CtW Investment Group

Mr. Ronald Sugar, Chairman of the Board (by email)
Uber Technologies, Inc.
1455 Market Street, 4th Floor
San Francisco, California 94103

March 3, 2021

Dear Chairman Sugar,

Thank you for your November 13th letter concerning updates to Uber Technologies' (Uber's) human capital management, and current workforce diversity, equity, and inclusion efforts. The recent UK Supreme Court decision highlights the ongoing significant risk Uber faces from how the company relates to its drivers and delivery people. While we appreciate the board including human capital management as part of its oversight remit, you excluded from its definition of human capital the very people who were the subject of the decision in the UK, an important market for Uber. We ask that you reassure investors that the board is overseeing the company's entire human capital and provide us with critical information necessary to assess the company's path to profitability as Uber is recovering and repositioning itself in a post-COVID environment by taking the following steps:

1. Amend the Compensation Committee charter to:
    a. clarify that drivers and delivery persons are included in the Committee's oversight responsibilities; and
    b. include pay equity on the basis of race, gender, and by category (i.e., senior management, management and non-management employees, drivers and delivery persons) in the oversight remit.
2. Make publicly available data regarding Uber's business model, including total payments to drivers and restaurants (or other business from which deliveries are picked up), incentive payments to drivers, the aggregate utilization rate for drivers, the total number of drivers, and the race, ethnicity, and gender of drivers.
3. Incorporate drivers and delivery persons into corporate goals concerning diversity, equity, and inclusion.
4. Provide an update concerning expenditures related to the company's Coronavirus Financial Assistance Policy and its utilization by drivers and delivery persons.
5. Disclose historic and projected expenditures related to Uber's lobbying and political activities.

Further, we request a meeting by March 30th with the appropriate board member to discuss our concerns.

The Compensation Committee Charter Should Specify Drivers and Delivery Persons as "Human Capital" and Include Oversight of Pay Equity

We appreciate that the board decided to include human capital into the Compensation Committee's remit, reflecting its importance to Uber's long-term performance. Unfortunately, the board left out important people who significantly contribute to the company's success-- the drivers and delivery persons. According to the company's website, fees paid by drivers for the use of Uber's platform and related services represented 55 percent of revenues during 2020. Uber states in its SEC filings that its ability to attract and retain a sufficient number of drivers to ensure network scale and liquidity is a major risk factor to its financial results. According to its 2020 ESG Report, Uber also ties executive compensation for its most senior executives to the achievement of driver and delivery person satisfaction metrics and driver and delivery person retention metrics. These are compelling reasons for the Compensation Committee to include drivers and delivery persons in its oversight.

As noted in the recent work of Leo Strine Jr., former Chief Justice of the Delaware Supreme Court, a fundamental responsibility of a board's compensation committee should be oversight of company policies promoting racial and gender pay equity.[i] The charter of Uber's Compensation Committee should reflect this.

Uber Should Disclose Information Allowing Investors to Evaluate its Model for Utilizing Labor Services

Despite rapid revenue growth and, up until recently, largely permissive regulation of its relationships to drivers and other business partners at the federal, state, and local levels, Uber has never been profitable. Moreover, unlike almost all other public companies, Uber does not regularly disclose the total quantity of money paid by users of its platform, or the quantities that Uber transmits to drivers or business partners. As a result, investors cannot assess the viability of Uber's existing model of utilizing the labor services of drivers, the likelihood that incentive payments to drivers will steadily decline over time, or the prospect that driver productivity will increase sufficiently to make the company profitable. Put differently, the lack of adequate human capital disclosure undermines investors' ability to understand and evaluate Uber's corporate strategy and proposed pathway to profitability.

To remedy this situation, Uber should commit to disclosing, on a regular and ongoing basis along with the suite of non-GAAP measures it reports in press releases, the total payments made by users of its platform, total payments to drivers and restaurants (or similar business partners), incentive payments to drivers, the number of active drivers in total and by race, gender, and ethnicity, and the aggregate utilization rate for drivers (% of time driving/delivering divided by total time on platform).

Diversity, Equity, and Inclusion Data and Targets Should Include Drivers and Delivery Persons

The number of Uber's drivers and delivery persons dwarfs the number of workers that the company approximates to be currently classified as employees. Neither the board nor investors can accurately assess Uber's commitments and performance related to diversity, anti-racism, equity, and inclusion if the largest segment of its human capital assets are excluded from data collection efforts such as the Global Self-ID survey, and from diversity, anti-racism, equity, and inclusion programs, goals, and metrics. Drivers and delivery persons must be included in these data collection efforts and targets.

Driver Health and Safety Risk Threatens Uber's Growth Strategy

Consumer trust in its brand is essential to Uber's strategy to expand its platform of users across vertical business lines. Concerns about health and safety risks will affect customers' trust. According to media reports, in California, drivers still report a lack of PPE and that they are not paid for time spent sanitizing their vehicles in between jobs, increasing the risk of customer perception that key CDC recommendations for public health protection are not being followed by the company.

Ensuring that drivers and delivery persons do not work while sick or if they have been exposed to the virus is essential to building customer confidence. As evidenced by growing state and federal policy actions to require paid sick leave to workers, there is a strong consensus of the importance of paid sick leave. Research shows that during the pandemic paid sick leave was highly effective at reducing disease spread. [ii] Current information concerning scope and utilization of Uber's Coronavirus Financial Assistance Policy (which has not been updated since May 2020), including the number of drivers and delivery persons applying for and receiving aid, is essential for brand trust.

Substantial Lobbying Expenditures on Worker Classification Spotlights a Need for Political Spending Disclosure

Uber and other ride-sharing companies have reportedly spent nearly $200 million in support of California's Proposition 22. Uber has stated its intention to pursue similar campaigns across other markets.

Following the US Supreme Court's *Citizens United* decision in 2010, investors have been pressing companies to fully disclose all spending that attempts to influence regulation, legislation, and election results. Since 2011, 332 companies in the S&P 500 have adopted some form of political spending disclosure, including 281 disclosing state-level spending and 234 disclosing trade association contributions, according to the Center for Political Accountability's 2020 CPA-Zicklin Index. The storming of the Capitol on January 6th has led to a growing movement among the market's largest companies to reassess their political spending. The reputational risk of opaque political activities demands that Uber should provide full transparency to investors concerning its current and intended expenditures related to worker classification and other political lobbying.

Thank you for considering our above concerns and requests. If you have questions concerning this letter and to schedule a meeting by March 30th with the appropriate board member to discuss our concerns, please contact my colleague Cynthia Simon at cynthia.simon@ctwinvesmentgroup.com.

Sincerely,

Dieter Waizenegger
Executive Director

Cc: Tony West, Senior Vice President, Chief Legal Officer, and Corporate Secretary
Keir Gumbs, Associate General Counsel (by email)

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[i] Strine, Leo (2019, October 3). Toward Fair and Sustainable Capitalism: A Comprehensive Proposal to Help American Workers, Restore Fair Gainsharing between Employees and Shareholders, and Increase American Competitiveness by Reorienting Our Corporate Governance System Toward Sustainable Long-Term Growth and Encouraging Investments in America's Future. *Univ. of Pennsylvania Institute for Law and Economics, Research Paper Series, Research Paper No. 19-39*. Retrieved from https://ssrn.com/abstract=3461924

[ii] Pichler, S., Wen, K. and Ziebarth, N. (2020, October 15). COVID-19 Emergency Sick Leave Has Helped Flatten The Curve In The United States. *Health Affairs Vol. 39, No.12: Climate & Health*. Retrieved from https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00863