



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

KEY WEST POLICE OFFICERS')	
AND FIREFIGHTERS')	
RETIREMENT PLAN, Derivatively)	
on Behalf of PINTEREST. INC,)	
)	C.A. No. 2021-0257-SG
Plaintiffs,)	
)	PUBLIC [REDACTED]
v.)	VERSION AS FILED
)	ON MARCH 29, 2021
BENJAMIN SILBERMANN, TODD)	
MORGENFELD, JEFFREY)	
JORDAN, LESLIE J. KILGORE,)	
JEREMY S. LEVINE, GOKUL)	
RAJARAM, FREDERIC G.)	
REYNOLDS, EVAN SHARP, and)	
MICHELLE WILSON,)	
)	
Defendants,)	
)	
and)	
)	
PINTEREST, INC,)	
)	
Nominal Defendant.)	
_____)	

VERIFIED DERIVATIVE COMPLAINT

Plaintiff City of Key West Police Officers’ and Firefighters’ Retirement Plan (“Plaintiff”), by and through its undersigned attorneys, on personal knowledge as to its own conduct, and on information and belief, including the investigation of counsel, the review of publicly available information, and the review of certain

books and records produced in response to a demand made under 8 *Del. C.* § 220, as to all other matters, allege as follows:

I. NATURE OF THE ACTION

1. There is no place in today's corporate America for race- and sex-based discrimination and retaliation. But if you are a member of the board of directors of an internet application company that derives the vast majority of its revenues through female users, and whose public marketing describes the company as "the nicest place on the internet," the very notion of tolerating gender and racial bias by senior management should be self-evidently anathema, illogical, and unacceptable.

2. When the senior management and the board also consists of members of a control group or are loyal to the company's founder, however, board inaction in the face of red flags of such wrongdoing constitutes an even greater level of fiduciary misconduct.

3. This stockholder derivative action arises from and seeks to remedy precisely such discrimination and retaliation involving the board of directors ("Board") and certain officers of Pinterest, Inc. ("Pinterest" or the "Company").

4. The Board and the Company's top executives personally engaged in, facilitated, or knowingly ignored the discrimination and retaliation against those who spoke up and challenged the Company's discriminatory culture. As a result of

the board's and the Company's top executives' misconduct, the Company's financial position, goodwill, and reputation among users has been and continues to be harmed.

5. Pinterest's culture and strategy are dominated by its co-founder and CEO, Benjamin Silbermann ("Silbermann"). A serial entrepreneur with a spotty record of success, Silbermann – with the support of college friends from Yale University and a few long-time supporters from the Silicon Valley venture capital community – started what became Pinterest in or around 2010.

6. The concept for Pinterest's application is simple: users can "pin" things in which they have an "interest" – such as interior design concepts, recipes, or hobbies – into a virtual folder, which they can share with others. Pinterest's user base is overwhelmingly female, and its success required cultivating its reputation.

7. As Pinterest raised money from venture capital funds like Andreessen Horowitz and Bessemer Venture Partners, a majority of its Board consisted of people with longstanding personal or financial ties to Silbermann. These directors were willing to – and ultimately did – cater to Silbermann's "rockstar" persona rather than cross him and risk being excluded from the Company's rapid and potentially significant growth.

8. As explained below, despite the Company's reliance on women to drive its user base (and hence, its revenues), Pinterest's executive ranks in its early days – like that of so many Silicon Valley startups – consisted overwhelmingly of white

males. Pinterest ran into trouble, however, when females and minorities began to earn their way into the Company's upper echelons, and the men in power took improper actions to suppress what they evidently saw as a personal threat.

9. As Pinterest's former Chief Operating Officer has stated, "[a]lthough 70 percent of Pinterest's users are women, the company is steered by men with little input from female executives. *Pinterest's female executives, even at the highest levels, are marginalized, excluded, and silenced.*"

10. As explained below, the Board oversaw the Company's facially discriminatory compensation practices at the senior executive ranks. For example, when Pinterest hired Francois Brougher ("Brougher"), a female sales executive who enjoyed extensive prior success and was considered one of Silicon Valley's rising stars, as its first female COO, Brougher was told she was getting the Company's standard executive compensation options vesting schedule.

11. When Brougher learned that, in fact, she was both paid less in total compensation and received equity on a far less favorable vesting schedule than other, similarly situated executives, Brougher filed a complaint against the Company based on the "rampant discrimination, hostile work environment, and misogyny that permeates Pinterest."

12. Brougher also shed light on the Board's role in the Company's broken culture. In contrast with her experience with other public company boards, where

directors were active, engaged participants who asked probing questions, Pinterest's Board members were "cordial, nodding their heads ... and rarely asking difficult questions." When Brougher asked Silbermann why the Board did not challenge the Company's executives, Silbermann responded bluntly: "*I chose them.*"

13. Similarly, Ifeoma Ozoma ("Ozoma"), a rising Black female public policy expert, was informed when she joined Pinterest in 2018 as its Public Policy and Social Impact Manager, following successful stints at Google and Facebook, that her pay package was on par with her male counterparts. Yet senior management – pursuant to a pay scale that the Board oversaw – paid Ozoma a fraction of what a male with her job would have received. When Ozoma learned the truth about her discriminatory treatment, she lodged complaints.

14. The Brougher and Ozoma incidents, as well as others detailed below, opened the floodgates to a veritable tsunami of public outrage about Pinterest's hypocrisy and unacceptable treatment of women and minorities. Pinterest's Board not only violated the trust of its female executives but tarnished its reputation with its user base generally.

15. Soon thereafter, news sources published accounts of other unacceptable conduct at Pinterest:

One black female former employee said she was told to stop speaking in meetings and watched her manager use the presentations she created to speak to clients instead. The woman, who was the only black person on her team, said an executive joked that she should act as "the servant"

and “serve” her co-workers at a team dinner. “Everyone knew it was wrong, but nobody said anything in that moment,” said the ex-employee, who said she was too scared of retaliation to report the incident to HR. Another black ex-employee said a top marketing executive told her that she was surprised that marketing material showing a black woman, created by the ex-employee, was successful.¹

16. To be sure, while the public disclosure of these complaints came in mid-2020, documents produced in response to Plaintiff’s Section 220 demand confirmed that the Board had been tracking these and other complaints for harassment and discrimination since 2019, and likely since the Company’s April 2019 IPO. The Board knew about the Company’s internal discrimination problem and Brougher’s exclusion from Board meetings despite her senior executive title, but nobody challenged Silbermann and his cohorts in senior management.

17. By June 2020, Pinterest was besieged by stories of its “dog-eat-dog,” “chaotic,” and “toxic” culture. This included that Black employees would be fired or “pushed out” after meeting or exceeding their performance goals; that “poor management skills created a culture of firing that left everyone fighting for recognition”; complaints that women were systemically underpaid; that HR automatically sided with managers when complaints were made to HR, and employees systemically received negative reviews while managers were promoted.

¹ Nitasha Tiku, *Black women say Pinterest created a den of discrimination — despite its image as the nicest company in tech*, WASHINGTON POST, July 4, 2020, <https://www.washingtonpost.com/technology/2020/07/03/pinterest-race-bias-black-employees/>.

18. With the Board continuing to follow Silbermann's lead instead of taking control when their own leadership was imperative, Silbermann released a statement acknowledging that "parts of our culture are broken," that he had presided over "a failure in leadership," and that Black, female, and other minority employees:

feel like they don't belong at Pinterest. Because of the lack of representation in senior leadership and the board. Because they are afraid to bring concerns to their managers or HR. Because they don't feel that they have the same opportunities to grow their careers. Because of the lack of diversity in our product and brand. These are just some of the problems. . . . I need to do better. My leaders need to do better. And Pinterest needs to be better.²

19. On August 14, 2020, in response to the employee revelations, over 200 Pinterest employees championed an online petition and staged a virtual "walkout" calling on Silbermann to change the Company's policies. "These are not isolated cases," workers wrote in the petition. "Instead, they are representative of an organizational culture that hurts all Pinterest workers, and keeps us from achieving our mission of bringing everyone the inspiration to create a life they love."

