THE CASE TO VOTE NO ON MARK ZUCKERBERG

This is not a solicitation of authority to vote your proxy. Do not send your proxy card to Majority Action or Color of Change; vote your shares according to the instructions in Facebook's proxy statement.
ESCALATING CRISES AND CASCADING RISKS

- In the wake of public exposure of Russian use of Facebook’s platform to influence the US elections, Mark Zuckerberg started 2018 with a commitment to fix Facebook.

- Instead, the reputational damage, fines and investigations, and regulatory risks have substantially escalated.

- New information about operational, policy, and leadership failures across Facebook’s platforms and product lines have been constantly exposed in the global press.
CONSTANT EXPOSURE OF FAILURES, BREACHES AND RISKS

In one month alone (March 19 - April 19, 2019):

- Facebook CEO Mark Zuckerberg under close scrutiny in federal privacy probe, sources say
  WASHINGTON POST

- Facebook says it 'unintentionally uploaded' 1.5 million people's email contacts without their consent
  BUSINESS INSIDER

- The Case for Investigating Facebook
  THE NEW YORK TIMES

- Facebook's Ad Algorithm Is a Race and Gender Stereotyping Machine. New Study Suggests
  THE INTERCEPT

- WhatsApp Has Become A Hotbed For Spreading Nazi Propaganda In Germany
  BUZZFEED NEWS

- Facebook teams with rightwing Daily Caller in fact-checking program
  GUARDIAN

- Facebook's Stock Falls After HUD Charges Company With Violation Fair Housing Act
  DOW JONES INSTITUTIONAL NEWS

- Mark Zuckerberg leveraged Facebook user data to fight rivals and help friends, leaked documents show
  NBC NEWS

- Facebook, Instagram and WhatsApp hit by second outage within a month
  ENGADGET

- 540 Million Facebook User Records Exposed Online, Plus Passwords, Comments, and More
  GIZMODO

- 15 Months of Fresh Hell Inside Facebook
  WIRED

- Singapore Fake-News Bill Orders Corrections by Social-Media Giants
  DOW JONES INSTITUTIONAL NEWS

- German minister meets Zuckerberg, wary of messaging plans
  ASSOCIATED PRESS

The Mounting Federal Investigations into Facebook
THE NEW YORK TIMES
RED FLAGS IN LEADERSHIP, OPERATIONS, POLICY & MORE

- **Executive Departures:** Key founders & executives from WhatsApp, Instagram, and Facebook resigned, including the Chief Product Officer. News reports implicated disagreements over privacy or safety in many of these key departures.

- **Spreading Hate:** Facebook’s platforms have been fast and efficient avenues for spreading hateful rhetoric, misinformation, and calls to violence. Warnings in Myanmar, India and, Germany were reportedly ignored.

- **Election Misinformation:** Facebook was used by Russia to target Black voters in the U.S. presidential election. In 2018, WhatsApp was a key misinformation vehicle in the Brazilian election.
RED FLAGS IN LEADERSHIP, OPERATIONS, POLICY & MORE

- **Alleged discrimination inside and out:** A former employee declared, “Facebook has a black people problem,” in publicly exposing discrimination at Facebook and failures to protect & include Black users.

- **Privacy failures:** User privacy was at risk repeatedly; apps gathered info from teens, shared private health data, and captured data of non-users, while Facebook reportedly gave some companies special data access. Facebook itself exposed 540 million user records and 6.8 million photos & extracted user contacts without permission.

- **Intense regulatory scrutiny:** In the U.S., Facebook faces criminal probes over data practices, while it negotiates a potential “record” fine to settle with the FTC. Germany has ordered a stop to combining data which would block platform integration, while FB is facing at least 7 data probes in the EU.
IT KEEPS HAPPENING: Years of repeated failure to adequately address civil rights, hate & user safety.

KORRYN GAINES | AUG. 2016
Facebook deactivated the livestream of Korryn Gaines - a distraught woman filming police in her own apartment.

Once Facebook cut the livestream, law enforcement killed her in front of her son.

HATE STILL SPREADING | MARCH/APRIL 2019
Live video of New Zealand white supremacist massacre spreads on Facebook.

New reports of Nazi imagery spreading through WhatsApp groups in Germany.

FACEBOOK PUT ON NOTICE | AUG. 2015
Color Of Change & civil rights groups alert Facebook to hate, threats, and doxing against Black users.

DISCRIMINATION IN ADVERTISING | OCT. 2016
Journalists found Facebook allowed advertisers to exclude Black and Hispanic users from seeing ads.

A lawsuit settled in 2019 ends such targeting for jobs, credit & housing, but a new study suggests Facebook’s own algorithm may “hard-code” discrimination. Further investigations showed advertisers were allowed to target “Jew-haters” and to exclude older workers from job ads.
LOSS OF CREDIBILITY & TRUST THAT FACEBOOK CAN FIX ISSUES

As scandals have mounted, Facebook has repeatedly fallen short in coming clean about issues and taking responsibility for fixing them at needed scale:

- When caught paying teens for sweeping data access, Facebook claimed “less than 5%” were teens. Later Facebook admitted 18% of participants were teens.

