

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

*In re Pinterest Derivative Litigation*

Lead Case No. 3:20-cv-08331-WHA

Honorable William Alsup

**NOTICE OF PENDENCY AND PROPOSED  
SETTLEMENT OF DERIVATIVE ACTIONS**

**TO: ALL PERSONS AND ENTITIES WHO HELD PINTEREST, INC. COMMON STOCK AS OF NOVEMBER 23, 2021.**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.** This Notice relates to a proposed settlement (“Settlement”) of the following derivative actions: *Bushansky v. Silbermann*, No. 3:20-cv-08331-WHA (N.D. Cal.), *Employees’ Retirement System of Rhode Island v. Silbermann*, No. 3:20-cv-08438-WHA (N.D. Cal.), *Toronto v. Silbermann*, No. 3:20-cv-09390-WHA (N.D. Cal.), and *Petretta v. Silbermann*, No. 3:21-cv-05385-WHA (N.D. Cal.), together consolidated as *In re Pinterest Derivative Litigation*, No. 3:20-cv-08331-WHA (N.D. Cal.) (together, the “Actions”). If the Court approves the proposed Settlement, you, Pinterest, and all Current Pinterest Stockholders will be forever barred from contesting the fairness, adequacy, and reasonableness of the proposed Settlement and from pursuing the Released Plaintiffs’ Claims.

All capitalized terms used in this Notice that are not otherwise defined herein have the meanings provided in the Stipulation and Agreement of Settlement entered into on November 23, 2021 (“Stipulation”), by and among (1) the Employees’ Retirement System of Rhode Island, Sal Toronto, Stephen Bushansky, and Howard Petretta (together, “Plaintiffs”); (2) current and former officers and/or members of the Board of Directors (“Board”) of Pinterest, Benjamin Silbermann, Evan Sharp, Jeffrey Jordan, Jeremy Levine, Gokul Rajaram, Fredric Reynolds, Michelle Wilson, Leslie Kilgore, Andrea Wishom, and Todd Morgenfeld (together, the “Individual Defendants”); and (3) nominal defendant Pinterest, Inc. (“Pinterest” and, together with the Individual Defendants, “Defendants”). Plaintiffs and Defendants are collectively referred to herein as the “Parties.”

**THIS NOTICE PROVIDES ONLY A SUMMARY OF THE MATERIAL TERMS OF THE SETTLEMENT AND RELEASES.** You can obtain more information by reviewing the Stipulation, which is available on Pinterest’s investor relations website at <https://investor.pinterestinc.com> and on Interim Lead Plaintiffs’ Counsel’s website at <https://www.cohenmilstein.com/case-study/re-pinterest-derivative-litigation>. Because the Settlement involves the resolution of derivative actions, which were brought on behalf of and for the benefit of the Company, and not individual or class actions on behalf of Pinterest shareholders, the benefits from the Settlement will go to Pinterest. Individual Pinterest stockholders will not receive any direct payment from the Settlement. **ACCORDINGLY,**

**THERE IS NO PROOF OF CLAIM FORM FOR STOCKHOLDERS TO SUBMIT IN CONNECTION WITH THIS SETTLEMENT. STOCKHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE.**

**PURPOSE OF NOTICE**

1. The purpose of this Notice is to explain the Actions, the terms of the proposed Settlement, and how the proposed Settlement affects Current Pinterest stockholders' legal rights. This Notice is issued pursuant to an Order of the United States District Court for the Northern District of California (the "Court") dated February 16, 2022 ("Preliminary Approval Order"), and further pursuant to the requirements of the Federal Rules of Civil Procedure, including Rule 23.1.

2. The Court will hold a hearing (the "Settlement Hearing") on May 26, 2022 at 8:00 a.m., either in person at the United States District Court for the Northern District of California, San Francisco Courthouse, Courtroom 12 – 19th Floor, 450 Golden Gate Avenue, San Francisco, CA 94102, or by telephone or video conference (in the discretion of the Court), to consider whether the Judgment, substantially in the form of Exhibit E to the Stipulation, should be entered: (i) approving the terms of the Settlement as fair, reasonable, and adequate; (ii) dismissing with prejudice the Federal Consolidated Action pursuant to the terms of the Stipulation; and (iii) ruling upon any application for any Fee & Expense Award. You have a right to participate in the Settlement Hearing.

3. This Notice describes the rights you may have in the Actions and pursuant to the Stipulation and what steps you may take, but are not required to take, in relation to the Settlement.

