

Appellant
L Powers-Freeling
First
EX1
26 February 2018

IN THE WESTMINSTER MAGISTRATES' COURT

BETWEEN

UBER LONDON LIMITED

Appellant

– and –

TRANSPORT FOR LONDON

Defendant

FIRST WITNESS STATEMENT OF LAUREL CLAIRE POWERS-FREELING

I, Laurel Claire Powers-Freeling, of Uber London Limited (Company Number: 08014782), 1st Floor, Aldgate Tower, 2 Leman Street, London, E1 8FA, WILL SAY AS FOLLOWS:

A. INTRODUCTION

1. I am an independent non-executive director of Uber London Limited ("ULL") and Uber Britannia Limited ("UBL"), as well as being Chair of the ULL board of directors (the "Board"). I have held these positions since 1 November 2017.
2. I am authorised to make this statement on behalf of ULL, and do so in support of ULL's appeal (the "Appeal") to the Magistrates' Court against the decision by Transport for London ("TfL") on 22 September 2017 not to renew ULL's private hire vehicle ("PHV") operator's licence (the "Non-renewal Decision"). [EX1/B/62] In this statement, I have focused on the things that I have done, and am continuing to do, to make sure that ULL has the governance arrangements and culture of a responsible, innovative PHV operator - and, as such, is a fit and proper person to hold a PHV operator's licence.
3. In the course of making this statement I shall refer to a number of documents, a paginated bundle of which is shown to me marked "[EX1]". Unless stated to the contrary, references to documents in this statement refer to this bundle and take the form "[EX1/x/y/z]", where "x" is

[CB/3]

the section, "y" is the tab number and, where relevant, "z" is the page number. In this statement, I have used several defined terms, all of which are included in the accompanying glossary.

4. Except where otherwise stated, the facts and matters set out in this witness statement are within my personal knowledge. Where they are not, I identify the source of my understanding and belief. In particular, I have had opportunity to review the draft witness statements of Tom Elvidge and Fred Jones, both directors of ULL, in support of the Appeal and, to the extent that it is within my knowledge, I agree with them: I joined ULL in November 2017 and, although I have had numerous discussions and reviewed a number of documents since then, I, of course, have no direct knowledge of events within Uber before this date. References in this document to their witness statements take the form [**Surname1/x**], where "x" is the paragraph number, and references to the exhibits to their statement take the same form as above.
5. I have divided my statement into a number of sections, as follows.

Section B: My background

Section C: My role at ULL

Section D: Progress of ULL's culture and governance reforms

Section E: Continuous improvement

B. MY BACKGROUND

6. Having graduated from Columbia University and MIT, I started my career working for McKinsey & Company as a management consultant, before moving into a number of finance roles at major financial institutions, including Morgan Stanley, Prudential and Lloyds TSB. In 2001, after a stint as Managing Director of the Wealth Management Division at Lloyds TSB, I joined the Group Board of Marks & Spencer plc, where, as an Executive Director, I developed M&S Money and also oversaw the company's entry into online retail.
7. In 2002, I was appointed as a non-executive member of the Bank of England's Court of Directors, which is the body that sets the Bank of England's strategy and budget and takes key decisions on resourcing. In 2010, I was invited to return to the Bank as a Senior Advisor to support work on a tripartite committee with the Treasury and FSA on transparency and stability initiatives in the wake of the financial crisis. In that role, I gained valuable experience of a regulator's perspective on implementing change in the context of major upheaval.
8. For the majority of the last decade, I have built up a portfolio of non-executive roles, both within major institutions and privately-held companies, as well as public service and non-profit sectors. In these roles, I have been involved in overseeing significant changes, including through the building up or turning around of a business. Given my specific experience in the world of finance, my move into tech is more of a natural progression than it might at first appear, in light of the evolution of technology in the financial sector. However, it is also an exciting opportunity for me to move into a new area and to help shape the operation and delivery of a service that helps millions of people in London to get around their city in a convenient, affordable and safe way.

