Council of Institutional Investors®
The voice of corporate governance

December 3, 2020

Director Shona Brown
Director L. John Doerr
Director Jeffrey Housenbold
Director Jeremy Kranz
Director Alfred Lin
Director Stanley Meresman
Director Maria Renz
c/o Keith Yandell, Chief Business and Legal Officer and Secretary

DoorDash, Inc.
901 Market St., #600
San Francisco, CA 94103

Via email: keith@doordash.com

Re: Adoption of time-based sunset provision for super-voting share classes

Dear independent members of the board:

I am writing on behalf of the Council of Institutional Investors (CII) to request that DoorDash, in connection with its initial public offering (IPO) planned for December 9, add a clear time-based sunset provision ensuring equal voting rights for all three classes of common stock by no later than the seventh anniversary of the IPO.[1] We ask that this provision supplement the event-based sunset provisions described in the preliminary prospectus.[2]

CII is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately $4 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, including public pension funds with more than 15 million participants. Our associate members include non-U.S. asset owners with about $4 trillion in assets, and a range of asset managers with more than $35 trillion in assets under management.

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[1] CII is committed to the principle of one-share, one-vote in public equity markets. Where a board decides to create differential voting rights, we urge a time-based sunset that would convert the structure to one-share, one-vote within seven years of IPO, absent approval by each class of shareholders, voting separately, to extend such a structure.
[2] DoorDash S-1/A, Nov. 30, 2020, at https://www.sec.gov/Archives/edgar/data/1792789/000119312520304953/d752207ds1a.htm, describes five events that would trigger the conversion of super-voting Class B shares. These provisions fail to remove the possibility that for the rest of their lives, DoorDash co-founders will exert a degree of influence over the public company that is disproportionate to their equity stake.

A growing number of companies that go public with differential voting rights are incorporating time-based sunsets into those structures.[3]

This trend is generally supported by a recent study of dual-class company performance, which found that even at innovative companies where unequal voting structures correlate to a value premium at the time of the IPO, that premium dissipates within six to nine years before turning negative.[4] Another study found that while dual-class structures correlate with more innovation and value creation in the period shortly after going public, within six to 10 years the costs of the unequal voting structures outweigh the benefits. The study's authors conclude, "Our findings lend credence to the recent call from shareholder advocacy groups that if dual class structures should be allowed at all, they should face rigorous sunset provisions and be eliminated in a certain period post-IPO."[5]

Public company investors have demonstrated time and again that they will support innovation and long-term capital investment at one-share, one-vote companies, as has been the case for decades at Apple, Amazon and Microsoft. While establishing accountability to owners on a proportional basis does not always maximize comfort and compensation for management, we believe accountability is important for performance longer term, especially through bumps in the road that every company will experience.

Please share this letter with the full board. We would appreciate a response, which we would make available to CII members. Please contact me at amy@cii.org or (202) 261-7082, or CII Deputy Director Glenn Davis, at glenn@cii.org or (202) 261-7097, with any questions. Thank you very much.

Sincerely,

Amy Borrus
Executive Director

[3] CII's list of *Companies with Time Based Sunsets on Dual Class Stock*

[4] Martijn Cremers, et al., *The Life-Cycle of Dual Class Firms*, November 2017, "We find that the initial dual class valuation premium is temporary and disappears within 6 to 9 years after the IPO…The declining valuations of dual- versus single-class firms suggests that potentially increased agency problems at mature dual class firms may be mitigated by a mandatory sunset provision for dual class structures, as advocated by Bebchuk and Kastiel;" *See* Lucian Bebchuk and Kobi Kastiel, *The Untenable Case for Perpetual Dual-Class Stock*, April 2017.

[5] Lindsay Baran, et al., *Dual Class Share Structure and Innovation*, May 2018.