). For each year of Benefit Credit accrued thereafter, the benefit accrual rate shall be \$50.

The improvements outlined above shall not apply to benefits earned prior to a break in service, and shall only apply to participants who retire on or after 1/1/98.

- Courtesy Clerks shall become covered by the terms of the pension plan beginning January 1, 1998. The Employers' contribution obligation to the pension plan shall not be increased (i.e., no contributions will be paid on courtesy clerk hours).
- During each year of the December 1, 1998 to October 27, 2001 Agreement, the trust fund shall pay a 13th check to retirees who retired prior to 1/1/98. Thirteenth checks shall be payable in February 1998, 1999 and 2000.
- Effective 1/1/97, the actuarial value of plan assets shall be written up to equal the market value of assets as of that date. In subsequent years, the actuaries shall utilize the same asset valuation method that has been used with a floor equal to 90% and a ceiling of 110% of the market value of assets.
- There shall be a seven-month suspension of contributions beginning 1/1/99 (hours worked) and the contribution year shall be adjusted accordingly (i.e., same as Intermountain).
- Beginning with 1/1/99 plan year, contributions shall be suspended based upon a 17-year amortization (same as Intermountain). No such suspension shall continue beyond the expiration of the agreement.

Appendix B-1

Desert States Employers & UFCW Unions Pension Plan
Schedule of Contributions and Benefits

REHABILITATION PLAN – 2009 PLAN YEAR ALTERNATE SCHEDULE
Contribution and Benefit Adjustments
<ul style="list-style-type: none">• Supplemental contribution rate increase of ten cents (\$0.10) per contribution-eligible hour on hours worked beginning December 2009, a supplemental contribution rate increase of fifteen cents (\$0.15) per contribution-eligible hour on hours worked beginning December 2010 and a supplemental contribution rate increase of fifteen cents (\$0.15) cents per contribution-eligible hour on hours worked beginning December 2011. All contributions are deemed to be inclusive of any surcharges, deficiency, and/or excise tax required to be paid by the Employer as a result of the plan’s being in the red zone under the Pension Protection Act (the “PPA”), including any amounts paid after January 1, 2009, the date the plan entered the Red Zone, and shall be accounted for in the form of a contribution credit.
<ul style="list-style-type: none">• Preserve the Rule of 85 Pension• Elimination of all other adjustable benefits on all accrued benefits and future benefit accruals to the maximum permitted by law. Adjustable benefits to be eliminated include the following:<ul style="list-style-type: none">— Special Early Retirement Benefit, and Special 20 Benefit;— Subsidized Early Retirement Reduction Factors;— Age 60 Supplement;— Disability Pension;— PostRetirement Death Benefits in Excess of QJSA, including under section 8.8 of IRF Plan (Exhibit E to Plan document) and section 8.3 of Plan;— Pre-Retirement Death Benefits in Excess of QPSA, including Special Death Benefit under section 8.9 of IRF Plan (Exhibit E to Plan document);— Payment options other than Single Life Annuity and QJSA; and— All other adjustable benefits within the meaning of Code section 432(e)(8)(A)(iv) other than the Rule of 85 Pension.

— Reduction of future benefit accruals to the PPA 1% floor benefit (1% of contributions required under the Collective Bargaining agreements in December 2008, the month before the plan entered Critical Status)

- Benefit reductions effective January 1, 2011

Rehabilitation Period

January 1, 2012 through December 31, 2024.

Plan to Emerge from the Red Zone and Annual Benchmarks to Assess Progress Toward Emergence

The Plan's actuaries certify that the Contribution and Benefit Adjustments shown above are sufficient for the Plan to emerge from the Red Zone at the end of the Rehabilitation Period based on the funded status of the Plan as of January 1, 2009. This schedule will be updated as needed throughout the Rehabilitation Period. Progress toward emergence from the Red Zone will be measured by the Plan's Funding Standard Account Credit (Deficiency) Balance being greater than (less than) the amounts in the following projection. This projection has been made in accordance with the provisions of the Pension Protection Act of 2006 including:

- Contribution rates in accordance with the Collective Bargaining Agreement effective October 26, 2003 (October 30, 2005 for Farmington/Aztec and Gallup).
- Assumes 27.6 million contributable hours annually, based on the report for Plan Year 2008 as provided by the Plan Administrator. The reasonableness of this assumption has been verified by the Trustees.
- Assumes projected Normal Costs that are increased to reflect the increase in assumed contributable hours from the contributable hours assumed for 2008 in the January 1, 2008 actuarial valuation; such increase determined so the initial Normal Cost in the projection maintains the ratio of Normal Cost to contributions in that actuarial valuation.
- No actuarial gains or losses from 1/1/2008 forward and no market related investment gains or losses from 9/1/2009 forward.