C. MY ROLE AT ULL

9. I doubt that anyone would have found it easy to decide whether to take on the role of ULL Chair at the time that I did. Not only was it shortly after TfL had made the Non-renewal Decision, but Uber as a global business was facing criticism about its culture and practices. Indeed, plenty of people cautioned me against accepting the role, saying that I would be foolish to get involved with "damaged goods", and that Uber seemed to be too set in its ways to change its culture and approach. However, after careful consideration of the business, its challenges, and the role that I had been offered, I decided to take the job for a number of reasons.
- (a) First of all, I disagreed that Uber was irreparably flawed. On the contrary, I could readily see that there are many ways in which Uber is a fundamentally sound business: the underlying concept is attractive, and the global business continues to demonstrate an admirable capacity to innovate and change to deliver benefits, to riders and drivers alike. As far as I was concerned, that was a very good place to start.
- (b) I was unsurprised by the position that Uber was in. Having worked with several new and developing businesses over the years, I am well-aware of the challenges that new businesses face when moving from start-up to sustainability, and as they shift their mindset from that of a growing business to a well-established one. It is to be expected that this transition will cause upheaval, but also that overcoming that upheaval can itself be a valuable part of a business's journey to maturity. This is the process that Uber is going through at the moment and, given the exceptional speed at which it has grown from being a small start-up in San Francisco to being relied upon by tens of millions of people around the world operating in some heavily-regulated markets, it was almost inevitable that this process would be at times a painful one. There is no doubt that mistakes have been made during that transition. Therefore, based on my meetings with ULL and Uber management to explore their understanding of past shortcomings and commitment to change - as well as opportunities to get more detail about how Uber supports its users, the information it collects and how it intended to remedy gaps in its approach to governance and managing regulatory relationships - I am firmly persuaded that Uber is well on the way to embedding a responsible and mature approach throughout the whole group.
- (c) Given my background, I felt that I could be of real value to ULL. My "home industry" of financial services has also faced upheaval, self-inflicted damage and rapid change. I have seen the management at various financial institutions progress from a starting point of hostility to regulators through to acceptance and, finally, collaboration. While the issues are not precisely the same, I felt that I could bring to ULL the benefit of my understanding of the importance of all stakeholders, the need to work constructively with regulators to achieve the best outcomes for people and, perhaps most importantly, the understanding that the culture and ethical heart of a company ultimately determines its sustainability more than finding the next "cool" feature or revenue source. Having been through hostile takeover bids, major down-sizing exercises, mergers, bail-outs, cultural rebalancing exercises and other corporate actions, I have long experience of helping teams find a sure and positive footing. I also felt that my experience working on the side of financial regulators in a

post-crisis context gave me a useful perspective on what regulators face in dealing with complex markets.

- (d) During the course of my interview process, I was impressed by the ULL team, and in particular by the executive directors, Mr Elvidge and Mr Jones, as well as the UK & Ireland Legal Director, Helen Hayes, and the Head of Public Policy, Andrew Byrne. In my view, the external view of Uber as a growth-at-any-cost, insensitive organisation does not reflect the people who are actually operating ULL, who seemed to me to care deeply about how to ensure that ULL provides a safe and positive experience for passengers, drivers and Londoners more broadly.
- (e) Before accepting the job, and given TfL's public emphasis on safety at around the time of the Non-renewal Decision, I wanted to understand the facts about ULL's safety policies, systems and processes. To do this, I discussed with ULL's management how its systems and processes worked; how individuals operating them are trained and developed; how results are monitored and measured; and how assurance is provided that what is expected to happen is what actually happens (i.e. compliance). While I concluded that, as with almost all operational systems, there is opportunity for improvement, I became convinced that Uber can help people get around London safely, and indeed that it has unique safety features that give it an advantage over its competitors in this regard. Mr Elvidge has summarised some of these at [Elvidge1/44].
- [CB/14/135]
- (f) Finally, and on a personal level, I was convinced by the many ways in which Uber has changed people's lives for the better in London. Uber has made journeys more efficient and also trackable: a passenger can share his or her journey details with friends and family in real-time. Uber has responded to the public's concerns about emissions and air quality by incentivising drivers to use low emission or electric vehicles. Uber allows drivers to control when they take a trip and, because the fare is automatically taken from a passenger's account, guarantees that the driver will be paid for each trip. Uber has filled the transport gaps created by decreasing car ownership, the spread of the city beyond the physical reach of the existing public transport network, and the price and availability of traditional taxis and minicab services. Some of these points were really brought home to me one night in 2016, when my then-22 year-old daughter was taken ill while at her home, 15 minutes' walk from the nearest tube. She had been told by a doctor that she needed to get to Royal London Hospital within 30 minutes, or she would have to wait until the following day to be seen. Walking to the tube or waiting for a bus wasn't an option. She had no traditional taxi option, as they are thin on the ground in her area. She didn't have time to try local firms to check availability. The only real option was Uber. Her driver arrived in six minutes. She linked me into the journey, so I had all the information on the car and driver, could follow her journey, and feel confident that she would get the help she needed on time. Her driver showed real concern for her wellbeing, getting her to exactly the right place in the Royal London Hospital complex in just 20 minutes. That evening, Uber made a real difference to my daughter, as someone with no other transport options, and to me, as a mum.

