

January 19, 2021

Jonathan Willigman  
Secretary-Treasurer  
UFCW Local 1546  
1649 W. Adams  
2d Floor  
Chicago, IL 60612

Re: Instacart Skokie

Dear Jonathan:

I write on behalf of Instacart to advise you and UFCW Local 1546 of a planned operational change that Instacart is considering that would impact the UFCW-represented bargaining unit working at the Mariano's store in Skokie, IL.

As I believe you know, Instacart offers a multi-sided platform that allows customers to have a full-service shopper (FSS) select and deliver the customer's groceries. There are now approximately 500,000 FSSs who make deliveries, and there are fewer than 10,000 ISSs employed by Instacart. Several of the chains that Instacart contracts with, including Kroger and its subsidiary Mariano's, also offer similar services, both for customer pickup and home delivery. For example, Mariano's offers a program called Clicklist that allows a Mariano's customer to order groceries for pickup and, in some locations, delivery. As you know from our negotiations, there are a number of UFCW-represented employees working in the Skokie Mariano's who perform Clicklist duties. Instacart has been engaging in discussions with its retail partners about various options designed to support their changing needs as grocery ecommerce becomes even more integral to their businesses. For example, moving forward, several Instacart partners will be transitioning to a Partner Pick model for Instacart Pickup orders. Through Partner Pick, retail employees (some of whom are in unionized retail stores) will utilize Instacart's pickup technology to fulfill Instacart Pickup orders for customers. Other retail partners, on the other hand, may use FSS.

Additionally, Instacart has been evaluating its continued use of in-store shoppers (ISSs) at various grocery store chains. With certain markets or retailers, including Kroger-owned stores, Instacart's current use of ISSs is significantly more expensive on a cost-per-delivery basis than using a pure FSS model. The FSS model also offers other

significant advantages, such as the ability to fluctuate the number of shoppers in order to meet demand. Using FSSs also streamlines the selection and delivery process so that one FSS contractor simultaneously selects and delivers an order to a customer, rather than having an ISS pick the order and hand it off to a FSS contractor for delivery.

Beginning in 2018, Instacart started reducing the number of ISSs it employs in several regional markets, including Los Angeles, Seattle, Minneapolis, San Diego and parts of Texas. In several markets, such as Los Angeles and Denver, UFCW-affiliated local unions actually filed grievances alleging the presence of Instacart ISSs violated the local unions' collective bargaining agreements with various retailers, including Ralphs. Like Mariano's, Ralphs is a Kroger subsidiary.

As part of Instacart's ongoing evaluation of its operations and delivery models, the Company plans to end the use of ISSs at all Kroger-owned stores nationwide, and is announcing this plan today to its impacted ISSs. There are approximately 366 ISSs working at Kroger-owned stores nationwide, including in the Chicago area and at the Mariano's store in Skokie, IL, whose positions will end, and there are over fifteen hundred ISSs working at other grocery chains whose positions will end as a result of our new Partner Pick model. Instacart has made multiple, similar adjustments to the ISS workforce since 2018. These adjustments have been part of a continuous effort to evaluate and evolve our operations to best suit our clients, partners, and business.

Instacart hopes to accomplish this transition in the first and second quarters of 2021, but no sooner than mid-March, 2021. As previously noted, Mariano's offers a similar service to that offered by Instacart at the Skokie Mariano's, utilizing UFCW-represented employees. Transitioning ISS work to FSSs at Kroger-owned stores will not adversely impact Instacart's customer service standards or the Company's operational objectives, nor will it have any negative impact on the UFCW-represented employees working at the Mariano's stores, including the Skokie, IL store. Utilizing only FSSs, as opposed to a combination of ISSs pickers and FSS deliverers, will streamline Instacart's selection and delivery processes, reduce overhead costs and administrative burdens, and eliminate or reduce unproductive time and delivery delays. Finally, Kroger has been made aware of Instacart's plan and is in accord with this transition.

This transition obviously will have an impact on the 10 UFCW-represented bargaining unit members at the Skokie Mariano's. As part of the planned transition, Instacart intends to offer the approximately 1,877 affected ISSs the opportunity to apply for work with the retail store where they currently work, and has raised this potential with the retailers such as Kroger, and they are happy to consider the ISSs for possible

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employment. As you know, the Skokie Mariano's uses UFCW-represented employees to perform its Clicklist service, which is similar to the ISS service offered by Instacart and which is performed in an area adjacent to where Instacart's Skokie ISS employees work. Instacart also will assist any ISS who desires to become a FSS. Finally, Instacart plans to offer separation packages between \$250 and \$750 based on the ISS's years of service. Instacart would like to make these opportunities available to the Skokie bargaining unit that the UFCW represents, but will not do so prior to discussing them with you during our upcoming negotiating session.

In closing, Instacart is prepared to discuss the planned transition and its effect on the Skokie bargaining unit, and to answer any questions you may have at our scheduled meeting later today, and if necessary, at the other dates we have set aside to meet.

Sincerely,

**Stinson LLP**

*/s/ Joseph E. Santucci, Jr.*

Joseph E. Santucci, Jr.

Cc: Jeff Jayco