**BACKGROUND OF THE SETTLING MATTERS**

**Factual Background**

4. The Settlement arises out of the Actions alleging breaches of fiduciary duty, among other claims, against certain current and former officers and directors of Pinterest. Plaintiffs alleged that the Individual Defendants breached their fiduciary duties in connection with, among other things, (1) a pattern of employment discrimination and retaliation by certain executives at the Company; (2) failures of oversight by the Board; (3) waste of corporate assets, abuse of control, and unjust enrichment; and (4) a violation of Section 14(a) of the Securities Exchange Act of 1934.

5. The Individual Defendants deny the allegations made by Plaintiffs in the Actions.

**The Actions**

6. In November and December 2020, Plaintiffs filed three shareholder derivative complaints on behalf of nominal defendant Pinterest: *Bushansky*, No. 3:20-cv-08331-WHA; *Employees' Retirement System of Rhode Island*, No. 3:20-cv-08438-WHA; and *Toronto*, No. 3:20-cv-09390-WHA. Prior to filing a lawsuit, each plaintiff served a books and records demand on the Company pursuant to 8 Del. C. § 220 ("Section 220") and received and reviewed relevant documents. On February 19, 2021, the Court consolidated these three cases and appointed an

interim leadership structure. On February 26, 2021, Plaintiffs filed a consolidated complaint (the “Consolidated Complaint”), asserting claims for (1) breach of fiduciary duty, (2) waste of corporate assets, (3) abuse of control, (4) unjust enrichment, and (5) violations of Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9. The Consolidated Complaint alleges that Plaintiffs have standing to bring the shareholder derivative claims because a demand on Pinterest’s Board would have been futile.

7. On April 22, 2021, Pinterest moved to dismiss the Consolidated Complaint pursuant to Federal Rule of Civil Procedure 23.1 on the grounds that Plaintiffs had failed to adequately allege that demand would have been futile. The Individual Defendants filed a joinder, arguing that the Consolidated Complaint should also be dismissed pursuant to Federal Rule of Civil Procedure 12(b)(6). On May 27, 2021, Plaintiffs opposed Pinterest’s motion to dismiss.

8. Pursuant to the stipulation of the parties, on June 1, 2021, the Court referred the case to the Northern District of California ADR Program, appointed Chief Magistrate Judge Joseph C. Spero as Special Master, and postponed the filing of Defendants’ reply brief in support of their motion to dismiss while the parties engaged in the mediation process before Judge Spero.

9. On July 14, 2021, another shareholder derivative complaint was filed. *Petretta v. Silbermann*, No. 3:21-cv-05385-WHA. On July 19, 2021, Plaintiffs filed an unopposed notice of consolidation of related case. On October 6, 2021, the Court consolidated the *Petretta* action into the Federal Consolidated Action

### **The Special Committee**

10. On June 28, 2020, the Board formed a Special Committee and empowered it to investigate and address concerns raised by former Pinterest employees regarding company culture and other issues. Directors Kilgore, Levine, Reynolds, and Wilson were selected to serve on the Special Committee, and Ms. Wishom joined when she became a director. After engaging independent counsel at WilmerHale, fair employment experts at DCI Consulting Group, and diversity, equity, and inclusion expert Dr. Arin Reeves of Nextions, the Special Committee began its review. Following a careful review (including interviews with 350 current and former employees), in December 2020, the Special Committee publicly released its recommendations to enhance Pinterest’s culture. The Board unanimously adopted those recommendations and began implementing them.

### **The Extensive Settlement Negotiations**

11. In advance of the mediation before Judge Spero, Plaintiffs’ Counsel reviewed internal documents produced by Pinterest. These documents included, among other things, (1) minutes, agendas, board presentations, and other materials relating to regularly conducted and special meetings of the Board and Board committees; (2) internal Pinterest policies and procedures; and (3) materials relating to the independence of the members of the Special Committee. Plaintiffs’ Counsel also conducted numerous meetings and phone calls with Pinterest’s counsel. Plaintiffs’ Counsel asked the Special Committee’s counsel for detailed descriptions of the Special Committee’s process and progress in its investigation and explored

possible paths to resolution. Plaintiffs' Counsel presented to Defendants' Counsel and the Special Committee's Counsel the results of Plaintiffs' own investigations and potential reforms.

12. Plaintiffs' Counsel engaged in extensive settlement negotiations with Defendants, spanning many months. The settlement negotiations were mediated through Judge Spero. The Parties engaged in two mediation sessions held by Zoom, on June 28, 2021, and September 13, 2021. Judge Spero presided over both sessions.

13. Between the two mediation sessions, the Parties continued their dialogue, including through frequent working group sessions, with the ongoing assistance of Judge Spero. Over several sessions, the working group negotiated the detailed Agreed Settlement Commitments that form part of the Settlement and are attached to the Stipulation as Exhibit A.