10. For these reasons, I did not view the scale of the challenge as being as daunting as some other people might have done, and the opportunity to be associated with a fundamental

cultural and operational shift within a company that plays such a valuable role for Londoners made that challenge worthwhile.

11. In terms of the specific role that I play, I have been given a mandate to chair the Board and the sub-committee responsible for ULL's licensed operations (the "**Sub-Committee**") (which is the principal decision-making body in relation to matters concerning ULL's licensed business and all safety matters and oversees the work of the Licensed Operations Management Committee (the "**LOMC**") and Safety Steering Group, as well as working with ULL's ultimate parent company, Uber Technologies, Inc. ("**UTI**"), and other parts of the Uber group. I see my role as being to work with these people to steward ULL into a position from which it can meet its commitments to all its stakeholders, and can operate in a compliant, transparent, culturally appropriate and sustainable way. I do not see myself as the "face" of Uber in the UK, or of ULL, but I do see myself as a backstop of responsibility for ULL, a sounding board and a guiding voice for the management team and the company. I am also a role model within a business that relies on people, and so I view an important aspect of my role to be helping the whole ULL team to rekindle their enthusiasm and energy for the business after a very challenging period.

D. PROGRESS OF CULTURE AND GOVERNANCE REFORMS

12. My own assessment of the steps that ULL and Uber globally need to take align closely with those expressed by Mr Elvidge and Mr Jones, and the sentiments expressed and actions taken by the CEO of Uber.
13. Point one is culture. Uber is a truly innovative company. People who joined the management and operations teams of ULL over the past few years signed up to work for a truly ground-breaking, game-changing, technologically-driven bullet train of a company. However, innovation can sometimes drive behaviour that is not as reflective and considered as it could be. Although ULL did not participate in the worst behaviour within Uber (and, in particular, greyball, which was never misused anywhere in the UK), and although there were plenty of things that ULL was doing that were laudable, there is no doubt that 2017 was a wake-up call for both Uber and for ULL, and that it prompted a concerted effort to change Uber's culture and approach from the very top of the company.
14. That involves creating a culture in which the business wants to be a trusted partner of its regulators and other key stakeholders, rather than regarding them with suspicion.
15. I am personally committed to playing my part in this shift in culture. That is going to mean not only continuous reinforcement of the right values and messages, but also helping people who have been forced to rethink their own values to re-anchor their self-worth and belief in what they are doing. For me, this is part and parcel with defining good culture, and a crucial part of the role that the Board must play. One of the things I have done recently is to give a presentation at an "all-hands" meeting of ULL about the cultural change required to be a mature, sustainable company, with a focus on treating stakeholders in an open and positive way, in partnership, and looking for ways to reach positive outcomes. The point that I wanted to convey is that being the custodians of a responsible business relied upon by millions brings its own challenges and rewards; they are not the same as those of a start-up, but they demand as much commitment and care from our people. I was enthused again by the genuine determination in the room to show that ULL has a future as a great business that does the right thing.

