

Focused on Alpha & Outcomes

Meta Platforms (Facebook): Co-Filing a Shareholder Resolution

Few companies touch our everyday lives more than Facebook (now Meta Platforms). Its social media applications enable an exchange of images, stories and news uniquely tailored to our personal interests, with algorithms that play an important role in selecting what people see. The power of this platform to both connect people and divide them results in real world impacts. The nuances of these impacts highlight how crucial corporate governance can be to the long-term success of a company.



CONSTRUCTIVE DIALOGUE AND ENCOURAGING POLICIES FOLLOWED BY A BREAKDOWN IN COMMUNICATION

At Meta, Mark Zuckerberg is both the CEO and Chairman of the Board, which limits the Board's independent oversight. He also retains most voting rights, which limits minority investors' ability to influence governance.

OUR PHILOSOPHY ON ESG ENGAGEMENT

At Rockefeller Asset Management, we believe that rigorous, ESG-integrated analysis coupled with deep shareholder engagement can deliver strong long-term results for our clients. We also believe that companies working to improve their ESG performance will see stronger financial performance over time. Shareholder engagement is a core part of our investment process and is employed throughout the holding period. While our focus is on constructive dialogue, we have an escalation process designed to increase the probability of a positive outcome that occasionally includes shareholder resolutions.

At Rockefeller Asset Management, we favor unclassified board structures which give each share equal voting rights. Since 2016 we have had regular constructive dialogue with Facebook regarding the governance structure and other topics such as policies for handling of inaccurate content, the operationalization of the Oversight Board, and the risk of artificial intelligence bias.

In early 2021, we were encouraged by several points of progress: 1) Meta's publication of enhanced "community standards" governing content, 2) by the expanded remit of the independent [Oversight Committee](#) to include content left up in addition to content taken down and 3) by the sharing of a [dataset](#) to enable external researchers to examine potential AI bias. Conversely, the publication of the leaked "Facebook Files" and testimony of Frances Haugen, raised concerns about the platform among both users and regulators. After our efforts to discuss the matter with Meta's management team were unsuccessful, we decided to escalate the engagement.

A SHAREHOLDER RESOLUTION TARGETING VOTING RIGHTS

Currently, Mark Zuckerberg owns 12.7 % of total shares which corresponds to 52.9% of voting rights. This structure makes it difficult for minority shareholders to influence governance outcomes. While the voting structure also makes it challenging to achieve this change, our hope is that increasing shareholder pressure will eventually lead to a change in the equity structure. We therefore co-filed, alongside New York State Common Retirement Fund and NorthStar Asset Management as lead filer, a shareholder resolution asking Facebook to migrate to a one-share-one-vote equity structure over the next 7 years.

If passed, this resolution will eliminate the current imbalance in voting power, affording shareholders a greater voice in governance decisions. The resolution will be included in Facebook's 2022 annual general meeting along with eight other shareholder resolutions that include a proposal to separate the Chairman and CEO roles, which we supported in the past.

On behalf of our clients, our goals are to leverage the stewardship tools at our disposal to enhance good governance that will ultimately lead to positive outcomes for society and for shareholders.

SUSTAINABLE DEVELOPMENT GOALS

Engagement Targets:

- Migrate to a one-share-one-vote equity structure
- Separate Chairman and CEO Roles
- Appoint member of board with media editorial experience to enhance content moderation strategy



Goal 16

Peace, Justice & Strong Institutions



Mia Overall

Director of Shareholder Engagement
moverall@rockco.com



Emily Claire Mackey

ESG Engagement Analyst

Goal listed above represent the United Nations Sustainable Developments Goals, which seek to promote prosperity while protecting the planet, established in 2015.

ROCKEFELLER

ASSET MANAGEMENT

rockco.com/RAM

This information has been prepared by Rockefeller Asset Management, a division of Rockefeller Capital Management and provided for informational purposes only. The information and opinions herein should not be construed as a recommendation to buy or sell any securities, to adopt any particular investment strategy, or to constitute accounting, tax, investment or legal advice. The views expressed are those of Rockefeller Asset Management's senior investment professionals as of a particular point in time and are subject to change without notice. The views of Rockefeller Asset Management's senior investment professionals may differ from or conflict with those of other divisions in Rockefeller Capital Management. Certain examples are intended to demonstrate aspects of Rockefeller Capital Management's engagement process with companies. Rockefeller Capital Management may take different approaches with other companies and there is no guarantee that any engagement effort will be successful. A complete list of company engagements is available upon request. The information herein does not constitute an offer to sell or a solicitation of an offer to buy interests in any Rockefeller Capital Management investment vehicle or product or service. Company reference are provided for illustrative purposes only and should not be construed as a recommendation to purchase, sell or hold any security. Although the information and opinions presented herein have been obtained from, or are based on, sources believed to be accurate and reliable, they have not been verified. Forward-looking statements, including those presented here, are inherently uncertain, as future events may differ materially from those contemplated, and past performance is not a guarantee of future performance. Investing involves risk, including risk of loss. The information presented is general in nature and is not intended to provide personal investment advice. No investment strategy can guarantee a profit or avoidance of loss. Although the information provided is carefully reviewed, Rockefeller Capital Management is not responsible for any direct or incidental loss resulting from applying any of the information provided. This material may not be copied, reproduced, or distributed without Rockefeller Capital Management's prior written consent and is not valid without a consultation with a representative of Rockefeller Capital Management.

Rockefeller Capital Management is the marketing name of Rockefeller Capital Management L.P. and its affiliates. Investment advisory, asset management and fiduciary activities are performed by the following affiliates of Rockefeller Capital Management: Rockefeller & Co. LLC, Rockefeller Trust Company, N.A., The Rockefeller Trust Company (Delaware) and Rockefeller Financial LLC, as the case may be. Rockefeller Asset Management is a division of Rockefeller & Co. LLC. Rockefeller Financial LLC is a broker-dealer and investment adviser dually registered with the U.S. Securities and Exchange Commission (SEC). Member Financial Industry Regulatory Authority (FINRA); Securities Investor Protection Corporation (SIPC). The registrations and memberships above in no way imply that the SEC has endorsed the entities, products or services discussed herein. Additional information is available upon request.

© 2021 Rockefeller Capital Management. All rights reserved. Does not apply to sourced material. Products and services may be provided by various affiliates of Rockefeller Capital Management.