20. Through this case, Plaintiff seeks to ensure that the Pinterest Board is held accountable for overseeing and permitting a sustained practice of sexual and

² Sarah Frier, *Pinterest CEO Silbermann Says 'Parts of Our Culture Are Broken'*, BLOOMBERG (June 18, 2020), <https://www.bloomberg.com/news/articles/2020-06-18/pinterest-ceo-silbermann-says-parts-of-our-culture-are-broken>.

racial discrimination that has resulted in material harm to the Company's financial position, reputation and goodwill.

II. PARTIES

A. Plaintiff

21. Plaintiff currently owns shares of Pinterest common stock and has owned Pinterest shares at all relevant times.

B. Defendants

i. Nominal Defendant

22. Nominal Defendant Pinterest is a Delaware corporation with its corporate headquarters in San Francisco, California. Pinterest is an image-sharing social media company that allows users to collect links and create virtual "pin boards" based on their interests, which principally include wedding planning and recipes. The Company's business is geared toward and relies upon its female consumer base. The Company's shares trade on the New York Stock Exchange under the ticker symbol "PINS."

ii. Director Defendants

23. Defendant Benjamin Silbermann ("Silbermann") co-founded Pinterest, is the Company's CEO, and is the Chairman of the Board. Prior to co-founding Pinterest, Silbermann worked at Google and received his Bachelor of Arts from Yale University. According to the Company's Schedule 14A filed with the SEC on April 9, 2020 (the "2020 Proxy Statement"), as of March 31, 2020, Silbermann

beneficially owned 50,246,508 (or 27.47%) of the Company's Class B stock, which is entitled to twenty votes per share. As of that date, Silberman held approximately 25% of the Company's total voting power. Through his exercise of significant personal voting power and, as discussed below, close relationships with other significant stockholders who collectively exercise influence over the rest of the board, Silbermann is part of the group that controls the Company.

24. Defendant Evan Sharp ("Sharp") is also a co-founder of Pinterest and has served as a member of the Company's Board since 2019. Sharp has been friends with Silbermann since 2009 when they met through a mutual friend and immediately connected over their mutual interests, including their love of the internet as a "really precious window into worlds outside our day-to-day experience."³

25. Sharp then co-founded Pinterest with Silbermann and Paul Sciarra (another close friend) and currently serves as the Company's Chief Design & Creative Officer. Sharp was previously a product designer at Facebook from 2010 to 2011. According to the 2020 Proxy Statement, Sharp owned approximately 5.34% of the Company's Class B stock and 5% of the Company's voting power.

³ Jeff Bercovici, *Inside Pinterest: The Coming Ad Colossus That Could Dwarf Twitter and Facebook*, Forbes.com (Nov. 3, 2014), <https://www.forbes.com/sites/jeffbercovici/2014/10/15/inside-pinterest-the-coming-ad-colossus-that-could-dwarf-twitter-and-facebook/?sh=6cfd96df18ae>.

26. Defendant Jeffrey Jordan (“Jordan”) has served as a Director of Pinterest since 2011. Jordan has also served as a General Partner of Andreessen Horowitz since 2011. Andreessen Horowitz is a significant investor in the Company, owning approximately 15% of the Company’s Class B shares and approximately 13.4% of the Company’s voting power. Jordan and Andreessen Horowitz invested in Pinterest because of their relationship with Silbermann. Indeed, Jordan rose to prominence in part because Andreessen Horowitz’s

bet on Pinterest alone, one of Jordan’s first after joining the firm in 2011, is worth \$1 billion. Jordan’s nonmonetary reward: Earlier this year he became managing partner of the decade-old firm, meaning he’s now responsible for personnel, budgeting, day-to-day operations, and the like, all while continuing to invest and sit on boards.

Previously, Jordan served as President and Chief Executive Officer of OpenTable, Inc., an internet and mobile services company, from 2007 to 2011. He served as President of PayPal, the internet-based payment system then owned by internet company eBay, Inc., from 2004 to 2006.

27. Defendant Jeremy Levine (“Levine”) has served as a Director of Pinterest since 2011. Levine has served as a partner at Bessemer Venture Partners, a venture capital firm, since 2001, where his investment experience includes entrepreneurial startups and high growth companies including consumer internet, consumer software and business software and services. Levine met Silbermann in 2011 through a mutual friend on the way to the airport for what was supposed to be

a simple ten-minute meeting. Levine was so impressed by Silbermann that he ended up spending several hours with the Pinterest co-founder and missed his flight. A few weeks later, Levine and Bessemer Venture Partners led Pinterest's \$10 million Series A round stock raise. According to the 2020 Proxy Statement, Bessemer owns approximately 21% of the Company's Class B stock and 19% of the Company's voting power.

28. Defendant Leslie Kilgore ("Kilgore") has served as a Director of Pinterest since 2019. Leslie Kilgore served as Chief Marketing Officer of Netflix, Inc., an online entertainment service, from 2000 to 2012.

29. Defendant Gokul Rajaram ("Rajaram") has served as a Director of Pinterest since 2020. Gokul Rajaram has served as the head of the Caviar product at DoorDash, a food ordering service, since November 2019. From 2013 to 2019, Rajaram led several product-development teams at Square, Inc., a financial technology company. Prior to Square, Inc., from 2010 to 2013 Rajaram served as Product Director of Ads at Facebook. Previously, Rajaram was Product Management Director for Google AdSense.

30. Defendant Frederic Reynolds ("Reynolds") has served as a Director of Pinterest since 2017. Fredric Reynolds served as Executive Vice President and Chief Financial Officer of CBS Corporation, a mass media company, from 2006 to 2009. From 2001 to 2005, he served as President and Chief Executive Officer of

Viacom Television Stations Group and as Executive Vice President and Chief Financial Officer of Viacom Inc. from 2000 to 2001. Reynolds continues to be a director at other companies, such as Kraft Foods and Mondelez International, Inc.

31. Defendant Michelle Wilson (“Wilson”) has served as a Director of Pinterest since 2016. Michelle Wilson worked in various capacities, including serving for thirteen years—until 2012—as Senior Vice President and General Counsel at Amazon.com, Inc.

iii. The Officer Defendant

32. Defendant Todd Morgenfeld (“Morgenfeld”) has been the Company’s CFO since 2016. Prior to joining Pinterest, he served as Vice President of Finance at Twitter from 2015 to 2016 and Treasurer and Senior Vice President of Corporate Development and Corporate Financial Analytics at Hewlett-Packard Company from 2013 to 2015. He served as an investment partner at Silver Lake from 2004 to 2013.

33. The defendants identified above in ¶¶ [23-32] are referred to collectively as the “Individual Defendants” and the defendants identified above in ¶¶ 23-31 are referred collectively as the “Board” and the “Director Defendants.”

iv. Relevant Non-Party

34. Non-party Paul Sciarra (“Sciarra”) co-founded Pinterest with Silbermann and Sharp. Sciarra met Silbermann when they were classmates and members of the same residential college at Yale University. They soon became close

friends.⁴ Sciarra left Pinterest in 2012 to take a role as an entrepreneur-in-residence at Andreessen Horowitz. After leaving Pinterest, Sciarra remained an advisor and continues to hold approximately 23% of the Company's Class B stock and approximately 21% of the Company's total voting power. Together, Silbermann, Sharp and Sciarra hold approximately 51% of the Company's voting power.