16. Trust, including the trust of regulators, has to be won and it is a marathon not a sprint. It requires being open, transparent, consistent and collaborative day in, day out. And that needs more than good, willing individuals. It requires systems, processes and lines of accountability that ensure that these approaches are institutionalised.
17. Mr Elvidge and Mr Jones have explained in their statements the steps that ULL has taken and is taking to secure its future as a responsible, licensed operator operating in accordance with good practice. I have discussed those steps with each of them and with many other members of the ULL team, both as part of formal Board discussions and in numerous informal meetings. I have reviewed the work done by Deloitte and made suggestions for improvements. I met with the full Deloitte team on my own to get their perspective on the work and additional steps required, which include the training they are now providing to embed key strands of governance in the organisation. I have also reviewed drafts of the policies and processes now being implemented. There have been occasions when I have wanted the business to go further and faster. For example, I have been pressing hard for the recruitment of additional non-executive directors, to be accelerated, and I am pleased that a review of candidates is now on the agenda for the 27 February Board meeting. It is an essential part of my job to make the lives of the executive directors difficult sometimes, providing that independent and experienced thought to complement their skills and experience. But I am clear about two things: there is no lack of willingness on their part, nor any substantive disagreement about what is needed. I am also satisfied that progress is being made in a direction and at a pace that is appropriate and sustainable.
18. One area that I identified early on as being of considerable importance was securing that the Board had the tools to fulfil its obligations to the best interests of ULL and, in particular, that it had the visibility and autonomy it needed. That is a challenge that any subsidiary faces, particularly when it is heavily regulated and part of an international group. There will inevitably be situations where the approaches and priorities of the parent will not be wholly aligned with the obligations and best interests of the subsidiary.
19. In the case of ULL, it is of particular importance in part because, as Mr Elvidge explains [Elvidge1/11-20], ULL operates in a regulatory environment that is markedly different from many of those in which Uber does business, and its business model is as a result quite particular. That needs to be understood and respected, while ULL must respect the ultimate authority of UTI as parent company.
20. While the aim is to move forward in a constructive and aligned manner, it is always possible that UTI will make a decision that ULL does not consider to be appropriate in the context of ULL's regulatory responsibilities. In such circumstances, all lines of communication should be invoked to explain the concerns. However, if no way forward can be found, the Board will have a duty to inform UTI that it must report its concerns to TfL. It is unlikely that the new management of UTI would ever let something get to that point, but it is important to be clear that the Board is prepared to take such action *in extremis* and that, having worked at senior levels in both UK and global companies for many years, I personally would neither demure from challenging UTI, nor from reporting concerns to TfL, if I considered that it was necessary. This is something that I feel very strongly about, which I emphasised to Mr Khosrowshahi in person, and which he absolutely understands.

[CB/14/129-
130]

