SOC INVESTMENT GROUP
UNITING WORKERS' CAPITAL

March 31, 2023

Prashant Aggarwal
Lead Independent Director
Lyft, Inc.
185 Berry Street Suite 5000
San Francisco, CA 94107

Dear Mr. Aggarwal,

Congratulations on your recent appointment as Lead Independent Director of Lyft. We urge you to use your appointment, as well as the appointment of a new CEO, as an opportunity to address widespread public concern over the working conditions faced by rideshare drivers. In the past year, multiple independent research reports have found that drivers describe feeling unsafe during a substantial portion of their working time, while significant shares of drivers report suffering verbal abuse, physical assault, and robbery. In more than 50 cases over the past five years, a rideshare or delivery driver in the United States was killed or murdered.[1] Despite public evidence of unsafe conditions faced by drivers, Lyft has not issued any updated driver safety information since 2019, while continuing to utilize disciplinary mechanisms – such as temporary and permanent driver suspensions – when drivers turn down rides which they believe are not safe, while also providing pay incentives that are dependent on accepting rides, even when the driver perceives a meaningful risk of harm.

As long-term Lyft shareholders, we are concerned that failing to acknowledge and address legitimate driver safety concerns will have a number of unfortunate consequences for the company, including elevated turnover rates and recruitment costs, increased insurance expenses, litigation, and further scrutiny from regulators. Moreover, the company's governance mechanisms – especially dual-class voting rights and staggered elections – provide long-term shareholders with virtually no means to ensure that directors attend to sources of long-term risk. In light of these circumstances, we urge the board to undertake the following prior to issuing Lyft's 2023 proxy statement:

- **Commit to annual reporting on driver safety.** Lyft last issued a Community Safety Report in October 2021, covering the years 2017-2019.
- **Ensure due process for drivers who feel unsafe.** Rideshare drivers who repeatedly turn down unsafe rides have faced temporary and even permanent suspensions from Lyft's platform. Lyft should commit to establishing a credible, independent review process to ensure that no such suspensions take place until a driver has had an opportunity to explain their decision to a neutral reviewer who is empowered to determine if any discipline is appropriate.
- **Engage drivers to jointly develop pay practices that protect safety.** Many drivers note that most of their earnings stem from relatively short periods of time when incentives are made available to encourage more drivers to serve a particular locale (e.g. "bonus zones" and "ride

[1] Gig Workers Rising, *Death and Corporate Irresponsibility in the Gig Economy: An Urgent Safety Crisis*, April 2022 *Irresponsibility in the Gig Economy: An Urgent Safety Crisis*, April 2022, https://www.gigsafetynow.com/_files/ugd/af5398_74d1c1fd564b42d58e95dd8a2d99ee03.pdf.

streaks"). Since these opportunities are contingent on drivers accepting a certain number of rides in a concentrated period of time, many drivers express the fear that refusing unsafe rides will deprive them of needed income. Lyft should engage its drivers, including any representatives designated by drivers, to develop alternative mechanisms that simultaneously enable the platform to allocate drivers to areas of high demand while enabling drivers to protect themselves from threatening or otherwise unsafe passengers.

- **Establish accountability to long-term shareholders.** Both Lyft's dual-class voting structure and its classified board deprive long-term shareholders of any effective mechanism to hold directors accountable. Nearly four years after its IPO, Lyft should reform its basic governance practices by ensuring that all directors stand for election annually, and will only be seated if they win a majority of votes on a one-share-one-vote basis.

Absent changes responsive to the concerns we have expressed, we will be unable to support the re-election of directors Logan Green and Ann Miura-Ko.

The SOC Investment Group works with pension funds sponsored by unions affiliated with the Strategic Organizing Center, a coalition of unions representing millions of members, to enhance long term shareholder value through active ownership. These funds have over $250 billion in assets under management and are also substantial Lyft shareholders. We previously engaged with Lyft following its IPO regarding its dual-class structure and classified board.

Independent Research Demonstrates Widespread Safety Concerns.

Over the past year, multiple independent research organizations have issued reports detailing safety concerns among rideshare and delivery drivers around the U.S. This same research has also cataloged driver safety incidents, including assaults, thefts, and murders, in individual metropolitan areas, in the U.S. as a whole, and internationally. This research clearly indicates that safety is a significant issue for drivers, even transcending perennial concerns around pay, benefits, and employment status. For instance, in a 2021 survey of over 10,000 U.S. adults, the Pew Research Center found that 35% of gig platform workers felt unsafe while on the job, and 19% (22% of women) report having experienced an unwanted sexual advance.[2] Pew found that safety concerns were particularly acute among the youngest drivers (ages 18-29) among whom 42% reported feeling unsafe and 25% reported harassment. Pew also found that drivers of color were more likely that white drivers to report feeling unsafe (41% vs. 28%) or experiencing an unwanted sexual advance (24% vs. 13%).[3]

Pew's findings have been reinforced by other reporting and research. In a 2023 report on Chicago area app platform drivers, the authors found that 79% of surveyed drivers feel unsafe at least once a month, 53% experienced harassment when attempting to uphold public health guidelines during the pandemic, and 40% experienced sexual harassment, including 62% of women.[4] In an analysis of five years of local police reports, investigative journalists at *The Markup* determined that 361 ridesharing or delivery