Desert States Employers and UFCW Unions Pension Plan
Annual Benchmarks for Emergence from the Red Zone

As of	Funding Standard Account Credit (Deficiency) Balance
12/31/2010	(586,659)
12/31/2011	22,371,105
12/31/2012	42,619,994
12/31/2013	58,932,090
12/31/2014	47,857,879
12/31/2015	35,592,819
12/31/2016	22,403,200
12/31/2017	11,158,807
12/31/2018	5,717,203
12/31/2019	1,948,976
12/31/2020	887,505
12/31/2021	2,739,373
12/31/2022	4,919,238
12/31/2023	6,359,892
12/31/2024	23,480,957
12/31/2025	40,277,353
12/31/2026	43,755,154

APPENDIX C
DRUG AND ALCOHOL POLICY

POLICY

Because of the importance of safety in the workplace and the safety hazards associated with the use of drugs and alcohol, it is the policy of Safeway to provide a workplace free of drugs and alcohol. This policy applies to all employees in Safeway's Gallup, New Mexico Stores, and will be posted in the Store.

The Union expressly reserves its right to grieve, under the grievance and arbitration provisions of the applicable collective bargaining agreement, the Employer's application of this Policy.

RESPONSIBILITY

All employees are encouraged to come forward with any information regarding the use of drugs, alcohol, or any other substance which may affect a person's ability to perform his or her job safely. It is the responsibility of all managers and supervisors to ensure that this policy is enforced.

PROHIBITIONS

This section sets forth the types of actions which violate this policy and will result in disciplinary action up to and including termination.

1. Alcohol - Possessing, consuming, selling, attempting to sell, distributing, being under the influence of alcohol, or having a blood/alcohol (or urine equivalent) level of .04 (or higher) on the job or on Company premises is strictly prohibited.

2. Drugs - Possessing, using, being under the influence of, testing positive for, selling, attempting to sell, purchasing, distributing, manufacturing, or dispensing a controlled substance, or other drug on the job or on Company premises is strictly prohibited. However, possessing and/or using prescription or over-the-counter medication is permitted within the limitations set forth in the following paragraph.

3. Prescription and Over-the-Counter Drugs - When a physician prescribes the use of prescription or over-the-counter drugs, or when over-the-counter drugs bear warnings about side effects that may affect job performance, the employee is required to ask the physician whether such drugs may adversely affect his/her ability to safely perform assigned duties. Using or being under the influence of such drugs on the job or on Company premises is prohibited where such use may affect the employee's ability to safely perform his/her job duties.

Before starting work, an employee must advise the Store Manager or Assistant Manager that the employee is taking medication which bears a warning about any side effects which may prevent the employee from safely performing assigned duties. If the Company has a

reasonable basis for inquiring as to the specific medication such employee is taking, such information shall be provided by the employee with the understanding that such inquiry shall be made by the District Manager, or, in his absence, the Director of Loss Control, and the information received in terms of the specific medication shall be handled in a confidential manner and shall be shared with other management representatives only on a "need-to-know" basis. If there is any question concerning the employee's ability to perform safely, the employee will be assigned other duties if, in management's sole discretion, such duties are appropriate and available. Otherwise, the employee will be sent home on paid sick leave, if available or, if not available, on unpaid leave.

4. Testing - Refusing to submit to testing as required under this policy and/or refusing to cooperate in the testing process (e.g., adulterating or tampering with the sample, refusing to sign requested forms, etc.) is a violation of this policy and may result in discipline up to and including discharge from employment.

5. Conviction - Being convicted of a criminal drug violation occurring in the workplace is a violation of this policy.

TESTING

Circumstances in which Testing is Required

The Company requires testing of all current employees unless otherwise limited by law in any of the circumstances set forth below:

1. When a reasonable suspicion exists that an employee is under the influence of any controlled substance, drug or alcohol while on the job or on Company premises, or is otherwise in violation of this policy.

2. When an employee is found in possession of any controlled substance, drug or alcohol in violation of this policy, or when such items are found in an area controlled or used by the employee.

3. When an employee has been involved in an accident on the job or on Company premises where the accident has resulted in a fatality, an injury requiring treatment by a medical professional, loss of work time, or property damage.

4. When an employee has signed a return-to-work agreement providing for testing.

5. When required by state or federal law or regulation.

General Procedures Regarding Testing

1. When testing is required under this policy, a supervisor or manager shall instruct the employee to sign the required consent form, and a shop steward (or bargaining unit member if the steward is unavailable) shall be notified.

2. Initial tests may be performed within the store. When such tests are not available, the Company will transport the employee to a previously-designated clinic where the sample will be taken. After the sample has been collected, the employee will be transported back to the workplace and will be suspended without pay until the test results are known. The Company will advise the employee not to drive and will either transport the employee home, or offer to call a friend, relative, or taxi to take the employee home.

