

As active investors, we are constantly examining how we can press for positive systems change. This moment is no different, as we look to address the racism and disinformation that threaten our democracy.

AN UNCIVIL WAR

January 6th, 2021 was a historic day of hope and horror. In a razor-thin victory, Raphael Warnock was the first black man in Georgia's history to be elected to the United States Senate. Jon Ossoff shared a similar victory, winning his bid as Georgia's first Jewish Senator. That same afternoon, at Trump's urging, a violent mob of conspiracy theorists and white nationalists donning confederate flags, a "Camp Auschwitz" sweatshirt, and a noose and gallows stormed the sparsely-policed Capitol to prevent the certification of a free and fair US presidential election. The insurrection leaves many of us stunned and fearful. Stunned that this could happen in our country and fearful it's not over. The 117th Congress is the most diverse yet, equality is on the investor and corporate agenda, and the Black Lives Matter movement defined 2020, alongside a global pandemic. And, here we are, facing a second civil war—this one cultural—led by a pro-white, pro-Christian agenda. In other words: "Make America Great Again."

SOCIAL MEDIA'S FIRST STAND

Warnock and Ossoff did not get their moment in the sun. Instead, America turned our attention to sedition and the second impeachment of our 45th president. As Trump is de-throned, so too is his social media presence. In an about-face, Twitter, alongside Facebook and Google, banned the president for inciting violence—although it was felt by many as too little, too late. In May 2020, a Trump tweet was flagged by Twitter for "glorifying violence" in response to the death of a black man in a confrontation with Minneapolis police during a Black Lives Matter protest. His infamous tweet, "When the looting starts, the shooting starts," sits alongside a legacy of sowing disinformation and distrust. According to a

CNBC analysis, 36 of Trump's 100 most popular tweets contained election-related falsehoods.

And while this was social media's first stand, our clients have been pressing to rein in the abuse of these platforms for the last four years. In fact, we were the first investors to do so after the 2016 presidential election, when Russian manipulation threatened our democracy, giving primacy to disinformation over mainstream media. In December 2016, right as Facebook's head of security was privately alerting Mark Zuckerberg and Sheryl Sandberg that the Russians were hacking their platform, our clients submitted a first-of-its-kind shareholder proposal publicly asking the company to review the impact of fake news flows on the company and our electoral process. When the proposal went to a vote at the annual meeting in the spring of 2017, it received less than 6% support from investors, and management dismissed our concerns. But six months later, Facebook testified before Congress that 126 million Americans viewed Russian propaganda on the platform in the lead-up to our presidential election. The following spring of 2018, our proposal on fake news, election interference, and content governance received 30% of the independent investor vote, and Facebook, along with Google, made progress on disclosing online abuse through "transparency reports." Unfortunately, transparency has not been enough.

And so, we are addressing leadership. This proxy season, our clients have filed, for the second time, shareholder proposals asking Twitter, Facebook, and Google to add a human- and/or civil-rights expert to their boards to address the hate speech, racism, and violence rampant on their platforms. We are bringing these issues to their

boards because, at the end of the day, what happens, happens on their watch. After the insurrection, we finally saw action from corporate leadership. It was too little, too late. The storming of the Capitol happened on their watch.

THE MANIPULATION MACHINE

We are now on the brink of cultural civil war—the racist legacy of the prior Civil War where the North and South battled over the right of white Americans to own black Americans. But this time, the war is not defined by borders or state governments. It is a battle of hearts and minds across our country. And it has been defined by a mass-manipulation machine tuned to white supremacy—talk radio, Fox News, Newsmax, social media, and the ex-president himself. Ashli Babbitt, the 14-year military veteran who was fatally shot storming the Speaker’s Lobby of the Capitol, was only one victim, cultivated and nurtured by this engine of hate. The Southern Poverty Law Center reports white nationalist hate groups have “surged” 55% during the Trump era—a troubling trend that can no longer be ignored. This battle will be fought by our citizenry. And it will be fought by the investors who have a voice in how corporate America responds.

A BUG IN THE SYSTEM

Corona is not the only virus in the system. A healthy and functioning democracy is impossible in the presence of mass manipulation and the absence of an informed electorate. It is also impossible if we, as a nation, disagree on the premise that “all [wo]men are created equal.”

As active investors, we are constantly examining how we can press for positive systems change. This moment is no different, as we look to address the racism and disinformation that threaten our democracy. We will continue to put pressure on social media companies to reform their leadership and board structures to include

the human- and civil-rights expertise and the checks and balances necessary for true accountability. We are investigating how the insurance companies that provide police departments with law enforcement liability insurance can address racist police brutality. And, as always, we are pressing corporate leaders to advance an agenda of diversity, pay equity, and inclusion—not only because it’s good for business, but because it’s the right thing to do.

Natasha Lamb, Director of Equity Research & Shareholder Engagement

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