July 27, 2022

Mr. Logan Green
Chief Executive Officer and Director
Lyft, Inc.
185 Berry Street, Suite 500
San Francisco, CA 94107

Dear Mr. Green:

We write to you in your capacity as Chief Executive Officer and Director of Lyft, Inc. (the "Company") on behalf of the Company's shareholders and customers. The purpose of this letter is to alert you to management's apparent intentional violations of federal civil rights laws that threaten the waste of the Company's assets.

The Company describes itself as "one of the largest multimodal transportation networks in the United States and Canada" and a promoter of "a shift away from car ownership to Transportation-as-a-Service ('TaaS')." It acknowledges that "[n]egative perception of our platform or company may harm our reputation, brand and networks." Risk factors include "litigation over, or investigations by regulators into, our platform or our business," "perception of our treatment of employees and our response to employee sentiment related to political or social causes or actions of management," "political or social policies or activities," and "illegal or otherwise inappropriate behavior by our management team." It further acknowledges that "[o]ur success depends…on our ability to identify, hire, develop, motivate, retain and integrate highly qualified personnel for all areas of our organization" and that "[w]e face intense competition for highly skilled personnel…." Lyft, Inc., Form 10-K at 9, 26-27, 40 (Feb. 28, 2022), https://bit.ly/3aSxDSS.

The evidence strongly suggests that the Company's management is intentionally engaging in patently illegal and inappropriate employment and contracting practices that could result in federal and state regulatory action, adversely affect consumer perceptions of the Company's brand, and interfere with the Company's ability to identify, hire, and retain highly skilled personnel by irrationally shrinking the talent pool based solely on the race, color, national origin, and sex of individual workers. Such conduct, purportedly aimed to serve a set of highly idiosyncratic political and social beliefs under the rubric of "equity" is unrelated to the Company's business (selling transportation as a service) and threatens shareholder value.[1]

[1] *See* Phil Hall, *The Crisis at Disney: Part 1, Bob Chapek's Blunder Road*, Markets Insider (June 21, 2022), https://bit.ly/3zTe6vM.

For example, it appears that the Company has chosen to knowingly and intentionally discriminate with respect to compensation, terms, conditions, or privileges of employment because of pregnancy and childbirth in violation of 42 U.S.C. § 2000e-2(a)(1). On April 29, 2022, the Company announced that "[f]or Lyft employees enrolled in our U.S. medical benefits, which include coverage for elective abortion, we'll cover the travel costs if these laws require travel outside of Texas and Oklahoma to [abort a pregnancy]." *See* Lyft, Inc., "Supporting Drivers, Riders, and Women's Access to Healthcare," Lyft Blog (Apr. 29, 2022), (last accessed July 26, 2022), https://lft.to/3B4GImn.Then, on June 24, 2022, the Company announced a special employee benefit including "coverage for elective abortion and reimbursement for travel costs if an employee must travel more than 100 miles for an in-network provider." *See* Lyft, Inc., "Supporting Women's Access to Healthcare", Lyft Blog (June 24, 2022), (last accessed July 26, 2022), https://lft.to/3cpoaml. However, Title VII, as amended by the Pregnancy Discrimination Act of 1978, prohibits discrimination with respect to compensation, terms, conditions, or privileges of employment because of childbirth. *See* 42 U.S.C. §§ 2000e(k); 2000e-2(a). Indeed, the Company's decision to provide as a "reimbursement for [abortion] travel costs" to a pregnant woman who chooses to abort her child, while denying any equivalent compensation or benefit to a pregnant woman who chooses life, facially violates the statute. 42 U.S.C. §§ 2000e-2(a)(1); 2000e(k).

Moreover, this decision raises serious concerns regarding management's commitment to maximizing shareholder value. We note with concern that management has never identified any facts suggesting that providing workers with extra compensation for obtaining abortions, without making at least the same amount available to women who give birth, enhances the Company's brand, generates revenue, and/or creates value for shareholders.