- Facebook knew of the Cambridge Analytica misuse in 2015, but failed to fully respond until public exposure in 2018. Initial public reports of more than 50 million impacted users grew to 87 million.

- Facebook has resisted transparency & oversight: U.S. Senator Warner expressed “frustration” with their lack of transparency. Facebook rejected testimony and document requests from the U.K. and refused a 7-country panel’s request for Zuckerberg to testify.

Yet to this date, Facebook has not provided comprehensive accounting to investors of the causes of failures of governance and oversight, let alone a comprehensive plan to rectify them.
FACEBOOK SHAREHOLDERS HAVE FELT THE EFFECTS.
FACEBOOK’S STRUCTURE GIVES ZUCKERBERG CONTROL WITHOUT ADEQUATE CHECKS

CHAIR
New nominated Director comes from Mark Zuckerberg’s Chan Zuckerberg Initiative.

CEO
Consolidated control after exit of Chief Product Officer, WhatsApp & Instagram founders & executives.

SUPER-VOTING CONTROL
10-1 unequal Class B share voting rights give Zuckerberg 57.7% of votes.

majorityaction
OVER 35% OF INDEPENDENT SHAREHOLDERS ALREADY WITHHELD SUPPORT FROM MARK ZUCKERBERG IN 2018.

Vanguard
Deutsche Asset Management (Germany & U.S.)
Geode Capital Management
Dimensional Fund Advisors, Inc.
BNP Paribas Asset Management
Legal & General Investment Management (Sub-Advised)
OppenheimerFunds, Inc.

Wells Fargo Funds Management LLC
CalSTRS
New York State Common Retirement Fund
New York City Pension Funds
Florida State Board of Administration
Ohio School Employees Retirement System
Louisiana State Employees' Retirement System (LASERS)
INDEPENDENT SHAREHOLDERS HAVE CLEARLY COMMUNICATED THEIR CALLS FOR GOVERNANCE CHANGE AND BEEN IGNORED BY FACEBOOK.

% Of Independent Shares FOR Proposal:

- Independent Chair: 50.8% (2017)
- One-Vote per Share: 82.6% (2017) / 82.5% (2018)
- Simple Majority Vote: 80% (2018)

All three reforms are being requested again by shareholders this year.
FACEBOOK’S RESISTANCE TO GOVERNANCE CHANGE

This year’s proxy demonstrates continued rejection of both corporate governance best practices and independent shareholder concerns, as well the Board’s unwillingness to provide needed checks.

- Mark Zuckerberg continues to be both CEO and Chairman of the Board.

- Facebook continues to have no nominating committee. The one new director nominated was recently a top executive at Mark Zuckerberg’s Chan Zuckerberg Initiative.

- Despite prior votes and ongoing crises, Facebook’s Board says “our current corporate governance structure is sound and effective” and opposes all shareholder proposals for improved governance and reporting.
TIME FOR LEADERSHIP WITH OVERSIGHT

For shareholders, the answer is clear.

Mark Zuckerberg is the founder & CEO leading Facebook's vision & business.

He should not be his own boss.

As long as Mark Zuckerberg stands for election as Chair of a Board with insufficient power and independence, and retains majority voting control through unequal voting rights, Facebook shareholders cannot have trust in Facebook's oversight and accountability.
VOTE NO ON MARK ZUCKERBERG

We ask you to join us in withholding your vote from Mark Zuckerberg - Proposal 1.8

And we join investors in recommending a vote FOR shareholder resolutions which call on Facebook to:

- Adopt an independent chair (6)
- Empower holders with equal voting power (5)
- Require directors in uncontested elections to be elected by holders of a majority of votes cast (7)
- And expand transparency by reporting on addressing key risks of content governance (9), gender pay gap (10), and business structure (12)
Sources:


**Sources**

- Corinna, Jori. “Facebook admits 80% of research screen users were teens, not 75%.” TechCrunch, 28 February 2019. [Link](https://techcrunch.com/2019/02/28/facebook-research-users/).
- Jaffe, Nicole. “Popular apps like Yelp send your data to Facebook even if you aren’t on Facebook, privacy watchdog says.” USA Today, 7 March 2019. [Link](https://www.usatoday.com/story/tech/2019/03/07/facebook-still-automatically-gets-data-yelp-some-other-apps/098095802/).
Sources


https://www.sec.gov/Archives/edgar/data/1326801/000138713119003342/mja-px14a6g_050619.htm
Slide 8


Slide 9


Slide 10


Slide 1

"Facebook Inc. Proposal 1B: Elect Director Mark Zuckerberg." Proxy Insight 28 November 2018.

Slide 11
Non-independent shares include Class A and Class B shares listed in the relevant proxy statement as beneficially owned (or subject to voting proxy) by Facebook's executive officers and directors. Those shares (1 vote per Class A share and 10 votes per Class B share) were subtracted from the votes cast (or including) broker non-votes in order to derive the number of independent votes cast.


Slide 15