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Dramatic 68% vote for Independent Board Chair Strengthens Investors' Call for Change at the Top of Facebook

At last week's annual meeting, Facebook (NASDAQ: FB) shareholders sent a dramatic message to the board and Mark Zuckerberg when a shareholder proposal recommending an independent board chair received a **68% vote of main street and Wall Street investors**. Facebook shareholders overwhelmingly support a significant change at the company. It's time for Mark Zuckerberg and the board to plan for a transition.

"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 turn the page and take a decisive step toward building a more successful, sustainable company for the long-term."

The vote for an independent board chair increased substantially compared to a similar proposal introduced in 2017 that received a vote of 51% among non-insider investors.

Investor demand for greater oversight and accountability has steadily mounted as the frequency and string of controversies has sparked extensive criticism and concern. The shareholder proposal, filed and supported by the New York City Comptroller; the treasurers of Illinois, Connecticut, Rhode Island, Massachusetts, Pennsylvania, and Oregon; and Trillium Asset Management asked Facebook to adopt a policy of having an independent board chair. Aligning with the governance model that has been adopted by Alphabet, Apple, Autodesk, and

Microsoft would establish governance systems and processes that provide the most robust and effective risk oversight.

“A CEO who also serves as Chair diminishes the Board’s governance of company management. This is clearly what is happening at Facebook,” said Rhode Island General Treasurer Seth Magaziner. **“There is a growing awareness among shareholders that the current lack of independent board Chair and oversight has contributed to Facebook’s inadequate oversight and mishandling of several controversies, increasing risk exposure and costs to shareholders.”**

Connecticut State Treasurer Shawn T. Wooden stated: **“While the head of Facebook has served a dual role as board chairman and CEO, there have been numerous missteps -- from the role of its platform in election propaganda to the sharing of the personal data of tens of millions. They strike at the heart of the company’s business model, and demonstrate the necessity for better oversight of how Facebook is run. It has become increasingly clear that the current leadership structure hasn’t adequately addressed shareholder concerns over the board’s oversight of company management. The vote results for our shareholder resolution actually prove the point: With the majority of shares under his control, Facebook’s CEO effectively shut down a corporate structure that would have provided checks and balances between a company’s board and its management. Shareholders deserve better.”**

“Facebook is one of the most powerful technology companies in the world. To concentrate the magnitude of this power in any one person is dangerous and risky for shareholders,” said Pennsylvania State Treasurer Joe Torsella. **“Mark Zuckerberg had an opportunity—years ago—to be a leader for good corporate governance, ethical leadership, and transparency. When, and if, he relinquishes this power, he will be following in the footsteps of nearly every other large tech company who have already taken this step. Social media are central tools for communication between individuals, businesses, and public leaders, giving Facebook extraordinary power over our news, our privacy, our economy and, ultimately, our democracy. Absent significant changes to the governance and voting structure, shareholders will never get the oversight for which they have voted. I do not take the investments Pennsylvania makes as a state lightly, and will continue to fight for meaningful change at Facebook.”**

The key to understanding the vote results reported by Facebook today is that 4,010,720,956 of the votes are controlled by Mark Zuckerberg and a number of other insiders. Once those votes are removed, the calculation reveals that out of a total of 1,674,842,339 votes cast (excluding abstentions and broker non-votes as established by SEC rules), 1,139,241,589 were cast in favor of the independent board chair proposal. Facebook published the vote results on Monday afternoon at <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001326801/4d5ba024-45b4-409d-bfea-be53be1432a8.pdf>.

“This outpouring of support for the proposal springs from a deep well of concern about governance at Facebook,” said Jonas Kron, Senior Vice President at Trillium Asset Management. “Concentrating so much power in one person – any person – is unwise. We look forward to speaking with the board about how it can make the transition to an independent board chair now that so many investors have voted in favor of the proposal.”

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About the Illinois Treasurer

As Illinois State Treasurer, Michael 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 \$2 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 for the State of Rhode Island. His Office oversees the State’s \$8 billion pension fund on behalf of its 60,000 active members and retirees.

About the Pennsylvania State Treasurer

The Pennsylvania Treasury is an independent department of state government led by the state treasurer, who is elected every four years. The department's primary duty is to safeguard and manage the state's public funds. It invests state money to generate income on behalf of the citizens of Pennsylvania, reviews and processes payments for state government custodian of more than \$100 billion in state funds. Key Treasury programs include Unclaimed Property, PA 529 College and Career Savings Program, PA ABLE Savings Program and the Board of Finance and Revenue. To learn more visit patreasury.gov.

About Trillium Asset Management

Trillium Asset Management is the oldest independent investment advisor devoted exclusively to sustainable and responsible investing. With over \$2.8 billion in assets under management,

Trillium has been managing equity and fixed income investments for high net worth individuals, foundations, endowments, religious institutions, and other nonprofits since 1982. A leader in shareholder advocacy and public policy work, Trillium's goal is to deliver both impact and performance to its investors.

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