

FOR IMMEDIATE RELEASE

December 3, 2019

CONTACTS:

Paris Ervin, Illinois, 217.524.5749

PErvin@illinoistreasurer.gov

Evan England, Rhode Island, 401.222.2240

evan.england@treasury.ri.gov

Hazel Crampton-Hays, New York City, 917.594.2318

hcramp@comptroller.nyc.gov

Jonas Kron, Trillium, 413.522.2899

jkron@trilliuminvest.com

Jackie Primeau, Connecticut, 860.702.3245

jackie.primeau@ct.gov

Ashley Mathews, Pennsylvania, 717.787.2991

amatthews@patreasury.gov

**Institutional Investors Renew Call for an Independent Board Chair at
Facebook as Controversies Continue Unabated**

***Treasurers release findings on which mutual funds voted in support of an independent chair –
and which did not***

The group of investors that led the 2019 shareholder proposal at Facebook seeking an independent board chairman today released its findings of proxy voting data, which reveals which mutual funds joined the supermajority (68%) of Facebook's outside shareholders who voted against management's opposition of an independent board chair.

Major institutional investors, including Vanguard, Blackrock, MFS, AllianceBernstein, American Funds, BNY Mellon, Goldman Sachs, John Hancock, JPMorgan, Putnam, and State Street voted in support of an independent board chair to lead Facebook.

In contrast, **Morgan Stanley, T. Rowe Price, Fidelity Investments, Dimensional Funds, Neuberger Berman, Schwab, Invesco, and Legg Mason**, despite the litany of controversies and governance failures, voted in line with management's recommendation to support Mr. Zuckerberg's unified power as both CEO and Chair of the company's board, while also he also holds a controlling bloc of shares.

Investors also announced that they have re-filed the shareholder proposal again this year, which will be voted on at Facebook's 2020 Annual Shareholder Meeting.

"Now is the time for change," said **Illinois State Treasurer Michael Frerichs**. "Facebook's independent investors agree that it's time for the company to separate the Board Chair and CEO roles. Right now, Mr. Zuckerberg is both Board Chair and CEO, serving as his own boss, and clearly it's not working. The Board needs to be led by a strong, independent voice tasked to provide real oversight over management, address governance failings, help restore trust in the company, and better protect shareholders' interests. We hope the company will use this as an

opportunity to take a decisive step toward building a more successful, sustainable company for the long-term.”

Evidence continues to come in that having the same person be the chair and the CEO is deeply problematic. For example, in PWC’s 2019 annual director survey, 57% of directors who sit on a board with a unified chair/CEO reported it is difficult to voice dissent.

“There is no check-and-balance at Facebook without an independent board chair – and Mark Zuckerberg’s totalitarian grip as both CEO and Board Chair must end,” said **New York City Comptroller Scott M. Stringer**. “Facebook’s unrelenting turmoil shows why independence and accountability matter – and why power should not be consolidated around one person. Outside shareholders have sounded the alarm on the need for real oversight and governance reforms, and it’s time for Facebook to listen.”

Recently, Facebook lost its place in the top 10 in Interbrand’s annual Best Global Brands report, falling to 14th place with the estimated value of its brand declining 12% to \$39.9 billion.

“We believe that Facebook’s lack of an independent board chair, along with inadequate board governance, has contributed to the mishandling of several ongoing controversies,” said **Rhode Island General Treasurer Seth Magaziner**. “Adopting an independent board chair structure will help diversify Facebook’s leadership and could help the company begin to re-build trust by incorporating additional accountability mechanisms into its governance structure.”

The proxy voting data is based on fund N-PX reports that were filed with the U.S. Securities and Exchange Commission in 2019.

“While Mark Zuckerberg has served as both chairman of the board and CEO, the company has faced congressional scrutiny of a number of missteps – from the role of its platform in propagating misinformation to releasing the personal data of tens of millions,” **Connecticut Treasurer Shawn T. Wooden** said. “A company as vast and as powerful as Facebook should be structured to ensure that there are appropriate checks and balances between the board and management.”