III. FACTUAL ALLEGATIONS

A. Background on Pinterest

35. Pinterest is a social media company that allows users to collect images and links to create virtual "pin boards" based on their interests, which principally include wedding planning and recipes. The Company is headquartered in California and incorporated in Delaware.

36. Before Pinterest, Silbermann and Sciarra were classmates and became friends at Yale University. Thereafter, Silbermann worked at Google. While Google provided Silbermann with entrepreneurial ideas, he said his job responsibilities of designing products and display ads for the site prevented him from innovating.

⁴ <https://www.businessinsider.com/ben-silbermann-net-worth-pinterest-billionaire-family-2019-10#at-the-time-silbermann-was-collaborating-with-paul-sciarra-his-friend-from-yale-and-the-pair-tried-out-loads-of-different-product-ideas-16>; <https://bulletin.yale.edu/sites/default/files/viewbook-2018-2019.pdf>.

37. Motivated to create his own products, Silbermann left Google in 2008 to develop iPhone apps, each of which flopped commercially and which were not widely adopted. Silbermann then reunited with his friend, Sciarra, and founded “Cold Brew Labs,” a mobile shopping startup. Their main product was a shopping app named “Tote.” The biggest realization Silbermann and Sciarra had with Tote was that people were not actually using it to shop. Rather, people were using the app to find products they liked and then send themselves pictures of the products to shop for later. Tote promptly shut down. But the way people used the app gave Silbermann the idea for Pinterest.

38. While he was developing what would eventually become Pinterest, Silbermann met Sharp in New York through a mutual friend. Sharp, who at the time was a Columbia architecture student, and Silbermann became quick friends because: “We both had the same hobby, which was the Internet. I grew up in rural Pennsylvania, and Ben grew up in Des Moines. For both of us, in a way, the Internet was this really precious window into worlds outside our day-to-day experience.”

39. Sharp told Silbermann about his collection of thousands of architectural drawings and photos, which had become increasingly hard to organize. That resonated with Silbermann, who had noticed that Tote’s users seemed more interested in saving photos of products than in buying the products themselves. He

invited Sharp to join Cold Brew Labs. Together Silbermann, Sciarra, and Sharp launched the first desktop version of Pinterest in March 2010.

40. Pinterest was not an overnight success in the marketplace. Its early growth was the result of laborious word-of-mouth marketing, with Silbermann leaning on everyone in his network to spread the word and personally contacting several thousand users to quiz them about what they liked and disliked.

41. Nor was the Company an overnight sensation with investors. Silbermann “had a hell of a time raising money in the beginning.” That all changed when Silbermann brought in Defendants Jordan (Andreessen Horowitz) and Levine (Bessemer Venture Partners) in 2011, whose venture capital firms led approximately \$27 million in capital raises.

42. As discussed herein, both Jordan and Levine invested in Pinterest based on their trust in Silbermann to lead the Company. That trust promised to make the two extremely wealthy as the Pinterest concept caught on and made Silbermann the founder of a potential “unicorn” investment.

43. Pinterest went public in 2019 with a dual-class structure in an IPO valuing it over \$10 billion. As a result of the IPO, public investors hold low-voting Class A shares entitling them to one vote per share. Post-IPO, Pinterest’s three co-founders (Silbermann, Sharp, and Sciarra), Morgenfeld, and venture capital

investors (Andreessen Horowitz and Bessemer Venture Capital) held high-vote shares entitling them to 20 votes per share.

44. The Company's dual-class structure admittedly concentrates control over the Company in Silbermann and other holders of Class B shares. As of the 2020 Proxy Statement, Silbermann, Sciarra, Sharp, and other long-term investors (including Andreessen Horowitz and Bessemer Venture Capital) held over 80% of the Company's vote. As a result of this control and the fact that Defendants Jordan and Levine comprise the majority of the Company's Nominating and Corporate Governance Committee, Silbermann and his longtime allies decide the makeup of the Company's board of directors and control the appointment and removal of directors. They collectively control the outcome of almost any stockholder vote.

45. Pinterest admits the impact of this concentration of control in its February 6, 2020 Form 10-K stating "[t]he dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our initial public offering ("IPO") including our co-founders" and "other pre-IPO stockholders" which "***will limit or preclude your ability to influence corporate matters.***"

46. Pinterest further acknowledges that because of the dual-class voting structure, "for the foreseeable future, holders of our Class B common stock could have significant influence over the management and affairs of our company and over

the outcome of all matters submitted to our stockholders for approval, including the election of directors and significant corporate transactions.”

47. There is no mandatory sunset on the dual-class structure and even after leaving the Company, Pinterest’s co-founders retain significant voting control. Even if Silbermann were terminated by the Company, he would “continue to have the ability to exercise significant voting power” to the extent he retained his Class B common stock.

48. To be sure, every time other Class B shareholders divest their shares, the co-founders’ relative power increases, as those Class B shares convert into low-vote Class A shares, and the remaining Class B shares represent a larger portion of the denominator of all eligible votes.

49. Moreover, Silbermann, born in 1982, also imposed a highly unusual clause allowing his descendants to vote his Class B shares up to 540 days after his death, meaning he can influence the Company from beyond the grave.

50. Pinterest’s dual-class voting structure and lack of a meaningful sunset provision has been widely criticized as preventing effective governance and oversight, including by the Council of Institutional Investors.⁵ As *The New York Times* noted at the time of Pinterest’s IPO, Pinterest’s system of “super-voting shares

⁵ See Council of Institutional Investors, Letter to Outside Directors of Pinterest (Mar. 25, 2019), <http://business.cch.com/srd/20190325CIILettertoPinterestonSunsets.pdf>.

undermines the system of accountability that has long been a pillar of public stock markets” and “can give insiders too much power and insulate executives who make poor decisions.”⁶ That precise dynamic surely reared its ugly head at Pinterest.

B. Pinterest Promotes Itself as the Nicest Place on the Internet

51. Billions of searches happen on Pinterest every month, making it an appealing source of revenue for advertisers. Pinterest had an average revenue per user of \$4.00 in the fourth quarter of 2019.

52. Pinterest’s business model is focused on “inspiration.” As its Form 10-K explains:

On Pinterest, businesses have the opportunity to showcase their products and services in an inspiring, creative environment. This is rare on the internet, where consumers’ digital experiences can be stressful or negative, and brands can get caught in the crossfire. We believe that the inspirational and constructive feelings that many people experience on Pinterest make our site an especially effective environment for brands and creators to build an emotional connection with consumers.

53. Pinterest’s business model is highly geared toward and relies upon its female consumer base. According to the Company’s most recent Form 10-K, “Pinterest reaches 459 million monthly active users, about two-thirds of whom are

⁶ Peter Eavis, *Lyft and Pinterest Won’t Be Giving Shareholders Much Say*, *The New York Times* (Mar. 27, 2019). See also Lucian Bebchuk and Kobi Kastiel, *The Perils of Pinterest’s Dual-Class Structure*, *Harvard Law School Forum on Corporate Governance* (Apr. 10, 2019).

female.” Accordingly, the Company must protect its reputation and goodwill among its disproportionately female usership.

54. Pinterest publicly represents its belief that diversity in its work force will produce the best outcomes for Pinterest’s users. The Company advertises its workplace to be diverse, inclusive, and representing different perspectives, experiences, and backgrounds. Pinterest has stated: “Diversity at Pinterest is not an HR initiative, it’s something we all own.” “Inclusion and diversity is not only a value; it’s foundational to making the best decisions and building the strongest teams over time.”

