

Over 70% of all women view online harassment as a major problem. But, it's not just a problem for women. It's a problem for Facebook and Twitter that play host to this abuse. And therefore, it's a problem for investors.

THE CHANGE IS PALPABLE

Feminism is no longer a dirty word. In fact, it might just be the word of the year. Women are speaking up *en masse* and awareness of sexual harassment, abuse and inequality has never been higher. I'm proud to report that our shareholder advocacy was recently honored by *Bloomberg Businessweek*. In recognition of our work on gender-pay equity, I was named to the "Bloomberg 50" list of people who defined global business in 2017.

While mine was the name put on the list, yours should be there, too. Because I spoke on your behalf, using your shares to advocate for change we all know is long overdue.

TIPPING POINT ON WALL STREET

As the 2018 proxy season begins, we are happy to report our first win on Wall Street. As you know, we have been pressing the Big Banks and financial services companies for over a year to commit to gender pay equity. And on Martin Luther King Jr. Day, the first domino fell. Citigroup rang in the holiday by giving its female and minority employees in the US, UK, and Germany a raise. And while it announced a mere 1% gender pay gap in those countries, it committed to expand its equal pay efforts globally. Citi's move in 2018 is, we hope, like that of Intel in 2016, the first tech company to report gender pay equity in response to Arjuna's engagement. After Intel, tech firm after tech firm began to disclose their pay gaps and commit to close them. We expect Wall Street will follow a similar path.

SEXUAL HARRASSMENT, ONLINE

There's no doubt sexual harassment took center stage this past year, with one Hollywood mogul after another exposed for abusive behavior. In the wake of these #MeToo-powered revelations, there are new promises to change the status quo in the workplace—the most visible being #TimesUp. Unfortunately, sexual harassment is not relegated to the workplace alone. It exists at home, on the street, and online. In fact, 1 in 5 women aged 18-29 report being sexually harassed online per the Pew Research Center. And over 70% of all women view online harassment as a major problem. But, it's not just a problem for women. It's a problem for online platforms like Facebook and Twitter that play host to this abuse. And therefore, it's a problem for investors.

That's why we filed shareholder proposals at Facebook and Twitter asking the social media giants to report on the scope of sexual harassment, hate speech, and violence on their platforms that violate their user terms of service. Given that both Facebook and Twitter have harassment and hate speech policies already in place, one might assume the issue is moot. Unfortunately, that's not the case. After a leak of Facebook's internal abuse guidelines by *The Guardian* in May 2017, *Elle* published an exposé on how Facebook's online platform perpetuates sexual harassment, entitled: "Why Facebook's Harassment Policies Fail to Protect Women." Most disturbingly, the article outlined the difference between admissible "aspirational violence" and inadmissible "credible" threats with substantiating detail. Whether aspirational or credible, the examples of both are alarming. Twitter, far from immune, was boycotted by women last October. CEO Jack Dorsey responded with an update to Twitter's hateful content policy, acknowledging "We're still not doing enough."

For the proposal, Arjuna teamed up with Open MIC, a non-profit co-founded by Arjuna Managing Partner Farnum Brown, which is dedicated to protecting individual privacy rights and improving corporate governance standards for online privacy, equity, and diversity. We were also joined by the \$200B New York State pension fund, whose co-filing represents \$1.2B in shares of Facebook and Twitter.

But shareholders are not the only ones concerned that the social media platforms need to clean up their act. Eight in ten Americans believe it is the online services themselves that have a duty to step in when harassment occurs on their platforms. And this is the crux of the problem. If Facebook and Twitter continue with business as usual, they will lose the trust of their user base who either feel unsafe on the platforms, or who don't want to witness such harassment. Sexual harassment, like fake news, like election interference, is simply bad for business. And we expect Facebook and Twitter to take it seriously. Lucky for us, Zuckerberg's New Year's resolution is to fix Facebook. We'll see.

Natasha Lamb, Director of Equity Research & Shareholder Engagement

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