

RESOLVED: Shareowners of Facebook, Inc. request the Board of Directors to adopt a policy, and amend the bylaws as necessary, to require the Chair of the Board to be an independent member of the Board. This independence policy shall apply prospectively so as not to violate any contractual obligation. The policy should provide that (i) 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 policy within 60 days of that determination; and (ii) 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 also been Facebook's board Chair since 2012. We believe the combination of these two roles in a single person weakens a corporation's governance, which can harm shareholder value. As Intel's former chair Andrew Grove stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the board. The chairman runs the board. How can the CEO be his own boss?"

In our view, shareholder value is enhanced by an independent board chair who can provide a balance of power between the CEO and the board and support strong board leadership. Independent board leadership is sorely needed at Facebook following the board's decision in 2016 to approve a new capital structure which reduced the rights of Class A shareholders without requiring a majority vote of those shareholders (<https://www.nytimes.com/2016/12/13/business/dealbook/a-potential-hitch-in-zuckerbergs-stock-plan-for-facebook.html>).

Facebook's corporate governance score as of January 23, 2017 was 10, the highest level of risk (<http://finance.yahoo.com/quote/FB/profile?p=FB>). This score is provided by Institutional Shareholder Services (ISS), an advisor to institutional investors regarding corporate governance risks of companies in their investment portfolios. ISS recommended a vote against directors Desmond-Hellman, Andreesen and Bowles at the 2016 annual meeting for their role in the creation of Class C shares, saying "the committee failed to faithfully represent the interests of the holders of Class A stock in negotiating a self-interested transaction that was brought to the board by the controlling shareholder." An independent board chair is a necessary first step to put Facebook's board on the path to effective representation of the interests of all shareholders.

We believe that independent board leadership would be particularly constructive at Facebook as our company faces increasing criticism regarding its perceived role in the promotion of misleading news; censorship, hate speech and alleged inconsistencies in the application of Facebook's community standards guidelines and content policies; targeting of ad views based on race; collaboration with law enforcement and other government agencies; and calls for public accountability regarding the human rights impacts of Facebook's practices (<http://www.forbes.com/sites/kathleenchaykowski/2017/01/18/facebook-should-do-more-to-address-censorship-and-harassment-issues-rights-groups-say/#61a55b4a1c33>).

We urge shareholders to vote for this proposal.