14. On October 4, 2021, after telephonic meetings, Judge Spero conveyed a mediator's proposal to resolve remaining areas of contention between the Parties. The Parties accepted the mediator's proposal and, thereafter, negotiated a term sheet setting forth the material terms of the Settlement.

15. The Parties subsequently reached a definitive agreement to settle the Actions, upon the terms and conditions set forth in the Stipulation, dated November 23, 2021.

16. On February 16, 2022 the Court entered the Preliminary Approval Order in connection with the Settlement that, among other things, preliminarily approved the Settlement, authorized this Notice to be provided to Current Pinterest Stockholders, and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement and any application for an award of attorney's fees and reimbursement of expenses to counsel for any Plaintiff.

## **TERMS OF THE SETTLEMENT**

17. In consideration of the Settlement and the releases provided therein, and subject to the terms and conditions of the Stipulation, the Parties have agreed to the following settlement consideration for Pinterest.

18. The Company will implement and maintain the Agreed Settlement Commitments detailed in Exhibit A to the Stipulation and Exhibit 1 to this Notice, including but not limited to the following: (i) the Chief Executive Officer will partner with the Chair of the Talent Development and Compensation Committee ("TDCC") or the lead independent director to serve as a co-sponsor in DEI work at Pinterest; (ii) the TDCC will oversee coaching of the Executive Team; (iii) Pinterest will not enforce non-disclosure agreements for individuals who made gender or race discrimination claims so long as they only discuss the underlying facts and circumstances of incidents and reporting process; (iv) each member of the Executive Leadership Team will develop DEI people/culture and DEI business initiatives in consultation with the Chief People Officer and the Global Head of Inclusion & Diversity; (v) Pinterest will create accountability for DEI People and Business Goals and annual evaluations will assess managers' progress in creating an inclusive workplace culture; (vi) Pinterest will require bi-annual audits for pay equity across gender and racial categories and take any steps needed to maintain this equity, with the review

examining ratings, promotion, and compensation; (vii) Pinterest will adopt the Inclusive Product Program to promote diverse and inclusive product features and content; (viii) current employees will have electronic access to the Company's organization chart and to job level information for employees throughout the company and to compensation ranges for all levels within their job family; (ix) the Company's Acceptable Use Policy shall expressly prohibit doxxing and Pinterest's response to a possible doxxing incident shall include, where appropriate, utilizing an internal escalation and alert protocol, offering employees targeted by doxxing attacks online presence curation services, and using a specialized third-party vendor to help remove abusive content, where feasible; (x) the Board, or a committee thereof, will oversee any departure by a member of the Executive Leadership Team, including by reviewing the reason for the executive's departure, any material legal risks implicated by their departure, and any recommendations for changes to Company policy or procedure arising from the executive's tenure and/or departure; (xi) Internal Audit will evaluate progress on the implementation of measurable DEI reforms, with audit reports presented to the Audit Committee on a periodic basis as the audits progress and summary to the full board on an annual basis; and (xii) Pinterest will publish a diversity report twice a year for two years, and thereafter annually, which will describe at a high level progress made in implementation of DEI goals and pay equity.

19. Such reforms shall be in place throughout the Company for a period of five (5) years from the Effective Date of the Settlement, unless otherwise noted in Exhibit A to the Stipulation.

20. Pinterest's Board will allocate \$50 million in funding for the creation, implementation, and annual maintenance of the reforms noted herein, to be expended over a period no longer than ten years after final approval of the Settlement.

## **REASONS FOR THE SETTLEMENT**

21. Plaintiffs' Counsel believe that the claims asserted in the Actions have merit and that their investigation of the evidence supports the claims asserted. Without conceding the merit of any of Defendants' defenses, and in light of the benefits of the Settlement as well as to avoid the risk, uncertainty, and potentially protracted time and expense associated with continued litigation, including potential trial(s) and appeal(s), Plaintiffs and Plaintiffs' Counsel have concluded that it is desirable that the Actions be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Plaintiffs' Counsel have also taken into account the uncertain outcome and the risk of any litigation, especially complex litigation such as the Actions, the difficulties and delays inherent in such litigation, the cost to Pinterest—on behalf of which Plaintiffs are prosecuting the Actions—and distraction to Pinterest's management and employees that would result from extended litigation. Based on their evaluation, and in light of what Plaintiffs' Counsel believe to be the significant benefits conferred upon Pinterest as a result of the Settlement, Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of Plaintiffs and Pinterest and have agreed to settle the Actions upon the terms and subject to the conditions set forth in the Stipulation.