C. The Individual Defendants Foster and Permit a Culture of Discrimination and Retaliation on the Basis of Race and Gender

55. While the Company has publicly committed to being “the nicest place on the internet,” the top brass at Pinterest, including Silbermann and other senior management, have engaged in systemic illegal discrimination on the basis of race and sex from at least 2018 through the present. The other Individual Defendants, each beholden and loyal to Silbermann, have known about but done nothing to stem this discrimination.

56. In the summer of 2020, three senior female employees of Pinterest alleged that Pinterest’s senior management engaged in illegal sex and race discrimination. According to these senior female employees, the top management at Pinterest internally encouraged a long-standing and systemic culture of

discrimination and retaliation while publicly promoting Pinterest's idealistic public image of inclusion and diversity.

57. The three senior female employees further alleged that the Company's leadership is dominated by a male clique made up of individuals close to Silbermann. This clique and their enablers in Legal and Human Resources promoted a toxic corporate culture where female and minorities are underpaid, marginalized, and forced out on the basis of their diverse status, without regard to their significant financial and operational accomplishments on behalf of Pinterest.

58. As Pinterest's former Chief Operating Officer stated, "[a]lthough 70 percent of Pinterest's users are women, the company is steered by men with little input from female executives. Pinterest's female executives, even at the highest levels, are marginalized, excluded, and silenced."

59. In summer 2020, Pinterest was sued by three former senior female employees. Those filings shed light on the Company's discriminatory and retaliatory culture and illustrate how the Individual Defendants promoted and allowed that culture to fester and metastasize.

i. Pinterest's Former Chief Operating Officer Reveals the Company's Discriminatory and Retaliatory Culture

60. In August 2020, Pinterest's former COO, Brougher, filed a lawsuit based on the "rampant discrimination, hostile work environment, and misogyny that permeates Pinterest."

61. Hired in March 2018 because the Company was looking for a seasoned executive who understood online advertising, Brougher brought sterling credentials with experience at companies such as Google, Square, and Charles Schwab. At Google, she headed the Business Operations and Strategy group during a period of exponential growth, and led Google's initial expansion into Africa.

62. Additionally, at Google, Brougher had run its \$16 billion Ad Sales business and managed thousands of people. Under her leadership, revenue growth moved from the high single digits to over 25 percent year-over-year for these advertisers. At Square, Brougher had worked on initiatives such the creation of Square's partner ecosystem and taking Square public. Having taken one Company public before—a skill possessed by no other member of the Pinterest C-suite—Brougher was well-qualified to do the same as Pinterest's ambitions grew.

63. When she first joined Pinterest, Brougher would attend board meetings as the Company's number two executive. As the Company's first-ever COO, Brougher oversaw the more-than-doubling of Pinterest's revenues, from under \$500 million to \$1.1 billion. The Company also increased its advertiser base from 10,000 to 80,000 and expanded operations to 20 countries. The revenue growth laid groundwork for a successful IPO.

64. Yet, just before the Company's April 18, 2019 IPO, Brougher (like Ozoma and Banks, as described below) learned that her equity compensation far

lagged her less-qualified male peers. When she was first hired, Brougher was told that the Board had directed that executives receive backloaded equity grants. Specifically, she was told “that all Pinterest executives had the same backloaded vesting schedule. Our equity portion vested 10 percent the first year, 20 percent the second, 30 percent the third, and 40 percent the fourth.”

65. Brougher had a completely different vesting schedule. Starting in March 2019, Brougher was to receive stock over five years, with zero vested in the first year, and 90 percent vested over the last two years of the grant.

66. Only when she reviewed drafts of the S-1 filing did Brougher learn that she was “the only executive on the leadership team given this backloaded deal.”

67. Her male peers had considerably more favorable vesting schedules, where their initial equity grants were not backloaded. Her closest peer, Pinterest CFO Morgenfeld, had 812,500 options which vested in his first year, compared to Ms. Brougher’s 300,000 shares. That is, for her first year she received 37% of the equity paid that Morgenfeld received for his first year.

68. Notably, Morgenfeld had a strong relationship with Silbermann, which overrode the fact that he lacked comparable experience managing large, complex organizations and taking the companies public.

69. Brougher also faced direct discrimination from members of the executive team. Silbermann, for example, criticized her for her candor and direct

communication style and allegedly not being “collaborative,” while failing to treat male peers similarly. Silbermann told her it was unacceptable to make statements such as “we have basically not improved [an issue].”

70. After Brougher raised the equity grant issue with Silbermann and with the head of human resources, she also pointed out that Morgenfeld made demeaning and sexist comments to her.

71. For example, in the month after Brougher’s team grew Pinterest’s 2019 fourth quarter revenues to their highest fourth quarter levels ever, Morganfeld made the following sarcastic comment in front of Brougher’s peers: “What is your job anyway?” Morgenfeld also made further reductive comments that minimized Brougher’s operational achievements—including the revenue achievements—and which human resources acknowledged were “inappropriate” performance measures.

72. As a result of sexist and discriminatory attitudes, Brougher recounted that she was excluded from key Ads team meetings, analyst days, and Board meetings—unlike before, when she had regularly attended meetings. For example,

[REDACTED]

[REDACTED]

[REDACTED]⁷ Silbermann also decided to exclude Brougher from Pinterest’s IPO

⁷ See, e.g., [REDACTED]

██████████⁸ By dint of being present at multiple meetings that the Company’s COO did not attend, the members of the Board were on notice that she was being excluded from these meetings—and said nothing.

73. The Company also kept her in the dark about important initiatives and did not consult her on major decisions affecting her department, including a consequential change the engineering team had made to the ad targeting system. As a result of this ad targeting system change, the Company suffered a serious drop in revenue shortly after they went public. This was a function of the fact that decisions were made in silos, without transparency. For example, Silbermann would make “important decisions ... in sidebar conversations ... [with] two or three of his lieutenants, invariably men, who often did not have complete information.”

74. When Brougher raised concerns about product design that advertisers had brought to her attention, Silbermann—head of product as well as CEO—disinvited her from product team meetings. As Brougher wrote:

It was impossible to do my job if I was excluded from meetings where important decisions were made. I had to waste time and energy just determining what was happening at a company where I was supposed to be a leader. When [Silbermann] tried to catch me up on critical decisions after the fact, I was unable to advise him, the reason he had hired me in the first place.

⁸ See ██████████
██████████

75. Brougher also received performance reviews that were not focused, as they should have been, on her strong job performance and the material improvements she had made to the Company. Rather, Brougher was told that she was “not collaborative” and was criticized for directly and clearly identifying areas that needed improvement.

76. Silbermann turned a blind eye to the sexist behavior Morgenfeld was exhibiting. In direct conversations with Brougher, Silbermann made clear that he did not want to get involved and would not manage Morgenfeld.

77. Ultimately, rather than implementing an independent and proper investigation into Morgenfeld’s behavior, Silbermann and the Company fired Brougher and replaced her with Morgenfeld, the very individual who had made sexist comments regarding Brougher and who was less experienced than Brougher.

78. To add insult to injury, Silbermann asked Brougher to lie about the reason she left the Company by making an announcement that she was leaving by choice and to sign a non-disclosure agreement, which Brougher refused to do.

ii. Pinterest Discriminates Against Black Employees Banks and Ozoma

79. Ifeoma Ozoma (“Ozoma”), a Yale University graduate, built a strong reputation on her public policy work at Google and Facebook. In July 2018, she was

asked to join the Pinterest public policy team, with the title Public Policy and Social Impact Manager.

80. At her hiring, Ozoma became the second employee named to the public policy team. Her colleague was Charlie Hale (“Hale”), a White male Ozoma knew to be personally close to Silbermann.

81. When invited to join Pinterest and abandon her other promising opportunities, Ozoma was promised the chance to build the team from the ground up and that she would split the public policy work equally with Hale.

