Council of Institutional Investors®
The voice of corporate governance

December 9, 2020

Chair, CEO and founder Peter Szulczewski
Director Julie Bradley
Director Ari Emanuel
Director Joe Lonsdale
Director Tanzeen Syed
Director Stephanie Tilenius
Director Hans Tung
c/o General Counsel and Corporate Secretary Devang Shah

ContextLogic, Inc. (d/b/a Wish)
One Sansome Street
40th Floor
San Francisco, CA 94014

Re: Appreciation for reasonable path to one-share, one-vote structure

Dear Chair Szulcezewski and members of the board:

I am writing on behalf of the Council of Institutional Investors (CII) to express our appreciation for the decision to adopt a sunset provision ensuring equal voting rights across all classes of common stock no later than seven years after the initial public offering (IPO).[1]

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.

As you are aware, Wish will be joining a growing number of multi-class companies that go public with time-based sunsets.[2] While CII continues to regard equal voting rights upon IPO as the "gold standard" capital structure, we commend Wish's move to enshrine a reasonable path to achieving the gold standard—particularly at a time when some similarly situated private companies use their IPO as an opportunity to insulate insiders for decades or indefinitely.[3]

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[1] CII is committed to the principle of one-share, one-vote in public equity markets, but in 2016 began to support sunset provisions as a reasonable compromise to achieve strong corporate governance "within a reasonable period of time," which we regard as seven or fewer years.
[2] CII's list of *Companies with Time Based Sunsets on Dual Class Stock*
[3] S-1/A, Dec. 7, 2020, describes four events that would trigger the conversion of super-voting Class B shares to Class A shares including a seven-year time-based sunset.

The inclusion of sunset provisions 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 for management or the board, we believe accountability is important for performance longer term.

Please feel free to 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

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[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.