22. Each Individual Defendant has denied and continues to deny that he or she has committed or attempted to commit any violations of law, any breaches of fiduciary duty owed to Pinterest, or any wrongdoing whatsoever, and expressly maintains that, at all relevant times, he or

she acted in good faith and in a manner that he or she reasonably believed to be in the best interests of Pinterest and its stockholders. Defendants further deny that Plaintiffs, Pinterest, or its stockholders suffered any damage or were harmed as a result of any act, omission, or conduct by the Individual Defendants as alleged in the Actions or otherwise. Defendants further assert, among other things, that Plaintiffs lack standing to litigate derivatively on behalf of Pinterest because Plaintiffs cannot properly plead that a demand on the Board would be futile.

23. Pinterest's Board has approved a resolution reflecting its determination that: (a) the Settlement confers substantial and material benefits on Pinterest and its stockholders; (b) the Settlement is fair, reasonable, and in the best interests of Pinterest and its stockholders; and (c) Pinterest is authorized, subject to Court approval, to enter into and take all actions necessary to effectuate the Settlement. Defendants have, therefore, entered into the Settlement for the benefit of Pinterest to eliminate the uncertainty, distraction, disruption, burden, risk, and expense of further litigation.

### **RELEASES**

24. Upon the Effective Date, the Plaintiffs and all Current Pinterest Stockholders will release the Released Defendant Persons from the Released Plaintiffs' Claims. Upon the Effective Date, Pinterest will further release the Individual Defendants and their Related Persons from the Released Plaintiffs' Claims.

25. Upon the Effective Date, Plaintiffs (acting on their own behalf and derivatively on behalf of Pinterest and all Current Pinterest Stockholders), Pinterest, and any Current Pinterest Stockholder shall be forever barred and enjoined from commencing, instituting, or prosecuting any of the Released Plaintiffs' Claims against any of the Released Defendant Persons or any action or other proceeding against any of the Released Defendant Persons arising out of, relating to, or in connection with the Released Plaintiffs' Claims, the Federal Consolidated Action, or the filing, prosecution, defense, settlement, or resolution of the Federal Consolidated Action. Upon the Effective Date, Pinterest shall be forever barred and enjoined from commencing, instituting, or prosecuting any of the Released Plaintiffs' Claims against any of the Individual Defendants or their Related Parties or any action or other proceeding against any of the Individual Defendants or their Related Parties arising out of, relating to, or in connection with the Released Plaintiffs' Claims, the Federal Consolidated Action, or the filing, prosecution, defense, settlement, or resolution of the Federal Consolidated Action.

26. By Order of the Court, pending final determination of whether the Settlement is approved, Plaintiffs and all other Pinterest stockholders are barred and enjoined from asserting, commencing, instituting, or prosecuting any of the Released Plaintiffs' Claims against any of the Released Defendant Persons.

27. **THE ABOVE DESCRIPTION OF THE PROPOSED SETTLEMENT AND RELEASES IS A SUMMARY.** The complete terms, including the definitions of the Effective Date, Released Defendant Claims, Released Defendant Persons, Released Plaintiffs' Claims, Released Stockholder Persons, and Unknown Claims, are set forth in the Stipulation, which is available on Pinterest's investor relations website at <https://investor.pinterestinc.com/> and Interim

Lead Plaintiffs' Counsels' website at <https://www.cohenmilstein.com/case-study/pinterest-inc-derivative-litigation>.

### **Application for a Fee and Expense Award**

28. The Parties *have not* separately negotiated any agreement concerning the amount of any fee and expense award to any counsel for a Plaintiff. Rather, subject to approval of the Court, counsel for each Plaintiff will seek fees and expenses awards not to exceed two times their lodestar and for reasonable expenses incurred in the litigation. The total request by counsel for all Plaintiffs for fees and expenses will not exceed \$5,380,000.

29. Pinterest shall pay or Defendants shall cause their insurers to pay the full amount of any fee and expense award awarded by the Court. Pinterest Stockholders are not personally liable for any such fees or expenses.

30. Any fee and expense award is subject to approval by the Court at the Settlement Hearing and will not affect the Finality of the Settlement. The Court's decision granting, in whole or in part, any application for a fee and expense award is not a condition of the Stipulation or to entry of the Judgment. Any request for a fee and expense award will be considered by the Court separately from the Court's consideration of the question whether the Settlement is fair, reasonable, adequate, and in the best interests of Pinterest and Current Pinterest stockholders.