82. However, soon after starting her employment, Ozoma learned that Pinterest was paying Hale substantially more compensation for doing comparable work, based on a “level chart” that Hale himself had created.

83. Ozoma was told before signing that her compensation was the best the Company could do for her role. In September 2018, however, she learned that she was hired at a Level 4—the second-lowest level for her team. Hale, who did comparable work and had less relevant public policy experience than Ozoma, was paid at the highest pay level for the public policy team—Level 8.

84. Other Pinterest employees quickly recognized that Hale had less relevant experience than Ozoma. At least one employee who had previously worked directly with Hale found when later working with Ozoma that she had significantly

more experience working with nonprofits and governmental agencies than Hale did. Yet Ozoma was paid at a salary level significantly lower than that employee.

85. Ozoma tried to negotiate a pay raise. Instead of being given a meaningful promotion at the end of 2018, she was told by Hale: “adjust your expectations,” and “you should only ask for what you deserve.”

86. Ozoma, who kept working diligently for Pinterest despite Hale’s dismissiveness and being underpaid for her role, continued to pursue equal leveling and pay. When Ozoma’s attorney asserted in May 2019 that Pinterest should have hired her at level six, Pinterest responded that Ozoma lacked the necessary years of experience to be assigned a higher pay level, a criterion that did not appear on the level chart.

87. In the face of the Company’s inaction, she filed a claim against the Company with the California Department of Fair Employment and Housing (“DFEH”) in July 2019.

88. Aerica Shimizu Banks was another victim of the Company’s discriminatory culture. In May 2019, Banks joined the same public policy group as Head of Federal Affairs. Previously, Banks, who holds an M.S. from Oxford University, had spent six years at Google and had served as an appointee at the White House Office of Management and Budget under President Obama.

89. Together, Ozoma and Banks worked on such initiatives as prohibiting health misinformation on the platform and ending the promotion of slave plantations as wedding sites, which were key to developing Pinterest's brand.

90. Banks was also instrumental in opening Pinterest's Washington, D.C., office and serving as the Company's representative with government officials and leading federal affairs for the Company.

91. When Banks was hired in May 2019, she was also told that she would play an equal role with Hale, and that promotion would be based on quality of work rather than tenure. She was also informed that Ozoma, another Black woman, had a personal role in designing the Company's compensation level chart.

92. Banks' work was coequal with that of Ozoma and Hale—she decided division of labor for the three team members; served as the Company's representative with government officials; opened the Washington D.C. office; and led the Company's sustainability efforts; and established its philanthropic arm. Nevertheless, Banks was hired at a level 5—still several levels below Hale's salary level.

iii. Pinterest Ignores Warnings of Discrimination

93. As Ozoma continued to press her case, Hale and the Company's HR department started to turn against Ozoma. What began as slow responses from Hale and HR escalated to unfairly negative feedback, labeling Ozoma as "angry" and

finding fault with her “tone,” for no other reason other than her request for a higher pay level more commensurate with her experience and productivity. Others—including the aforementioned coworker who found Ozoma’s public policy knowledge illuminating—found these characterizations inaccurate and provided very positive peer reviews.

94. The Company also ignored warnings of and failed to take protective measures against a June 2019 “doxxing” cyberattack against Ozoma and other employees. Doxxing is a practice where individual personal information is released in order to subject the target, often a woman of color, to cyberbullying and harassment.

95. In June 2019, a former employee helped to release Ozoma’s information and other internal Pinterest information on alt-right forums and websites. The release included Slack messages and alleged that Ozoma “instructed [colleagues] to monitor the platform for ‘white supremacist’ content.”⁹ In the face of resulting public Twitter posts from alt-right posters urging release of Pinterest employees’ personal information, Ozoma and Banks internally raised the possibility of an imminent doxxing attack.

⁹ See <https://www.projectveritas.com/news/tech-insider-blows-whistle-on-how-pinterest-listed-top-pro-life-site-as-porn-bible-verses-censored/> (last updated June 11, 2019).

96. The Company completely ignored and diminished these concerns. Ozoma informed multiple team leads, including the head of legal, Christine Flores, and Anthony Falzone, Pinterest's Deputy General Counsel. Falzone in particular diminished Ozoma's concerns, claiming that there was no evidence of a leaker in Pinterest, no serious risk to any employee's safety, that they were rushing to conclusions, the threat did not matter, and that he did not care.

97. The former Pinterest employee had in fact taken screenshots of Slack conversations that included Ozoma, which were published online. These screenshots showed that Ozoma had called Ben Shapiro, a well-known alt-right commenter, a "white supremacist" who has "regularly spewed anti muslim hate," and made similar statements about Stefan Molyneux.

98. As she predicted and feared, Ozoma's and other employees' personal information was also leaked online. After her photo, address, and personal phone number were released online and she was inaccurately accused of being the architect of a biased policy, Ozoma received threats of death and sexual violence.

99. Ozoma raised the doxxing issue with Silbermann the same day she was doxed in an email exchange. The exchange included screenshots and images of the harassment she had endured.

100. In response, Silbermann took no action other than stating that he was "personally concerned." Ozoma received no follow-up from Silbermann or any

other executive, despite the fact that the Company had failed to act in the face of a credible threat of harassment against its employees for conducting work on behalf of the Company.

101. Despite doxxing being a known security threat for companies, the Board [REDACTED]

[REDACTED]¹⁰ *after* Ozoma had been targeted and victimized.

102. Moreover, the same people who declined to take the doxxing risk seriously led the investigation into the incident, including Flores and Falzone. There was no effort to conduct a truly independent investigation.

103. In September 2019, after Ozoma filed a complaint with the California DFEH, Banks raised concerns to Pinterest's HR department about Hale's behavior, including racially charged comments he had made about her ethnic background and criticisms of her "tone."

104. The HR department did not take further action. The next month, Banks asked Hale for information about the process by which she could be considered for promotion, to prepare herself for the upcoming review cycle. Hale ignored her.

(a) Pinterest Retaliates Against Banks and Ozoma

105. The Company responded by retaliating against both Ozoma and Banks, making the year before they left the Company "pure hell."

¹⁰ See [REDACTED]

106. When Ozoma received her performance review from Hale, it was extremely (and artificially) negative, directly contradicting the very positive reviews she had received from other Pinterest employees who worked closely with her, including those higher on the pay scale.

107. In November 2019, after consultation with the Company's federal government affairs consultants, Banks and Ozoma recommended to the Company's Legal Department that Pinterest reverse its decision that season to refuse to provide holiday pay for its contract employees. Even though a matter of this sort fit under their job responsibilities, Banks and Ozoma had learned about the Company's decision to refuse holiday pay through a news leak—not from the Company.

108. The head of Legal, Christine Flores, sent Banks an email questioning her competence, told her that the proposal had embarrassed an upper-level manager, and stripped her of her responsibilities.

109. Though the Company ultimately reversed its decision, Flores accused Banks of lying about whether she had actually discussed the issues with the government affairs consultants. Banks received a negative performance review and was demoted, squelching discussion about her career path and promotion potential. Flores also went out of her way to tell Banks that her advocacy played no role in the Company's reversal of its prior decision not to offer holiday pay.

110. Flores also instituted aggressive, invasive investigations into whether Banks or Ozoma had been part of the media leak regarding holiday pay.

111. Pinterest's legal department subjected Ozoma, Banks, and their close colleagues to these investigations in retaliation against Ozoma and Banks for raising pay equity and discrimination claims. Banks's expenditures, including expenditures related to outreach on behalf of the Company to Black community organizations, were subjected to especially close scrutiny.