“Time has shown the wisdom of the majority of Facebook’s outside shareholders in calling for an independent board chair,” said **Jonas D. Kron, SVP, Trillium Asset Management**. “Morgan Stanley, T. Rowe Price, Fidelity Investments, Dimensional Funds, Neuberger Berman Schwab, Invesco, and Legg Mason should seriously reconsider their position on the proposal and how they will vote at the 2020 Annual Meeting.”

“Facebook’s original motto was to “move fast and break things” but what has really been broken is the trust independent shareholders have in Facebook’s governance model that clearly isn’t working, and effectively lets Mark Zuckerberg be his own boss” said **Pennsylvania State Treasurer Joe Torsella**. “Shareholders deserve an independent board chair to provide real

oversight for the company. It's time for Facebook to change by accepting better governance and oversight, and to rebuild the public trust it has lost over the past few years."

About the Illinois Treasurer

As Illinois State Treasurer, Frerichs is the state's Chief Investment and Banking Officer and actively manages approximately \$30 billion. The portfolio includes \$13 billion in state funds, \$11 billion in college savings plans and \$6 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$42 to the state for every \$1 spent in operations. Frerichs' office protects consumers by safeguarding more than \$3 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

About the Rhode Island Treasurer

Seth Magaziner is General Treasurer of the State of Rhode Island where he is working to restore financial stability and expand economic opportunity for all Rhode Islanders. Since taking office in January 2015, Seth has used the office to help create jobs, strengthen the state's \$8.4 billion pension fund, and ensure all public servants have the dignity of a stable and secure retirement. Under Treasurer Magaziner's leadership, the Rhode Island Treasury has become a national leader in transparency, launched the Rhode Island Infrastructure Bank, and developed a Back to Basics investment strategy to provide better performance and less risk to the state's pension fund.

About the Connecticut Treasurer

Shawn T. Wooden is the State Treasurer for the State of Connecticut, where he is focused on strengthening Connecticut's economy and the financial wellbeing of families and businesses in the state. As principal fiduciary for Connecticut's six State pension and nine State trust funds, Treasurer Wooden is responsible for prudently managing the more than \$36 billion in assets for approximately 194,000 teachers, state and municipal employees, and retirees who are pension plan participants and beneficiaries as well as academic programs, grants, and initiatives throughout the state. Learn more [here](#).

About the Pennsylvania Treasurer

Joseph M. Torsella was sworn in as Treasurer of the Commonwealth of Pennsylvania on January 17, 2017. From Philadelphia's City Hall to the National Constitution Center to the halls of the United Nations, his work is a reflection of his public service and leadership, which has earned him a reputation as a voice of purpose, honor and vision. Torsella is committed to building a better future for Pennsylvania by acting as a responsible steward of taxpayer dollars, improving transparency, and expanding financial opportunities for Pennsylvanians. Raised in Berwick, Pa., Torsella is a graduate of Wyoming Seminary preparatory school and an honors graduate of the University of Pennsylvania, Phi Beta Kappa, with a degree in economics and history. He studied American History at New College, Oxford, as a Rhodes Scholar. He lives in Flourtown with his wife Carolyn, and they are proud parents to four children.

About the New York City Comptroller

As Comptroller of the City of New York, Scott M. Stringer is the investment advisor to, and custodian and a trustee of, the New York City Pension Funds (the “NYC Funds”) responsible for protecting the retirement security of over 700,000 New Yorkers. The NYC Funds are the fourth largest pension fund system in the country with over \$200 billion in assets under management. Learn more [here](#).

About Trillium Asset Management

Trillium Asset Management is an employee-owned investment management firm with approximately \$3 billion in assets under management. Trillium integrates Environmental, Social, and Governance (ESG) factors into the investment process as a way to identify the companies best positioned to deliver strong long-term performance. Founded in 1982, Trillium has a long history of managing equity and fixed income portfolios for individuals, foundations, endowments, religious organizations, other non-profits, financial advisors and their clients. A leader in shareholder advocacy and public policy work, Trillium leverages the power of stock ownership to promote social and environmental change while providing both impact and performance to our investors - trilliuminvest.com.

###