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[2] Pew Research Center, December 2021, "The State of Gig Work in 2021" pg. 36. https://www.pewresearch.org/internet/2021/12/08/the-state-of-gig-work-in-2021/.
[3] Ibid.
[4] Larissa Petrucci, Ph.D., et. al. *Quality of the Gig: An Analysis of App-Based Platform Drivers' Working Conditions in the Greater Chicago Area*, ILEPI & Project for Middle Class Renewal, January 30, 2023, pgs. ii, 17 – 22. https://lep.illinois.edu/publications/quality-of-the-gig-an-analysis-of-app-based-platform-drivers-working-conditions-in-the-greater-chicago-area/.

drivers were carjacked between 2017 and 2022, with 101 of those identified as driving for Lyft. *The Markup* found that 28 of these drivers were killed and dozens more severely injured.[5] The safety risks faced by rideshare and delivery drivers have become so acute that UBS identified safety as the most significant source of financial risk to rideshare and delivery companies.[6]

We believe that this ongoing research and data collection strongly supports our contention that Lyft should promptly issue an updated report on safety – it last released such a report in 2021 with data from 2017-2019 – and commit to releasing such a report annually going forward. Additionally, it would be constructive for Lyft to adopt the definitions and reporting standards recently established by the California Public Utilities Commission ("CPUC"). As you are no doubt aware, in 2022 the CPUC standardized assault and harassment definitions that transportation network companies use when filing annual reports with the Commission. We note that there may have been differences in the definitions of these terms that Lyft has used in the past, as its Community Safety Report found 4,158 sexual assaults nationally from 2017 to 2019, while data submitted to the CPUC shows 9,959 California assault or harassment cases at Lyft in FY 2021 alone. Clearly, either safety problems have increased substantially, or inconsistent definitions are making comparisons difficult, indicating the need for standardized reporting.

Lyft's System of Driver Management Exacerbates Risks to Drivers.

We are further concerned that Lyft's system of managing drivers, including its driver suspension policies and its pay practices, may be penalizing drivers who attempt to protect themselves by declining rides from customers whom they perceive as threats. For instance, researchers and journalists have interviewed Lyft drivers who have described facing a dilemma when they consider accepting passengers: if they decline too many passengers in too short a time, they may be temporarily suspended by the app platform and be unable to drive or earn money.[7] We understand that Lyft needs to have some mechanisms in place that allow it to identify and remove unsafe or irresponsible drivers from their platforms, but we are concerned that the current practice does not provide sufficient due process to drivers, and does not adequately enable drivers to identify safety concerns as a no-fault basis for declining rides. At the same time, many drivers have reported that safety concerns can also affect their earnings ability. Since the incentives Lyft offers to drivers over and above standard pay components typically require a driver to complete a certain number of rides in a specified time period, drivers that turn down customers due to safety concerns would be at a disadvantage in qualifying for the incentive payment. We urge the Lyft board to initiate an ongoing dialog with drivers and their representatives to design new systems governing suspensions and pay that will ensure fair treatment of drivers experiencing threats to their personal safety.

Lyft's Unaccountable Governance Limits the Influence of Long-Term Shareholders.

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[5] Dara Kerr, "More Than 350 Gig Workers Carjacked, 28 Killed, Over the Last Five Years," *The Markup*, July 28, 2022. https://themarkup.org/working-for-an-algorithm/2022/07/28/more-than-350-gig-workers-carjacked-28-killed-over-the-last-five-years.

[6] Lloyd Walmsley, et. al., "ESG Sector Radar: Rideshare and Food Delivery" *UBS Global Research and Evidence Lab*, November 17, 2022.

[7] Kari Paul, "At least 50 US gig workers murdered or killed since 2017-study," *The Guardian*, April 6, 2022, https://www.theguardian.com/business/2022/apr/06/gig-work-lyft-uber-postmates-deaths-danger-study.

The recently announced changes to Lyft's board and senior management create an opportunity to address weaknesses in Lyft's governance practices that date back to its IPO. As we argued at that time, dual-class voting structures improperly allocate majority voting power to company insiders despite their not bearing economic exposure to the company comparable to an actual majority shareholder. In letters both to the Lyft board and to Lyft shareholders, we observed that dual-class companies underperform comparable companies utilizing a one-share-one-vote system. Furthermore, classified or staggered boards have been identified as a governance mechanism that consistently reduces long-term shareholder value by denying shareholders the ability to quickly hold multiple board members accountable. We urge the board to use this transitional moment to signal to investors that Lyft understands that as a public company, it must adopt governance practices consistent with building sustainable value for long-term shareholders.

Conclusion

Lyft has an opportunity to use its current period of transition to address multiple areas of long-term concern. By committing to updates and regular reporting on driver safety, as well as addressing the ways that its disciplinary and pay practices may exacerbate safety risks, Lyft can distinguish itself among transportation network companies. Additionally, by moving toward one-share-one-vote and annual director elections, Lyft can demonstrate that it understands the importance of shareholder accountability to its ability to build sustainable, long-term value. We would be happy to discuss our views with the board at your convenience, and would appreciate a response to this letter by April 15, 2023. Please reach out to my colleague Richard Clayton, Research Director, at rclayton@socinvestmentgroup.com, to schedule a meeting.

Sincerely,

T.K. Patel

Tejal K. Patel
Executive Director