112. In January 2020, Banks filed her complaint with the DFEH, alleging pay discrimination based on sex and race, as well as retaliation for reporting the discrimination.

113. Both women resigned in May 2020 as Pinterest continued to conduct investigations into their conduct.

D. Discrimination at Pinterest Becomes Public

114. In June 2020, Pinterest released an advertisement concerning an "open conversation" in which the Company attempted to profit from its diversity efforts. The advertisement featured stories from Black employees concerning "the pain and fear they feel everyday living in America [and] their first-hand, lived experiences of racism and injustice."¹¹ Pinterest told the world: "With everything we do, we will

¹¹ *Listening and Acting*, PINTEREST (June 2, 2020), <https://newsroom.pinterest.com/en/post/listening-and-acting>.

make it clear that our Black employees matter, Black Pinners and creators matter, and Black Lives matter.”

115. Upon seeing Pinterest’s statement, Ozoma and Banks published Twitter posts calling out the Company’s leadership for profiting from diversity while promoting an internal culture of discrimination, unfair pay, and retaliation.



Ifeoma Ozoma
@ifeomaOzoma



I shouldn't have to share this story in the year of our Lord, 2020 - but here we are. I'm an alum of Yale, Google, FB, in the WaPo Tech 202 Network, etc...and recently decided to leave [@Pinterest](#), which just declared 'solidarity with BLM.' What a joke. 🙄 1/
[#BelieveBlackWomen](#)

11:07 AM · Jun 15, 2020 · Twitter Web App

4,529 Retweets 651 Quote Tweets 12.8K Likes

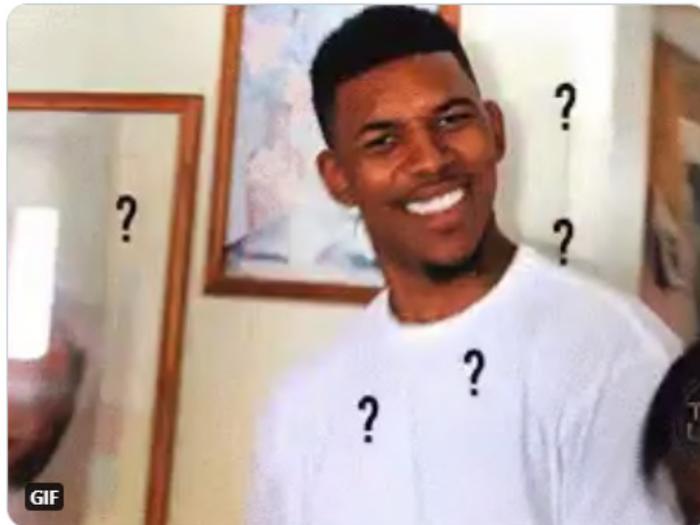


Ifeoma Ozoma @ifeomaOzoma · Jun 15, 2020



Replying to [@ifeomaOzoma](#)

As a Black woman, seeing [@Pinterest's](#) middle of the night "Black employees matter" statement made me scratch my head after I just fought for over a full year to be paid and leveled fairly... 2/



3

364

2.7K





Ifeoma Ozoma @IfeomaOzoma · Jun 15, 2020

...

A year in which I:

a) was doxxed by a white male colleague - he shared my cell number, photo, & name w/ violently racist/misogynistic parts of the internet (followed up by a dangerously inadequate response from @Pinterest - there's so much more to this horrible story 😞) 3/

🗨️ 22

↻ 394

❤️ 2.8K



Ifeoma Ozoma @IfeomaOzoma · Jun 15, 2020

...

b) continued to serve as the leader of/spokesperson for @Pinterest's biggest Public Policy wins. See: *scores* of articles and interviews on addressing health misinformation, emotional well-being, stopping promotion of plantation wedding venues. 4/



Julia Carrie Wong @juliacarriew · Aug 28, 2019

I have an exclusive look at Pinterest's latest initiative to combat antivaxx misinformation on its platform. The company has garnered praise from the WHO and pediatricians for an aggressive approach that is far ahead of Facebook & YouTube theguardian.com/society/2019/a...

[Show this thread](#)

🗨️ 8

↻ 210

❤️ 2.1K



Ifeoma Ozoma @IfeomaOzoma · Jun 15, 2020

...

c) kept all the above quiet for "professionalism," and in the hope that @Pinterest would do the right thing. Instead, they doubled down on retaliation. 1 wild ex: My manager gave me bad perf review feedback for not both-siding the promo of slave plantations. I have receipts. 5/

🗨️ 20

↻ 326

❤️ 2.6K



Ifeoma Ozoma @IfeomaOzoma · Jun 15, 2020

...

Now, @Pinterest is claiming to be "Listening and Acting", mere *weeks* after replacing me and another Black woman colleague who also decided to leave, with...you guessed it. 😞 6/

🗨️ 2

↻ 297

❤️ 2.6K



Ifeoma Ozoma @IfeomaOzoma · Jun 15, 2020

...

I am SO proud of the initiatives I led in my time there - addressing health misinfo decisively is no longer novel thanks to that work. I just wish it wasn't sullied by the racism, gaslighting, & disrespect from my manager, skip level, and the company's legal & HR leadership. 7/

🗨️ 13

↻ 219

❤️ 2.9K



 **Ifeoma Ozoma** @IfeomaOzoma · Jun 15, 2020 ...
Racism is dehumanizing and exhausting. I busted my ass at Yale, Google, then Facebook before Pinterest recruited me as the *second hire* on the global Public Policy team. I led work that raised our public policy profile globally. It didn't matter because I'm a Black woman. 8/

9 306 3K

 **Ifeoma Ozoma** @IfeomaOzoma · Jun 15, 2020 ...
I've seen examples of genuine contrition and even *reparation* this past week from others. I hope @Pinterest takes this opportunity to "express not only [their] solidarity but also [**follows through** on their] commitment to taking action." 9/

 **Pinterest** @Pinterest · Jun 3, 2020

We want to express not only our solidarity but also our commitment to taking action. Read the note from Ben, our CEO:
newsroom.pinterest.com/en/post/listen...

Black Lives Matter

6 203 2.1K

 **Ifeoma Ozoma** @IfeomaOzoma · Jun 15, 2020 ...
Sharing this is scary, especially after being doxxed & knowing the many forms corp retaliation can take. I owe it to myself and Black colleagues still there to hold the company to the commitments it made. @Pinterest, Black employees do indeed matter. Pay us fairly. Period. 10/10

91 445 6.1K

116. Having been up to this point unresponsive to Ozoma's complaints, Silbermann issued an email within hours of these tweets disputing the women's

claims and referencing the investigations conducted into Ozoma and Banks. He claimed that “[t]he investigations found that we treated these employees fairly.”

117. Silbermann’s attempt to obfuscate the Company’s misogynistic and discriminatory culture was unsuccessful. Soon, eleven additional employees were referenced in a news article dated June 20, 2020, sharing stories of Pinterest’s “dog-eat-dog,” “chaotic,” and “toxic” culture.¹² Their publicly aired concerns included that Black employees would be fired or “pushed out” after meeting or exceeding their performance goals; that “poor management skills created a culture of firing that left everyone fighting for recognition”; assertions that women were underpaid relative to male counterparts who did similar work; that when complaints were made to HR, HR automatically sided with managers, and employees who had created value received negative reviews while their managers were promoted.¹³

118. A later article described worse conduct:

One black female former employee said she was told to stop speaking in meetings and watched her manager use the presentations she created to speak to clients instead. The woman, who was the only black person on her team, said an executive joked that she should act as “the servant” and “serve” her co-workers at a team dinner. “Everyone knew it was wrong, but nobody said anything in that moment,” said the ex-

¹² Julie Bort and Taylor Nicole Rogers, *Former Pinterest employees describe a traumatic workplace where managers humiliate employees until they cry, Black people feel alienated, and the toxic culture 'eats away at your soul'*, BUSINESSINSIDER (June 20, 2020), <https://www.businessinsider.com/pinterest-employees-toxic-workplace-black-fired-ben-silbermann-2020-6>.

