

Angry Facebook shareholders challenge Zuckerberg over 'corporate dictatorship'

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In the months since Facebook faced one of the greatest crises in its 14-year history over the Cambridge Analytica data scandal, its chief executive, Mark Zuckerberg, has faced tough questioning and increased scrutiny from his users, the media and governments around the world.



Mark Zuckerberg, the face of facebook

On Thursday, the billionaire executive faced another challenge: from angry shareholders at the company's annual meeting, where activist investors had forced votes on six proposals to change the company's governance or institute other reforms.

And while Zuckerberg and his board of directors escaped the election unscathed – a foregone conclusion thanks to the company's unequal voting structure – the event provided a platform for stinging rebukes of their leadership.

The tone was set just minutes into the meeting, when an attendee interrupted the meeting chair to complain that the shareholders would not be able to speak until after voting was over.

"Shareholder democracy is already lacking at Facebook," the woman argued, before her microphone was turned off.

Another attendee, Christine Jantz of Northstar Asset Management, said: "If privacy is a human right, as stated by Microsoft's CEO, then we contend that Facebook's poor stewardship of customer data is tantamount to a human rights violation."

Jantz was speaking in favor of a proposal to reform Facebook's stockholder voting structure. Under Facebook's current structure, Zuckerberg controls the majority of voting shares despite not owning a majority of the company, because his shares have 10 times the voting power of the shares available to regular investors.

Jantz blamed that structure for enabling problems like the Cambridge Analytica scandal, calling it an "egregious example of when a board is formed by a CEO to meet his needs" rather than those of investors.

Will Lana of Trillium Asset Management said that his firm had identified “at least 15 distinct controversies” facing the company as he spoke in favor of a proposal to change the board’s approach to risk management.

“The proof of the current structure’s inadequacies is on display in the current headlines,” Lana said.

James McRitchie, a shareholder activist, spoke in favor of a proposal to change the voting structure from what he called a “corporate dictatorship”.

“Mr Zuckerberg, take a page from history,” he said. “Emulate George Washington, not Vladimir Putin.”

In his own remarks, Zuckerberg sounded familiar notes from the recent apology tour that has seen him appear before the US Congress and European parliament as he discussed the various challenges the company faces.

“The big theme we’re focused on is making sure we take a broader view of our responsibility to everyone we serve,” Zuckerberg said, before discussing the company’s various initiatives to increase advertising transparency, improve content moderation, and prevent interference in elections.

During a question and answer session, Facebook’s chief operating officer, Sheryl Sandberg, made one new announcement – that the company would adopt a “diverse slate approach” when it comes to choosing members of its board of directors. The approach, akin to the NFL’s “Rooney Rule”, requires hiring managers to consider candidates from underrepresented groups when filling an open position.

Facebook added the first non-white member, the American Express CEO, Kenneth Chenault, to its board in January. In May, the company announced that Jeff Zients, former director of Barack Obama’s National Economic Council, would replace the WhatsApp co-founder Jan Koum on the board.

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