

## Facebook Shareholder Proposal Requesting the Board of Directors Appoint an Independent Chair

**Resolved:** Shareholders request the Board of Directors adopt as policy, and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the Board. This independence policy shall apply prospectively so as not to violate any contractual obligations. If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

### Supporting Statement:

Facebook CEO Mark Zuckerberg has been Board Chair since 2012. His dual-class shareholdings give him approximately 60% of Facebook's voting shares, leaving the board, even with a lead independent director, with only a limited ability to check Mr. Zuckerberg's power. We believe this weakens Facebook's governance and oversight of management. Selecting an independent Chair would free the CEO to focus on managing the Company and enable the Chairperson to focus on oversight and strategic guidance.

The Council of Institutional Investors argues:

Having an independent chair helps the board carry out its primary duty – to monitor the management of the company on behalf of its shareowners. A CEO who also serves as chair can exert excessive influence on the board and its agenda, weakening the board's oversight of management. Separating the chair and CEO positions reduces this conflict, and an independent chair provides the clearest separation of power between the CEO and the rest of the board.

Facebook has resisted recent shareholder requests to separate these roles. In 2017, according to our calculations, a similar proposal received the support of 51% of the votes cast when excluding the shares of 13 executives and board members. However, the board has not acted on this important signal from its non-insider shareholders.

Google, Microsoft, Apple, Oracle, and Twitter have separate CEO and chairperson roles. More broadly, 59% of the S&P 1500 separated these roles as of April 2018.

We believe this lack of independent board Chair and oversight has contributed to Facebook missing, or mishandling, a number of severe controversies, increasing risk exposure and costs to shareholders. Examples from past years include:

- Russian meddling in U.S. elections
- Sharing personal data of 87 million users with Cambridge Analytica
- Data sharing with device manufacturers, including Huawei that is flagged by U.S. Intelligence as a national security threat
- Proliferating fake news
- Propagating violence in Myanmar, India, and South Sudan
- Depression and other mental health issues, including stress and addiction
- Allowing advertisers to exclude black, Hispanic, and other "ethnic affinities" from seeing ads.

In apologies, Mr. Zuckerberg has stated, "We didn't take a broad enough view of our responsibility." This broader view is what an independent Board Chair would provide, which we believe would benefit the company, its shareholders, and its global community of users.

###