



May 4, 2022

Dear AFT Trustees:

I am writing to you about an important capital stewardship matter affecting Meta (formerly Facebook), which is a significant holding of most teacher retirement systems. On May 25, 2022, Meta will hold its annual shareholder meeting, and your fund will have the opportunity to vote on a shareholder resolution addressing Meta's board's approach to risk management. Risk management is a core board function, and shareholder oversight of risk management practices, with an eye to protecting long-term shareholder value, is a critical part of the fiduciary duties of our funds' asset managers. In addition, due to the nature of Meta's business, Meta's risk management policies and practices have serious implications for public safety, the public interest, and core AFT values in relation to our students and our democracy.

["Proposal Fourteen: Shareholder Proposal Regarding Assessment of Audit & Risk Oversight Committee,"](#) submitted by Harrington Investments, in conjunction with the Park Foundation and Sum of Us, would, if approved, instruct Meta's board to hire an outside, independent law firm to evaluate the performance of the board's audit committee's capacities and performance in overseeing company risks. The AFT strongly supports this resolution, and I urge your fund to join us by voting in its favor.

This resolution follows a series of high-profile troubling events casting doubt on Meta's risk management practices and internal controls. Last fall, Meta whistleblower Frances Haugen testified before the U.S. Congress and shared documents showing that Meta's Facebook platform ["repeatedly misled the public about what its own research reveals about the safety of children, the efficacy of its artificial intelligence systems, and its role in spreading divisive and extreme messages."](#) In addition, for years, Facebook has allowed its platform to be used—or, at best, has been unable to prevent it from being used—to fuel and amplify the dissemination of political disinformation, including facilitating Russian attacks in the 2016 and 2020 presidential elections and the dissemination of false conspiracy theories like QAnon and catastrophically destructive health disinformation during the COVID-19 pandemic.

Haugen's testimony made clear that Meta's management is both aware of the harms caused by its products and unwilling to make substantive changes to address them. This testimony, which has not, to our knowledge, been credibly refuted, raised profound doubts about the effectiveness of Meta's internal controls and its board's risk management practices, and called into question the accuracy of numerous statements Meta management has made to investors. The underlying conduct itself poses an obvious threat to the long-term best interests of Meta and its shareholders.

AFT members, whose deferred wages may be invested in Meta, have seen the harms perpetuated by Meta's Facebook platform firsthand, from nurses and healthcare workers who witnessed patients become gravely ill or lose their lives due to disinformation about COVID-

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The **American Federation of Teachers** is a union of professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

American Federation  
of Teachers, AFL-CIO

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555 New Jersey Ave. N.W.  
Washington, DC 20001  
202-879-4400  
[www.aft.org](http://www.aft.org)

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19 spread on the platform, to teachers and school support staff who have supported students struggling with eating disorders, body image and self-esteem issues, bullying and depression/anxiety in response to Facebook and Instagram content. The company's own internal studies found that 32 percent of girls who suffer from poor self-image feel worse after spending time on the company's Instagram platform, and yet, to date, Meta has not taken sufficient action to mitigate the clear threats its business management choices pose to children and teenagers.

These events have been followed by a steep decline in Meta's stock price, with the company's shares [plunging 26 percent](#) in value in February 2022. Meta's first quarter 2022 earnings report shows that, while the company largely recovered from this loss, it also posted its [slowest revenue growth](#) in a decade. Meta also now faces regulatory risks arising out of these internal control and risk management failures, receiving a [\\$5 billion fine](#) in 2019 from the Federal Trade Commission, which is now [examining](#) whether Facebook ignored its own internal research identifying ill effects from its products. And it faces litigation risks, including [a lawsuit](#) brought by the Ohio attorney general alleging the company intentionally has misled the public and investors about the negative impact of its products on minors, in order to boost its stock price.

Meta's board has a responsibility to its shareholders to remedy these problems, yet because Mark Zuckerberg is the largest shareholder, CEO of the company and chair of the board of directors, he appears to have been able, so far, to prevent the Meta board from fulfilling its fiduciary duties in these critical areas. Furthermore, Meta's reliance on a dual class stock structure has effectively insulated Mr. Zuckerberg from accountability to shareholders and the public at large. The company's upcoming shareholder meeting gives shareholders—including public pension funds in which AFT members participate—the opportunity to send a message to the board and to Mr. Zuckerberg that Meta's board must take seriously its obligation to police the company's risk management practices and its internal controls, and that part of that obligation includes addressing Meta's role in harming children and the public at large. The proposal makes clear that the failure, so far, to do so requires the involvement of independent outside expertise, much as other kinds of misconduct by corporate insiders would. I hope your fund will join the AFT and our allies in voting YES on this resolution.

In unity,



Randi Weingarten

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