3. Any presumptive positive results from an initial drug screen will be confirmed by retesting the specimen using the gas chromatography/mass spectrometry technique (GC/MS).

4. If an employee's test is negative and the employee has complied with the requirements of this policy, the employee will be paid for any time lost due solely to the testing process.

5. If an employee's test is positive, the employee will be so informed and will have an opportunity to explain the result to his or her manager. If the employee offers an explanation, the employee will have 48 hours to provide any supporting documentation for the Company to evaluate. The Company will then complete its investigation, during which time, the employee will be on unpaid administrative leave. If, after completing its investigation, the Company concludes that the employee's explanation is satisfactory, the employee will be reimbursed for the period of unpaid administrative leave. Otherwise, the employee will be disciplined up to and including discharge from employment for violation of this policy.

6. The Company shall pay the expense of any required tests. The results of the test shall be kept as confidential as possible. Upon request from the employee's union, the Company shall provide the union a copy of the test results provided the employee has furnished the Company written authorization to do so.

DEFINITIONS

1. "Controlled Substance(s) and "Drug(s)"

When this policy refers to "controlled substances" and or "drugs," it means and includes all substances and/or medications that can affect one or more mental and/or physical functions (e.g., coordination, reflexes, vision, mental capacity or judgment). The words "controlled substances" and/or "drugs" includes, without limitation, all chemical substances or drugs listed in any controlled substances acts or regulations applicable under any federal, state or local laws. They also include prescription and/or over-the-counter drugs as such drugs may affect the employee's ability to perform his or her job safely.

2. "On the Job"

For purposes of this policy, an employee is considered "on the job" or "on Company premises" whenever the employee is:

- On Company property, including parking lots, at any time;

- On Company time (including paid lunch and rest periods), even if off Company premises;
- Conducting Company business on the property and/or at the facilities of customers or vendors of the Company; or
- Using Company equipment.

3. "Possession"

For purposes of this policy "possession" includes substances being physically held by an employee and/or stored or deposited in areas the employee controls (e.g., inside purses, lunch boxes, automobiles, lockers and limited-access work areas).

4. "Reasonable Suspicion"

For purposes of this policy, "reasonable suspicion" means observed condition(s), appearance, odor, behavior, attitude, mood or speech of the employee suggesting the possibility that the employee is under the influence of a controlled substance, drug, or alcohol.

VOLUNTARY ADMISSION OF DRUG AND/OR ALCOHOL PROBLEM

If an employee, prior to being requested to submit to testing as provided in this policy, and prior to engaging in conduct subjecting the employee to discipline, approaches his or her supervisor or other designated Company representative and clearly states that he or she has a drug or alcohol problem which he or she wishes to have handled as a confidential medical matter, the Company shall offer such employee a non-paid leave of absence of reasonable duration, not to exceed 120 days, without any loss of seniority, for the purpose of enrolling and participating in a Company-approved drug or alcohol rehabilitation program at the employee's expense, to the extent not covered by health insurance. Failure to participate in, meet the obligations of, or successfully complete the program shall result in discharge. The fact that an employee has advised his or her supervisor that he or she has a drug or alcohol problem shall not preclude the Company from taking disciplinary action against the employee for any subsequent violation of Company policy, or failure to meet Company attendance, safety or performance expectations.

The Company may condition the return to work by an employee who has taken such a leave of absence on a favorable final report of the rehabilitation agency, on receipt of negative results of testing for non-prescribed controlled substances or alcohol conducted at a date subsequent to the date of the initial testing, and on execution of a return to work agreement providing for, among other things, random testing of the employee.

APPENDIX D
VOLUNTARY EMPLOYEE BUYOUT

The Company may establish/maintain/discontinue a Voluntary Employee Buyout Program. No eligible employee shall be required to participate. The eligibility, terms, timing, duration, application or non-application of such incentive to any employee or group of employees shall not be subject to the grievance or arbitration provisions of the collective bargaining agreement, provided however that the Union may counsel and/or assist eligible employee members with their decisions. No employees will be contacted about any such offering until the Company has first notified the Union at least fourteen (14) days before making any offering; the Company will provide the Union with the exact terms and amounts then being offered; the eligible classifications; and a list of those employees whom the Company believes would be eligible to participate if the eligible employee so desires. No eligible employee shall be forced to participate, and the employee may decline such offer for any reason whatsoever without any reduction in pay, loss of promotion opportunity, or loss or reduction of benefits. Even though an eligible employee may decline to participate in an offering, he may participate in future offerings, if any, for which he/she is then eligible.

