

December 11, 2020

Lead Independent Director Anthony P. Lee
Director Christopher Carvalho
Director Andrea Wong
c/o General Counsel and Secretary Mark Reinstra

Roblox Corporation
970 Park Place
San Mateo, CA 94403

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

Dear Mr. Lee and independent members of the board:

I am writing on behalf of the Council of Institutional Investors ([CII](#)) to request that Roblox, in connection with its initial public offering (IPO), trim the 15-year time frame for adopting a time-based sunset provision that ensures equal voting rights for all classes of common stock eventually. While we appreciate Roblox's use of a sunset, we request that you amend it to take effect by the seventh anniversary of the 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, growing number of companies that go public with differential voting rights are incorporating time-based sunsets into those structures.² 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.³ Another study found that while dual-class structures correlate with more innovation and value

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. Roblox [S-1/A](#), Dec. 1, 2020, describes five events that would trigger the conversion of super-voting Class B shares to Class A shares including a 15-year time-based sunset.

² CII's list of [Companies with Time Based Sunsets on Dual Class Stock](#)

³ 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.

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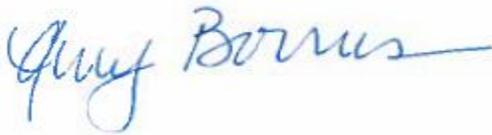
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creation in the period shortly after going public, within six to 10 years the costs of the unequal voting structures outweigh the benefits. The study's authors conclude, "Our findings lend credence to the recent call from shareholder advocacy groups 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."⁴

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. And we think it makes sense to incorporate accountability to owners in a shorter time frame than Roblox has set.

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,

A handwritten signature in blue ink that reads "Amy Borrus". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Amy Borrus
Executive Director

⁴ Lindsay Baran, et al., [*Dual Class Share Structure and Innovation*](#), May 2018.