



MEMO

TO: All Vireo Health of Minnesota Employees

FROM: Amber Shimpa, Chief Administrative Officer

DATE: June 18, 2021

RE: Labor Contract Negotiations with UFCW Local 1189

Hello again, Minnesota Team Members. As you may know, we have met 8 times over 3 months with UFCW Local 1189 and we have bargained in good faith in an effort to reach an agreement on a new collective bargaining agreement. During our bargaining meetings, the parties have exchanged numerous economic and non-economic proposals and have reached tentative agreements on a number of modifications to the expired collective bargaining agreement. Today, the parties met once again, and this morning the Company presented its “Last, Best, Final Offer” (LBFO) to the Union.

The Union has advised us that it will be conducting a vote on the LBFO on June 24th. In advance of that vote, we wanted to outline for you some key aspects of the LBFO and express our hope that you vote to accept the LBFO, which we believe is both generous and fair to employees and provides a solid basis for our partnership moving forward. As it stands, the current CBA wage/benefit package is very competitive relative to the industry overall and within Vireo in particular. We believe the LBFO continues our practice of offering highly competitive wages and benefits.

Key Terms of the LBFO:

- **Wages**
 - o Current employees will receive:
 - an increase of 4.00% immediately upon ratification of the Agreement;
 - an increase of 2.00% one (1) year following the ratification date;
 - an increase of 2.0% within 90 days after the first allowable sale date of flower in the Minnesota medical cannabis program (this is estimated to occur in 2022); and
 - an additional increase of 2.00% two (2) years following the ratification date.
 - o For newly created positions and new hires (employees hired after the date of ratification of this Agreement), VHMN will also offer increases totaling 4.00% in 2022 and 2.00% in 2023. VHMN proposes the following wages rates for new hires:

Classification	Current Rate	Ratification Rate (NEW)	After Year 1 (2.00%)	2022 Flower Increase* (2.00%)	After Year 2 (2.00%)

Lead Lab/Extraction Technician	NEW	\$27.50	\$28.05	\$28.61	\$29.18
Cultivator Patient Care Coordinator Lab/Extraction Technician	NEW	\$17.80	\$18.16	\$18.52	\$18.89
Custodian/Laborer Customer Service Representative Production Technician	NEW	\$15.50	\$15.81	\$16.13	\$16.45
Facilities Technician	NEW	\$21.00	\$21.42	\$21.85	\$22.29

To put this wage offer in context, we want to emphasize that VHMN is proud of the competitive wages we currently offer our employees in Minnesota, and we understand that regular increases are important to our team members regardless. The LBFO provides for annual wage increases throughout the life of the contract, and the proposed increases exceed the national average for annual wage increases in union contracts significantly.

- **Health Insurance**

Under the LBFO, VHMN has agreed to accept the union's proposal with respect to healthcare cost increases and will absorb approximately \$55,000 in additional cost. In other words, VHMN is completely absorbing any health insurance cost increases for 2021 and is contributing over 90% toward the applicable premium rates, which far exceeds what most employers do.

Here are the healthcare contribution rates in the LBFO, which were proposed by the union and accepted by the Company:

Full-time Effective:

May 1, 2021 -- \$207.63 (Employer \$192.38 / Employee \$15.25)

May 1, 2022 -- \$215.94 (Employer \$200.66 / Employee \$15.25)

May 1, 2023 -- \$224.58 (Employer \$209.33 / Employee \$15.25)

Part-time Effective:

May 1, 2021 -- \$78.23 (Employer \$71.98 / Employee \$6.25)

May 1, 2022 -- \$81.36 (Employer \$75.11 / Employee \$6.25)

May 1, 2023 -- \$84.63 (Employer \$78.38 / Employee \$6.25)

- **New Classifications**

Additionally, the LBFO provides for the addition of one new "lead" classification (Lead Lab/Extraction Tech) and a new job classification (Production Technician), both of which provides career advancement and wage increase opportunities for bargaining unit members.

What Happens if the LBFO is Voted Down?

We believe the LBFO is a generous offer and we hope that you will vote to accept it. Please understand, however, that if you vote “No” to the LBFO, VHMN is under no obligation to improve the offer in any way. The Company will continue to bargain in good faith, just like we have throughout this process, but the duty to bargain in good faith does not mean the Company has to change its position or improve its offer, regardless of whether the offer is ratified and regardless of whether the Union chooses to call a strike, picket, or engage any other related work stoppage or slowdown.

We want you to understand we are putting our best foot forward in this offer, which is why we are calling it our “Last, Best, and Final” offer.

We appreciate all that you do for VHMN, and we look forward to a strong partnership moving forward.