Management also admits to providing contracting preferences to "Diverse (sic) Business", meaning a business that it has certified, or that has been certified by one of the Company's preferred special interest organizations, to be "at least 51% owned, operated and controlled by one of these groups: Minority, Woman, LGBTQ…" The Company identifies a "minority group member" as an individual who is, *inter alia*: "at least 25% Asian, Black, Hispanic or Native American; a Woman; [or] LGBTQ+." It is not clear how management defines these terms, nor whether the Company requires independent confirmation of self-identification by way of a genetic test, affidavits attesting to qualifying sexual behavior, or otherwise. *See generally* Lyft, Inc., *Lyft Supplier Inclusion* (last accessed July 25, 2022), https://lft.to/3b44DrB. Management further admits to developing and implementing race-based fee schedules – that is, charging customers based on their skin-color. *See* Lyft, Inc., *2020 Lyft Inclusion, Diversity, and Racial Equity Report* at 9, 25-26, 31 (last accessed July 20, 2022), https://bit.ly/3RO419W ("goal" of "1.5 million free or discounted bike, scooter, and car rides over the next five years to support communities of color."). However, since the Civil Rights Act of 1866 (codified at 42 U.S.C. § 1981), federal law has prohibited all

forms of racial discrimination in private contracting. *Comcast Corp. v. Nat'l Ass'n of Afr. Am.-Owned Media*, 140 S. t. 1009, 1020 (2020) (Ginsburg, J. concurring) (quoting *Jones v. Alfred H. Mayer Co.*, 392 U.S. 409, 432 (1968); *McDonald v. Santa Fe Trail Transp. Co.,* 427 U.S. 273, 286 (1976).

Management further admits knowingly and intentionally discriminating with respect to recruitment, compensation, terms, conditions, or privileges of employment because of race, color, national origin, and/or sex, and to limiting, segregating, or classifying employees or applicants for employment in ways which would deprive, or tend to deprive, individuals of employment and promotion opportunities because of their race, color, sex, or national origin. In fact, it has affirmatively and repeatedly represented to its shareholders, the Securities and Exchange Commission, and consumers that its employment practices are infused with considerations of race, color, sex, and/or national origin to produce pre-defined demographic outcomes. Accordingly, the Company is engaging in unlawful employment practices under 42 U.S.C. §§ 2000e-2(a) and 2000e-2(d) and prohibited racial discrimination under 42 U.S.C. § 1981.

In 2019, the Company published an "Inclusion and Diversity" report demonstrating that "balancing" based on race, color, national origin, and sex infused its employment practices. *See* Lyft, Inc., *2019 Lyft Inclusion and Diversity Annual Report* at 4, 9, 12, 17-18 (last accessed July 20, 2022), https://bit.ly/3RNZ1SJ. Management admitted that "[w]e've baked accountability metrics into our [employment] process, holding ourselves to our promise to deliver on our development commitments and hiring goals." *Id.* at 16. These "goals" appear to have been mandatory quotas enforced by an "I&D team" responsible for "reviewing workforce demographics." *Id.* at 19.

In 2020, the "Inclusion and Diversity" report evolved into an "Inclusion, Diversity, and Racial Equity (sic)" report. *See* Lyft, Inc., *2020 Lyft Inclusion, Diversity, and Racial Equity Report* (last accessed July 20, 2022), https://bit.ly/3RO419W. Here, the Company referenced a "diverse (sic) internship program" which appears to be a training program that discriminates based on race, color, and/or national origin in violation of 42 U.S.C. § 2000e-2(d). *Id.* at 6. It admitted that the Company is using numeric criteria to racially balance its workforce, affirming that the Company is building "accountability metrics to ensure we are delivering on hiring…" *Id.* at 7. It further admitted that the Company is using racial balancing in making separation decisions caused by "significant disruptions to the business landscape." In other words, it uses race, color, national origin, and/or sex to decide who to fire. *Id.* at 11-12. It further admitted that the Company is providing special compensation and privileges of employment to "Women, Black, and Latinx (sic) engineering team members" but not to its other employees. *Id.* at 16. Additionally, the Company admitted to limiting, segregating, or classifying employees and applicants for employment in ways that deprive or tend to deprive individuals of employment opportunities based on race, color, sex, or national origin—meaning the Company systematically uses unlawful hiring quotas in its employment practices. *Id.* at 7, 11-14, 21, 22, 36. Although the

Company's public-facing statements are unclear, the most recent Form 10-K continues to cite the 2020 "equity" report, suggesting that this remains an authoritative summary of its employment practices. *See* Form 10-K at 15.