APPENDIX E
PAYROLL QUERY REPORT
(SAMPLE)

W/E Paid	ID	Name	Location	Dept	JC	Class Desc	EC	Earn Desc	Hours	Earns	Rate	Gross
9/26/2009			1743A347	FRENDS	11009	FdClk	001	Regular	21.35	286.20	13.41	288.21
9/26/2009			1743A347	FRENDS	11009	FdClk	101	OT 1.5	0.10	2.01	13.41	288.21
9/26/2009			1743A347	FRENDS	11012	HeadClk	001	Regular	26.85	367.31	13.68	586.32
9/26/2009			1743A347	FRENDS	11012	HeadClk	007	Sun Reg	8.00	109.44	13.68	586.32
9/26/2009			1743A347	FRENDS	11012	HeadClk	047	Sun Prem	8.00	54.72	13.68	586.32
9/26/2009			1743A349	ADMIN	11012	HeadClk	081	STR TRN	3.83	52.39	13.68	586.32
9/26/2009			1743A347	FRENDS	11012	HeadClk	101	OT 1.5	0.12	2.46	13.68	586.32
9/26/2009			1743A347	FRENDS	11012	HeadClk	001	Regular	20.72	283.45	13.68	557.05
9/26/2009			1743A349	ADMIN	11012	HeadClk	001	Regular	8.00	109.44	13.68	557.05
9/26/2009			1743A347	FRENDS	11012	HeadClk	007	Sun Reg	8.00	109.44	13.68	557.05
9/26/2009			1743A347	FRENDS	11012	HeadClk	047	Sun Prem	8.00	54.72	13.68	557.05
9/26/2009			1743A333	MEAT	11027	MtCutter	001	Regular	31.50	572.04	18.16	809.38
9/26/2009			1743A333	MEAT	11027	MtCutter	007	Sun Reg	7.53	136.74	18.16	809.38
9/26/2009			1743A333	MEAT	11027	MtCutter	047	Sun Prem	7.53	68.37	18.16	809.38
9/26/2009			1743A333	MEAT	11027	MtCutter	101	OT 1.5	1.17	31.87	18.16	809.38
9/26/2009			1743A333	MEAT	11027	MtCutter	189	FedHDAAdj	0.02	0.36	18.16	809.38

9/26/2009			1743A301	GROCR Y	11009	FdClk	001	Regular	21.98	294.64	13.41	565.42
9/26/2009			1743A347	FRENDS	11009	FdClk	001	Regular	0.02	0.27	13.41	565.42
9/26/2009			1743A301	GROCR Y	11009	FdClk	007	Sun Reg	8.00	107.24	13.41	565.42
9/26/2009			1743A301	GROCR Y	11009	FdClk	047	Sun Prem	8.00	53.62	13.41	565.42
9/26/2009			1743A347	FRENDS	11009	FdClk	090	FL Holiday	8.00	107.24	13.41	565.42
9/26/2009			1743A301	GROCR Y	11009	FdClk	101	OT 1.5	0.12	2.41	13.41	565.42
9/26/2009			1743A316	BAKERY	11000	Baker	001	Regular	31.42	384.90	12.25	388.02
9/26/2009			1743A316	BAKERY	11000	Baker	101	OT 1.5	0.17	3.12	12.25	388.02
9/26/2009			1743A347	FRENDS	11009	FdClk	001	Regular	37.20	498.67	13.41	500.68
9/26/2009			1743A347	FRENDS	11009	FdClk	101	OT 1.5	0.10	2.01	13.41	500.68
9/26/2009			1743A316	BAKERY	11033	Bakery Mgr	001	Regular	39.35	509.98	12.96	509.98
9/26/2009			1743A316	BAKERY	11065	GM/HBCClk	001	Regular	32.00	314.88	9.84	314.88
9/26/2009			1743A301	GROCR Y	11009	FdClk	001	Regular	25.90	347.19	13.41	581.51
9/26/2009			1743A301	GROCR Y	11009	FdClk	007	Sun Reg	6.32	84.72	13.41	581.51
9/26/2009			1743A301	GROCR Y	11009	FdClk	047	Sun Prem	6.32	42.36	13.41	581.51
9/26/2009			1743A301	GROCR Y	11009	FdClk	090	FL Holiday	8.00	107.24	13.41	581.51
9/26/2009			1743A301	GROCR Y	11012	HeadClk	001	Regular	37.46	512.45	13.68	517.99
9/26/2009			1743A347	FRENDS	11012	HeadClk	001	Regular	0.06	0.82	13.68	517.99
9/26/2009			1743A301	GROCR Y	11012	HeadClk	101	OT 1.5	0.23	4.72	13.68	517.99

9/26/2009		1743A311	GMHBC	11067	GM/HBC Mgr	001	Regular	30.02	295.40	9.84	452.84
9/26/2009		1743A347	FRENDS	11400	Clk-ICC	001	Regular	8.00	78.72	9.84	452.84