



**Kellogg Summary of its Initial Proposals
for a new RTEC Master Contract**

September 9, 2021

The Company's Initial Proposals: Highlights



Wage increases for all, including:



- 2% wage increases for Group A (“Legacy”) employees
- Significant increases for Group B (current Transitional and newly hired) employees
- Pathway to Full Job Rate for Transitional Employees



No change to employees’ current Health Care Plans



- **Enhanced** retirement benefit for current Transitional Employees
- **New dental** for current Transitional Employees
- **New vision benefit option** for all employees



Proposal to jointly explore alternative **scheduling options that offer consistent, predictable time off and reduce forced overtime, while maintaining traditional schedules for most employees**



Additional proposals to **reduce absenteeism and callouts**

This document is a summary of the Company's initial proposals.

To the extent there is any conflict between this summary and the contents of the Company's proposals, the contents of the Company's proposals will control.

Here's the "Why"



- Our current scheduling practices make the US RTEC Plants more costly, prevent the hiring and retention of new employees, increase absenteeism and do not offer work-life balance for current employees
 - We have heard from many employees, candidates we interview, and departing employees about the existing work schedules, and their unwillingness to work this way
 - We must address callouts which impact everyone in the plant.
 - We must provide employees with more predictable, consistent time off while controlling costs
 - The Company's proposals are designed to engage the Unions so we can solve these problems together
- The challenges faced by the RTEC business are real: Volume is down, costs continue to rise, and our US RTEC plants continue to underperform relative to their peers internally and externally.
 - The Company's proposals are designed to address the critical issues facing the US RTEC plants, and help those plants be more competitive within the overall RTEC Manufacturing network

The Company's Initial Wage Proposals



For Group A Employees (current "Legacy" Employees)

- 2% increase in Year 1; discuss lump sums in later years
- \$1/hr increase in straight time rates for maintenance employees

COLA eliminated for Groups A & B

For Group B Employees (current Transitionals and New Hires)

- Wage progression to full rate in Supplemental Agreement (current average rate is \$35.26):

Length of Service	Wage Rate
Hire to First Anniversary	\$22.34
1 st Anniversary	\$22.97
2 nd Anniversary	\$23.60
3 rd Anniversary	\$24.23
4 th Anniversary	\$24.86
5 th Anniversary	\$25.49
6 th Anniversary	\$26.12
7 th Anniversary	\$26.75
8 th Anniversary	Job Rate in Supplemental Agreement

Group B Employees enter this scale based on current years of service.

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The Company's Initial Benefits Proposals



For Group A Employees (current “Legacy” Employees)

- NO proposed changes in current healthcare

For Group B Employees (current Transitionals and New Hires)

- NO proposed changes in current healthcare;
 - With NO increase in contribution rates for 2022
- NEW proposed dental benefit

For All Employees

- Proposed NEW vision benefit

The Company's Initial Pension/Retirement Proposals



Group A

Continuation of Pension Plan for Group A employees. No multiplier increases proposed.

Group B

New employer contribution to S&I (401k) plan at the contribution rates below, in lieu of pension:

Contributions Each Pay Period	
Years of Service	Contribution Rate
0-9	3% of base pay
10-19	5% of base pay
20 or more	7% of base pay

“Base pay” is defined as follows: all hours worked by the employee in a regular pay period multiplied at the employee’s straight time rate. “Base pay” does not include other forms of payment, including, but not limited to, bonuses, overtime or overtime premiums, shift differentials, or any other compensation amounts.

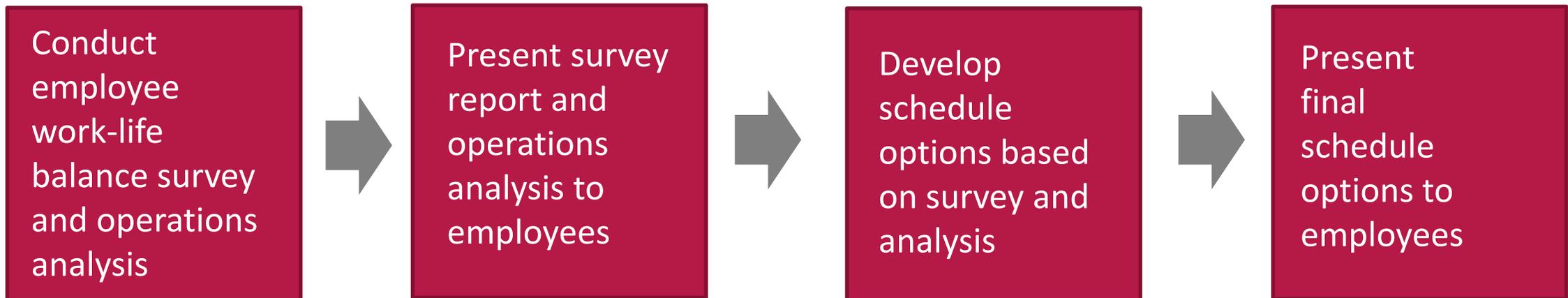
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The Company's Proposed Process on Alternative Schedules



- There are many types of schedules that could improve scheduling options for employees. The Company is prepared to be flexible in the approach taken.
- The Company asked the Union to jointly engage Shift Works Solutions, a third-party consultant specializing in the design and implementation of scheduling options in industrial settings.
- The process ShiftWorks presented to the Parties included:



The Company anticipates that any alternative schedules would exist together with traditional schedules

The Company's Other Initial Proposals



Item	Company Initial Proposal
Sec. 2.03(d) Leave	Eliminate
FMLA MOA	Concurrent application of vacation with FMLA leave
Holiday Pay	Employees required to work last scheduled shift before and after holiday in order to get holiday pay.
Union Logo MOA	Eliminate MOA
Wage Appendix: Seasonal Rate	Change to 70% of new hire rate in Group B wage progression
JDs and Layoff	<ul style="list-style-type: none"> Severance Pay available after 12 consecutive months of layoff Adjust to require termination after 12 months of layoff
JDs and Layoff	
Vacation Pay Upon Termination	Eliminate vacation pay out in the event of termination
Premium Pay for Work on Holiday	Eliminate triple time provision
Premium Pay for Work on Holiday (eliminate 5.11(b))	
WIB	Modify
SWIB	Modify
Communications on Negotiated Benefits	Company to provide advance copies of benefit descriptions

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RTEC Negotiations Update



- On Wednesday, September 8 the Company and the RTEC BCTGM Unions met to exchange initial proposals toward a new RTEC Master Agreement
- On Thursday, September 9, the parties met again.
 - Shift Works Solutions, a national consulting group specializing in work schedules, presented their process for surveying employees to best understand their scheduling preferences, and then use the survey results to develop alternative scheduling
 - Shift Works also presented some examples of common alternatives schedules in 24/7 operations
- The parties are scheduled to resume negotiations on September 21

The Company's Initial Proposals



Because the parties held 14 negotiations sessions last year, the Company has put its best foot forward through its initial proposals in an effort to streamline the negotiations and expedite reaching an agreement; the Company is committed to being creative and flexible in its approach to make that happen.

For more details about the Company's proposals, go to:

www.togetherforRTEC.com