¹³ *Id.*

employee, who said she was too scared of retaliation to report the incident to HR. Another black ex-employee said a top marketing executive told her that she was surprised that marketing material showing a black woman, created by the ex-employee, was successful.¹⁴

119. Thereafter in June 2020, Silbermann released a statement admitting that he and the Individual Defendants promoted and failed to prevent the Company's practices of discrimination and retaliation. Specifically, Silbermann acknowledged that "parts of our culture are broken," that he had presided over "a failure in leadership," and that Black, female, and other minority employees

feel like they don't belong at Pinterest. Because of the lack of representation in senior leadership and the board. Because they are afraid to bring concerns to their managers or HR. Because they don't feel that they have the same opportunities to grow their careers. Because of the lack of diversity in our product and brand. These are just some of the problems. . . . I need to do better. My leaders need to do better. And Pinterest needs to be better.¹⁵

120. Even after public revelations about Hale's conduct, however, Pinterest released recruiting material featuring Charlie Hale.

¹⁴ Nitasha Tiku, *Black women say Pinterest created a den of discrimination — despite its image as the nicest company in tech*, WASHINGTON POST, July 4, 2020, <https://www.washingtonpost.com/technology/2020/07/03/pinterest-race-bias-black-employees/>.

¹⁵ Sarah Frier, *Pinterest CEO Silbermann Says 'Parts of Our Culture Are Broken'*, BLOOMBERG (June 18, 2020), <https://www.bloomberg.com/news/articles/2020-06-18/pinterest-ceo-silbermann-says-parts-of-our-culture-are-broken>.



Ifeoma Ozoma
@IfeomaOzoma



Cruelty and gaslighting @Pinterest:

This video was made as *recruiting* material months AFTER I filed a discrimination complaint with CA.

Pinterest felt the manager who retaliated against me & @erikashimizu was/IS recruiting material. Big YIKES. 😬

[linkedin.com/posts/pinteres...](https://www.linkedin.com/posts/pinteres...)

11:04 AM · Jul 6, 2020 · Twitter for iPhone

4 Retweets 3 Quote Tweets 42 Likes

121. On August 14, 2020, in response to the flood of Twitter posts and news articles, over 200 Pinterest employees championed an online petition which garnered 450 signatures and staged a virtual “walkout” calling on Silbermann to change the Company’s policies. “These are not isolated cases,” workers wrote in the petition. “Instead, they are representative of an organizational culture that hurts all Pinterest workers, and keeps us from achieving our mission of bringing everyone the inspiration to create a life they love.”

122. The revelation of Pinterest's contradictory policies generated public outrage. A petition calling on Pinterest to pay its Black employees fairly garnered 25,000 signatures.¹⁶

IV. DAMAGE TO THE COMPANY

A. Costs of Legal Claims

123. The Individual Defendants caused and permitted the Company to engage in a pattern of illegal race and gender discrimination and retaliation. The Company, as a result of the Individual Defendants' misconduct and breaches of fiduciary duty, violated federal and state laws and regulations to the detriment to the Company's stockholders. Further, state and federal regulatory and government agencies have the authority to impose significant monetary fines and sanctions if they find that Pinterest's conduct violated the laws and regulations.

124. Further, because the Defendants caused and permitted the Company to engage in a pattern of illegal race and gender discrimination and retaliation, the Company has been sued in numerous cases, including Ozoma and Banks' actions with the California Department of Fair Employment and Housing and Brougher lawsuit, *Brougher v. Pinterest, Inc., et al.*, No. CGC-20-58588 (Cal. Super. Ct. Aug. 11, 2020).

¹⁶ Tell Pinterest: Pay Your Black employees what you owe them!, *ORGANIZEFOR*, <https://campaigns.organizefor.org/petitions/tell-pinterest-pay-your-black-employees-what-you-owe-them>.

125. These lawsuits are substantial and have caused the Company to incur legal fees and expose the Company to significant liability. Ozoma and Banks alleged that the Company's discrimination and retaliatory actions against them cost them hundreds of thousands of dollars.

126. Thus as a result of Individual Defendants' actions, Pinterest will be forced to expend substantial sums including to defend these and other lawsuits alleging similar claims of discrimination and retaliation; to resolve these and similar lawsuits; and to implement any corrective and/or remedial measures ordered by state or federal authorities or agreed to by virtue of a settlement or compromise.

127. Indeed, on December 14, 2020, the Company announced that it had agreed to pay \$22.5 million to settle Brougher's lawsuit. This was the largest publicly disclosed individual settlement of a sex-based discrimination claim in the U.S. Further, Ozoma and Banks' claims were confidentially resolved.

V. DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS

128. Plaintiff was a stockholder of Pinterest at the time of the wrongdoing complained of, has continuously been a stockholder since that time, and is a current Pinterest stockholder.

129. Plaintiff will adequately and fairly represent the interests of Pinterest in enforcing and prosecuting its rights, and Plaintiff has retained counsel experienced in litigating this type of derivative action.

130. As of the date of this Complaint, Pinterest's board of directors was comprised of Silbermann, Sharp, Reynolds, Rajaram, Levine, Kilgore, Jordan, Wilson, Andrea Wishom, and Salaam Coleman Smith (the "Demand Board" or the "Demand Directors"). Wishom and Smith were newly appointed to the Pinterest board of directors in August and October 2020, respectively.

131. As discussed in detail below, Plaintiff did not make any demand on the Demand Board to institute this action because such a demand would be futile, wasteful, and useless act. Plaintiff needs only to allege demand futility as to five of the ten Demand Directors.

A. The Demand Board Could Not Disinterestedly and/or Independently Consider a Demand.

132. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

133. A majority of the ten-person Board—Silbermann, Jordan, Sharp, Levine, Wilson, Kilgore, and Reynolds—cannot independently and disinterestedly consider a demand. Therefore, demand is excused.

134. Defendants Silbermann, Sharp, Jordan, Levine, Kilgore, Rajaram, Reynolds, and Wilson breached their fiduciary duties by allowing discriminatory

compensation and related practices, as well as retaliation to those who spoke about these cultural problems to exist and fester.

135. Defendants Wilson and Kilgore were on the Compensation Committee of the Board of Directors.

136. Each of these Defendants approved compensation to Brougher that underpaid her relative to similarly situated and less qualified male colleagues.

137. Each of these Defendants failed to implement systems to monitor the Company's practices and policies relating to gender- and race- based discrimination.

138. Jordan, Levine, Kilgore, Reynolds, Sharp, Silbermann, and Wilson have been on the Board from at least April 2019 when Brougher began to be excluded from Board meetings after raising pay equity concerns. Silbermann and other members of management were personally involved in leaving Brougher out of Board meetings post-IPO.

139. Other members of the Board failed to ask questions of management or ask follow up questions regarding Brougher's later non-attendance at Board meetings.

140. Documents produced to Plaintiff indicate that [REDACTED]
[REDACTED] Having been put on notice prior to April 2019 of likely issues relating to employment discrimination and retaliation, the Company failed to implement any monitoring or

reporting systems to ensure board-level monitoring systems existed to ensure the Company was complying with employment discrimination laws.