On April 19, 2021, the Company yet again admitted to facially unlawful race, color, and national origin-based recruiting and employment practices. *See* Lyft, Inc., "Reflecting on our work toward inclusion, diversity, and racial justice: An update on our commitment", Lyft Blog (Apr. 19, 2021), (last accessed on July 26, 2022), https://lft.to/3PnXQYl. It referenced, but did not publish, "Racial Equity (sic) Objectives and Key Results (OKRs) to drive further accountability" and claimed, without details or substantiation, that the Company had "currently completed or are (sic) on track to complete 30 out of 34 objectives." *Id.* It conceded providing training and promotion opportunities based on race and national origin. And it promised to "specifically focus" on "[w]orking to reach our remaining hiring goals, expanding our pipeline of underrepresented talent, and investing in the development, retention, and promotion of Black and Latinx staff members." *Id.*

Racial, color, national origin, and sex-based "balancing" in hiring, training, compensation, and promotion, and/or providing training or apprenticeship opportunities based on a worker's race, color, or national origin, is patently illegal. 42 U.S.C. §§ 2000e-2(a), (d); 42 U.S.C. § 1981; *United Steelworkers of Am. v. Weber*, 443 U.S. 193, 208 (1979); *Johnson v. Transp. Agency*, 480 U.S. 616, 621-641 (1987).[2] If the Company is engaging in such conduct, as it claims to be, then it is knowingly and intentionally violating federal civil rights laws. If the Company is not engaging in such conduct, but merely pretending to do so, then management is cynically and intentionally misleading consumers, workers, and investors. There is no third alternative.

As you should be aware, workplace and contracting anti-discrimination mandates are an essential and mission critical regulatory compliance risk. You and the Board of Directors, among your other fiduciary obligations, have a duty of oversight and a duty to maintain a reasonable board-level system of compliance monitoring and reporting relating to these mandates. However, it appears that you and the Board have failed to do these critical things, suggesting both inadequate internal controls and a breach of your fiduciary duties to shareholders.

The Company is organized and carried on for the profit of its shareholders, and the powers of its officers and directors are to be employed solely for that end. However, the conduct detailed above has needlessly exposed the Company to significant litigation and regulatory risk. It also demonstrates that there has been a systemic breakdown in the Company's internal controls. Accordingly, to prevent the waste of the Company's assets, to repair and safeguard the Company's brand, goodwill, and reputation, to protect the Company's shareholders, and in fulfillment of your fiduciary duty, we demand that you and the Board immediately take the following steps:

[2] *See also Bostock v. Clayton Cnty., Georgia*, 140 S. Ct. 1731 (2020).

1. Retain an independent counsel for a full investigation of and a report on the events and circumstances behind management's decision to offer the "travel benefit" to a pregnant woman who chooses to abort her child, while denying any equivalent compensation to a pregnant woman who chooses life. The Board should affirmatively and transparently disclose to the Company's employees and shareholders all of management's contemporaneous emails and other communications on this topic. Among other things, all communications to or from the Company's General Counsel regarding this matter should be made available, and the Company should promptly and transparently publish all studies and analytic data that it has made demonstrating that this policy enhances the Company's business and alignment with its customers.

2. Compel the Company to: (a) immediately cease and desist from all contracting and employment practices that discriminate based on race, color, sex, or national origin; (b) immediately cease and desist from making any statements or representations promoting or promising contracting and employment outcomes based on race, color, sex, and/or national origin; and (c) retain an independent counsel to conduct a compliance audit of the Company's hiring and contracting practices and to design appropriate internal controls to ensure the Company's hiring, promotion, recruitment, and purchasing practices comply with federal civil rights laws. Again, the compliance audit and all relevant emails and other management communications regarding the racial balancing and other prohibited hiring and contracting practices should be made promptly and fully available.

3. In anticipation of litigation, direct the Company to preserve all records relevant to the issues and concerns described above, including, but not limited to, paper records and electronic information, including email, electronic calendars, financial spreadsheets, PDF documents, Word documents, and all other information created and/or stored digitally. This list is intended to give examples of the types of records you should retain. It is not exhaustive.

[Signature on following page]

Thank you in advance for your cooperation.

Sincerely,

Reed D. Rubinstein

Digitally signed by Reed D. Rubinstein
Date: 2022.07.27 13:13:58 -04'00'

Reed D. Rubinstein
America First Legal Foundation

Cc: Sean Aggarwal, Chair
John Zimmer, President, Co-Founder, and Vice Chair
Ariel Cohen, Director
Valerie Jarrett, Director
David Lawee, Director
Ann Miura-Ko, Director
David Risher, Director
Maggie Wilderotter, Director