21. What does this mean in practice? In my view, it means, for example, ensuring that ULL has timely information about events and proposals that might affect its licensed business, and that it has ways of engaging actively with other group entities and the Uber Executive Leadership Team to reconcile any friction between ULL's best interests and other pressures and priorities within Uber.
22. This is something that I agreed in principle with Mr Khosrowshahi at a meeting in London on 15 January 2018, and it was then reflected in the principles and mechanisms set out in the "Culture and Governance" submission to TfL. **[EX1/B/106]** [HB/5/206]
23. I was clear from the outset that these needed to be embedded in Uber's governance and supported by robust mechanisms. I was reinforced in that view - as well as in my confidence that Uber had genuinely achieved a cultural shift in the past year - by the data breach incident that came to light in the UK shortly after my starting (see **[Elvidge1/130]**). Let me be clear, it was not a good story for Uber - it highlighted again the seriousness of the mistakes that had been made in the past and the cultural and governance failings they exposed. But there was a lot of good to be found in it: Uber in 2017 was unequivocal in stating that the handling of the data breach in 2016 was wrong, and decisive in following through on that conclusion. The reaction of ULL was also telling. I, personally, discussed how to handle communications with users and regulators in the UK with Mr Elvidge and Mr Jones, as well as the Ms Hayes and Mr Byrne. There was a consensus among ULL's leadership that doing the right thing by regulators and users was the guiding principle. Mr Elvidge explains the conclusions we came to in that regard, and the steps taken. I was satisfied that ULL demonstrated that it had behaved in a fit and proper way and, more than that, had put its users and regulators first. However, as Mr Elvidge candidly acknowledges, ULL found out too late and did not get the right information when it needed it, and that led to initially inaccurate communications to TfL, despite ULL's determination to be pro-active and open. Faced with a challenging situation, we engaged constructively with the Uber Executive Leadership Team to reach an outcome with which the Board was satisfied. However, the experience reaffirmed my view that these sorts of issues could only reliably and consistently be addressed properly with robust, agreed mechanisms in place covering communication and engagement between ULL and the Uber group. [CB/14/163]
24. That is why I took the lead in developing and issuing the Compliance Protocol **[EX1/D/54]**, which has now been reviewed and endorsed by the Board and by Uber's leadership, including the CEO, Chief Operating Officer and Chief Legal Officer and the Vice President for EMEA. **[EX1/A/6]** The document speaks for itself but, in short, it records the principles on which ULL, UTI, Uber BV and other group entities will work together to support ULL's regulatory obligations (and thus its success, in the interests of UTI, Uber BV and the Uber group) and provides the mechanisms for communication, escalation and resolution on material issues. Importantly, it also establishes requirements and mechanisms for regular review and to manage any changes. [CB/10] [HB/5/231]
25. At a less formal level, I am also keen to ensure regular and open communication at an intragroup level. In other organisations where I have either been on the board of a regulated subsidiary, or been on a parent board/management team that had to manage its relationship with an independently operated subsidiary, the key has always been establishing regular and open communication. Surprises in either direction can be, at best, embarrassing and, at worst, highly disruptive. To this end, I have already had several meetings with members of

the senior management team, including with Mr Khosrowshahi, and have agreed a regular meeting schedule with them to discuss their priorities and how they might impact ULL.

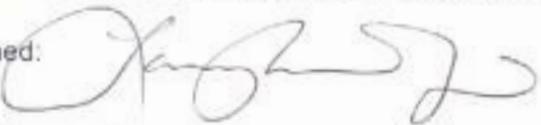
E. CONTINUOUS IMPROVEMENT

26. The changes outlined above, and more fully explained by Mr Elvidge and Mr Jones, are not the end of the process. Many are on-going. Monitoring these systems and processes and their effectiveness will be a key activity of the Board and the Sub-Committee. A commitment to continuous improvement is an essential part of success.
27. As I have said, I am satisfied that ULL, and Uber, are taking the right steps now and that ULL can show that it is fit and proper. I am also confident that ULL has the culture and the processes to ensure that it will continue on this path.

F. STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true.

Signed:



The signature is handwritten in black ink, appearing to read "Mark Elvidge".

Dated:

26 February 2018

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L Powers-Freeling
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IN THE WESTMINSTER MAGISTRATES' COURT

BETWEEN

UBER LONDON LIMITED

Appellant

- and -

TRANSPORT FOR LONDON

Defendant

FIRST WITNESS STATEMENT OF
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IN THE WESTMINSTER MAGISTRATES' COURT

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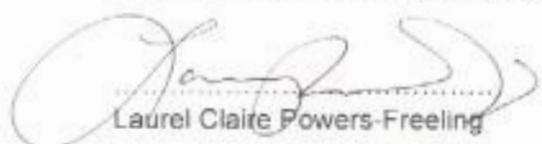
- and -

TRANSPORT FOR LONDON

Defendant

EXHIBIT "[EX1]"

This is to confirm that I have seen all of the documents referred to in the First Witness Statement of Laurel Claire Powers-Freeling dated 26 February 2018 in the Exhibit marked "[EX1]".



Laurel Claire Powers-Freeling

Dated 26 February 2018