141. The Audit Committee was responsible for “[o]versee[ing] Pinterest’s compliance with applicable legal and regulatory requirements and Pinterest’s enterprise risk management program,”¹⁷ including the applicable sex- and race-based discrimination laws. This includes “overseeing legal and regulatory matters that have a material impact on Pinterest’s financial statements and reviewing and approving the adequacy and effectiveness of Pinterest’s compliance policies and procedures, including the Code of Conduct and Ethics.”¹⁸

142. Indeed, although the Board [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Even then, the Audit Committee took no action in response to these red flags.

143. Moreover, as members of the Audit Committee, Defendants Wilson, Reynolds, and Kilgore failed to properly oversee the investigation into alleged misconduct and to remediate discriminatory practices.

¹⁷ See [REDACTED]

¹⁸ See [REDACTED]

¹⁹ See [REDACTED]

144. Rather than empower independent investigations, the members of the Audit Committee permitted alleged perpetrators—including Flores—to investigate their own misconduct. Moreover, [REDACTED]

[REDACTED]

[REDACTED]²⁰

Specifically, [REDACTED]

[REDACTED]

[REDACTED]²¹ As described

above, Pinterest executives then retaliated against complainants.

145. Finally, as officers of the Company, Silbermann, Sharp, and Morgenfeld breached their fiduciary duties by taking part in illegal discriminatory conduct and/or failing to properly exercise their oversight duties.

146. As described above, Silberman and Morgenfeld engaged in discriminatory conduct that perpetuated a work environment hostile to minority and female employees and caused the Company to violate employment discrimination laws.

20 [REDACTED]

21 [REDACTED]

147. Silbermann's deliberate blindness and inaction when discrimination claims were brought to him permitted the discrimination to continue and employees to face retaliation, both of which has now caused damage to the Company.

148. Sharp, too, has been deliberately blind and failed to act. Despite being a director, a co-founder of the Company, and a member of senior management, Sharp took no action to ensure that the Company comply with its legal duties under the federal and state employment laws and regulations. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

149. Moreover, demand is excused because several members of the Board act and have acted with a sense of owingness to Silbermann. Sharp for example, is a longtime friend of Silbermann and the Company admits that Sharp is not an independent director. Similarly, both Jordan and Levine owe their and their venture capital funds' success in investing in Pinterest to Silbermann and have acted in a manner suggesting that they are loyal to Silbermann.

150. Other incidents demonstrate the loyalty these directors have to Silbermann over stockholders. Silbermann has previously stated, when asked why

the members of the Board did not present challenging questions to management: “[Because] I chose them.” Around the time Silbermann made this statement, Defendants Jordan, Levine, Reynolds, Sharp, Kilgore, and Wilson were serving on the Board. These directors failed to act as Silbermann disinvented Brougher to board meetings. Each are beholden to Silbermann, placing his personal interests over the interest of Pinterest stockholders such that they cannot independently consider a demand.

151. Certain directors are also liable for failing to meet their oversight duties. Wilson, Kilgore, and Reynolds were members of the audit committee during the events underlying this complaint. They failed to appropriately oversee and respond to red flags regarding sex- and race-based discrimination and retaliatory practices at the Company. As alleged above, they knew of retaliatory investigations of employees as of at least May 2020, if not sooner. Yet they took no action and permitted those who undertook the retaliatory investigations to assess their own conduct. Thus, they face a substantial likelihood of liability for their breaches of fiduciary duty and cannot independently consider a claim against themselves.

152. As stated above, a majority of the Individual Defendants face a substantial likelihood of liability for breach of fiduciary duty. Thus, demand on the Demand Board is excused as futile.

COUNT I

Breach of Fiduciary Duty (Derivatively Against Silbermann and Morgenfeld as Officers)

153. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

154. As officers, Silbermann and Morgenfeld owed and owe fiduciary duties to Pinterest and its stockholders. By reason of their fiduciary relationships, Silbermann and Morgenfeld specifically owed and owe Pinterest the highest obligation of good faith and loyalty in the administration of Pinterest's affairs, including assuring that Pinterest complied with state and federal laws governing, among other things, workplace discrimination on the basis of race and/or gender and retaliation against employees who alleged discrimination.

155. Silbermann and Morgenfeld ignored their obligations under state and federal law. Silbermann and Morgenfeld also failed to make a good faith effort to correct the problems or prevent their recurrence.

156. Silbermann and Morgenfeld consciously violated their corporate responsibilities by repeatedly failing to act, understand, stop, and remedy systemic discrimination and retaliation at Pinterest, despite numerous warnings and indicators, including among others the COO's pay equity complaint and her

exclusion from pre-IPO fundraising and post-IPO Board meetings; ignoring a doxxing incident that a Black employee warned about; ignoring a substantial and regular volume of internal discrimination and retaliation claims; permitting individuals liable for misconduct to “investigate” their own misconduct; and, as a result of these failures, the filing of multiple legal actions against Pinterest for discrimination.

157. Silbermann and Morgenfeld, by their actions and by engaging in the wrongdoing described herein, abandoned and abdicated their responsibilities and duties with regard to prudently managing the business of Pinterest in a manner consistent with the duties imposed upon them by law.

158. By committing the misconduct alleged herein, Silbermann and Morgenfeld breached their duties of care, good faith, and loyalty in the management and administration of Pinterest’s affairs and in the use and preservation of Pinterest’s assets.

159. As a direct and proximate result of Silbermann and Morgenfeld’s conscious failure to perform their fiduciary obligations, Pinterest has sustained significant damages in an amount to be proven at trial.

160. As a result of the misconduct alleged herein, the Director Defendants are liable to the Company.

COUNT II

Breach of Fiduciary Duty (Derivatively Against the Director Defendants)

161. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

162. The Director Defendants all owed and owe fiduciary duties to Pinterest and its stockholders. By reason of their fiduciary relationships, the Director Defendants specifically owed and owe Pinterest the highest obligation of good faith and loyalty in the administration of Pinterest's affairs, including assuring that Pinterest complied with state and federal laws governing, among other things, workplace discrimination on the basis of race and/or gender and retaliation against employees who alleged discrimination.

163. The Director Defendants willfully ignored their obligations under state and federal law. The Director Defendants also failed to make a good faith effort to correct the problems or prevent their recurrence.

164. The Director Defendants consciously violated their corporate responsibilities by repeatedly failing to act, understand, stop, and remedy systemic discrimination and retaliation at Pinterest, despite numerous warnings and indicators, including among others the COO's pay equity complaint and her exclusion from pre-IPO fundraising and post-IPO Board meetings; ignoring a

doxing incident that a Black employee warned about; ignoring a substantial and regular volume of internal discrimination and retaliation claims; and permitting individuals liable for misconduct to “investigate” their own misconduct..

165. The Director Defendants, by their actions and by engaging in the wrongdoing described herein, abandoned and abdicated their responsibilities and duties with regard to prudently managing the business of Pinterest in a manner consistent with the duties imposed upon them by law.

166. By committing the misconduct alleged herein, the Directors Defendants breached their duties of good faith and loyalty in the management and administration of Pinterest’s affairs and in the use and preservation of Pinterest’s assets.

167. As a direct and proximate result of the Director Defendants’ conscious failure to perform their fiduciary obligations, Pinterest has sustained significant damages in an amount to be proven at trial.

168. As a result of the misconduct alleged herein, the Director Defendants are liable to the Company.

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully request that the Court enter judgment:

A. Finding the Individual Defendants breached their fiduciary duties owed to Pinterest;

B. Finding that demand on the Pinterest Board is excused as futile;

- C. Awarding the Company damages sustained as a result of the Individual Defendants' breaches of fiduciary duties to the Company;
- D. Awarding pre- and post-judgment interest;
- E. Awarding Plaintiff the costs of this action, including reasonable attorneys' fees, costs, and expenses; and
- F. Awarding such other and further relief as this Court may deem just and proper.

Dated: March 24, 2020

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