### **SETTLEMENT HEARING AND RIGHT TO APPEAR AND OBJECT**

31. The Court has scheduled a Settlement Hearing, to be held on May 26, 2022, at 8 :00 a.m., either in person at the United States District Court for the Northern District of California, San Francisco Courthouse, Courtroom 12 – 19th Floor, 450 Golden Gate Avenue, San Francisco, CA 94102, or by telephone or video conference (in the discretion of the Court), to consider whether the Judgment, substantially in the form of Exhibit E to the Stipulation, should be entered: (i) approving the terms of the Settlement as fair, reasonable, and adequate and in the best interests of Pinterest and Pinterest's stockholders; (ii) dismissing with prejudice the Actions against Defendants pursuant to the terms of the Stipulation; and (iii) ruling upon any application for a fee and expense award.

32. **Please Note:** The date and time of the Settlement Hearing may change without further written notice to Current Pinterest Stockholders. In addition, the COVID-19 pandemic is a fluid situation that creates the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Current Pinterest Stockholders to appear at the hearing by video or telephone, without further written notice. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Current Pinterest Stockholders must or may participate by telephone or video, it is important that you monitor the Court's docket before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the Hearing, will be posted to that docket. If the Court requires or allows Current Pinterest Stockholders to participate in the Settlement Hearing by telephone or video conference, the information for accessing the telephone or video conference will be posted to the Court's docket.**

33. Any Person who held Pinterest stock as of November 23, 2021 (“Current Pinterest Stockholder”) and continues to hold the stock as of the date of the Settlement Hearing may appear at the Settlement Hearing to show cause why the proposed Settlement should not be approved; why the Judgment should not be entered thereon; or why any application for a fee and expense award should not be granted; *provided, however*, that no such Person shall be heard unless such Person has filed with the Clerk of the United States District Court for the Northern District of California, San Francisco Courthouse, Courtroom 12 – 19th Floor 450 Golden Gate Avenue, San Francisco, CA 94102, a written objection that includes: (i) the objector’s name, address, and telephone number (and, if represented, that of his, her, or its counsel), along with a representation as to whether the objector intends to appear at the Settlement Hearing; (ii) a statement that the objector owned shares of Pinterest common stock as of November 23, 2021, and continues to hold common stock in Pinterest; (iii) a statement of the objections to any matters before the Court, as well as all documents or writings the objector desires the Court to consider; and (iv) if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identities of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence. Any objection to the proposed Settlement must be filed with the Court by no later than April 15, 2022. Any objection to attorneys’ fees and costs motions must be filed with the Court by no later than May 24, 2022.

**Office of the Clerk**

San Francisco Courthouse, Courtroom 12 – 19th Floor  
450 Golden Gate Avenue,  
San Francisco, CA 94102

34. Unless the Court otherwise directs, no Person shall be entitled to object to the approval of the Settlement, the Judgment to be entered approving the Settlement, any application for any Fee and Expense award, or otherwise be heard except by filing a written objection as prescribed above. Any Person who fails to object in the manner described above shall be deemed to have waived the right to object to any aspect of the proposed Settlement and any fee and expense award (including any right of appeal or collateral attack); be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement, the Judgment to be entered approving the Settlement, or any Fee and Expense Award; and be deemed to have waived and forever barred and foreclosed from being heard, in this or any other proceeding, with respect to any matters concerning the Settlement or any Fee and Expense Award.

**ORDER AND FINAL JUDGMENT OF THE COURT**

35. The Parties will jointly request at the Settlement Hearing that the Court determine and enter the Judgment concluding that the Settlement is fair, reasonable, adequate, and in the best interests of Pinterest stockholders. The Judgment shall, among other things:

- a. Determine that the requirements of Rule 23.1 of the Federal Rules of Civil Procedure and due process have been satisfied in connection with this Notice;
- b. Approve the Settlement as fair, reasonable, adequate, and in the best interests of Pinterest and Pinterest stockholders;

- c. Dismiss the Actions with prejudice against all Defendants without costs except as provided in the Stipulation, and release the Released Claims; and
- d. Determine the amount of any fee and expense award.

**SCOPE OF THIS NOTICE**

36. This Notice does not purport to be a comprehensive description of the Actions, the terms of the Settlement, or the Settlement Hearing. For the full details of the Actions, Pinterest stockholders may inspect the pleadings, the Stipulation, and the orders entered by the Court and are referred to the office of the Clerk of Court, San Francisco Courthouse, Courtroom 12 – 19th Floor 450 Golden Gate Avenue, San Francisco, CA 94102. The Stipulation is also available on Pinterest’s investor relations website at <https://investor.pinterestinc.com/>.

37. If you have questions regarding the Settlement, you may contact Interim Lead Counsel:

Julie Goldsmith Reiser, Esq.  
Cohen Milstein Sellers & Toll PLLC  
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Washington, DC 20005  
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