



*This report may not be used, reproduced, or distributed by any person, in whole or in part or in any form or manner, including creating any summaries thereof, without Glass Lewis' prior express written consent.*

NASDAQ: **META**

ISIN: **US30303M1027**

**MEETING DATE:** 28 MAY 2025

**RECORD DATE:** 01 APRIL 2025

**PUBLISH DATE:** 09 MAY 2025

**INDEX MEMBERSHIP:** RUSSELL 1000; RUSSELL 3000; NASDAQ-100; NASDAQ COMPOSITE; S&P 100; S&P 500; RUSSELL TOP 200

**SECTOR:** COMMUNICATION SERVICES

**INDUSTRY:** INTERACTIVE MEDIA AND SERVICES

**COMPANY DESCRIPTION**

Meta Platforms, Inc. engages in the development of products that enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality headsets, and wearables worldwide.

**COUNTRY OF TRADE:** UNITED STATES

**COUNTRY OF INCORPORATION:** UNITED STATES

**HEADQUARTERS:** CALIFORNIA

**VOTING IMPEDIMENT:** NONE

OWNERSHIP	COMPANY PROFILE	ESG PROFILE	COMPENSATION	COMPENSATION ANALYSIS	COMPANY UPDATES
PEER COMPARISON	VOTE RESULTS	COMPANY FEEDBACK	APPENDIX	SUSTAINALYTICS ESG	ESG BOOK PROFILE
BITSIGHT CYBER SECURITY					

**2025 ANNUAL MEETING**

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	<a href="#">Election of Directors</a>	FOR	SPLIT	<ul style="list-style-type: none"> <li>• DIVERSITY ALERT</li> </ul>
1.01	Elect Peggy Alford	FOR	WITHHOLD	<ul style="list-style-type: none"> <li>• Insufficient disclosure of board demographic info</li> <li>• Failure to implement SHP</li> <li>• Gender diversity concerns</li> <li>• Diversity disclosure concerns</li> <li>• Multi-class share structure</li> </ul>
1.02	Elect Marc L. Andreessen	FOR	WITHHOLD	<ul style="list-style-type: none"> <li>• Failure to implement SHP</li> </ul>
1.03	Elect John Arnold	FOR	FOR	
1.04	Elect Patrick Collison	FOR	FOR	
1.05	Elect John Elkann	FOR	FOR	
1.06	Elect Andrew W. Houston	FOR	WITHHOLD	<ul style="list-style-type: none"> <li>• Failure to implement SHP</li> </ul>
1.07	Elect Nancy Killefer	FOR	FOR	
1.08	Elect Robert M. Kimmitt	FOR	FOR	
1.09	Elect Dina Powell McCormick	FOR	FOR	
1.10	Elect Charles Songhurst	FOR	FOR	
1.11	Elect Hock E. Tan	FOR	WITHHOLD	<ul style="list-style-type: none"> <li>• Affiliate/Insider on a committee</li> </ul>
1.12	Elect Tracey T. Travis	FOR	WITHHOLD	<ul style="list-style-type: none"> <li>• Other governance issue</li> </ul>
1.13	Elect Dana White	FOR	FOR	

1.14	Elect Tony Xu	FOR	WITHHOLD	• Failure to implement SHP
1.15	Elect Mark Zuckerberg	FOR	FOR	
2.00	Ratification of Auditor	FOR	FOR	
3.00	Approval of the 2025 Equity Incentive Plan	FOR	AGAINST	• Evergreen provisions
4.00	Advisory Vote on Executive Compensation	FOR	FOR	
5.00	Frequency of Advisory Vote on Executive Compensation	3 YEARS	1 YEAR	• Annual vote in shareholders' best interest
6.00	Shareholder Proposal Regarding Recapitalization	AGAINST	FOR	• Allowing one vote per share generally operates as a safeguard for common shareholders
7.00	Shareholder Proposal Regarding Disclosure of Vote Results by Share Class	AGAINST	FOR	• Adoption of this proposal may provide shareholders with more clarity concerning how different classes of shareholders have cast their votes
8.00	Shareholder Proposal Regarding Report on Efforts to Combat Hate	AGAINST	FOR	• Additional disclosure on the Company's efforts to address hate speech on its platforms is warranted
9.00	Shareholder Proposal Regarding Report and Targets on Child Safety Impacts	AGAINST	FOR	• Adoption of proposal provide shareholders assurance that the Company is managing associated risks
10.00	Shareholder Proposal Regarding Transparency Report on Deepfake Identifying Software	AGAINST	FOR	• Adoption of this proposal could better allow shareholders to gauge the Company's exposure to regulatory and reputational risks
11.00	Shareholder Proposal Regarding Report on Risks of AI Data Sourcing	AGAINST	FOR	• Additional disclosure will better allow shareholders to understand the Company's management of AI-related risks
12.00	Shareholder Proposal Regarding Transition Plan and Renewable Energy	AGAINST	AGAINST	
13.00	Shareholder Proposal Regarding Assessment of Investments in Bitcoin	AGAINST	AGAINST	
14.00	Shareholder Proposal Regarding Transparency Report on Data Collection and Advertising Practices	AGAINST	FOR	• Additional disclosure could provide shareholders with a better basis to understand risks

 For Your Attention: Additional review recommended due to highly contextual analysis.

**DIVERSITY ALERT:** Please refer to the Disclosure Note below and our analysis for additional details.

## POTENTIAL CONFLICTS

As of October 2021, U.S. and Canadian companies are eligible to purchase and receive Equity Plan Advisory services from Glass Lewis Corporate, LLC ("GLC"), a Glass Lewis affiliated company. More information, including whether the company that is the subject of this report used GLC's services with respect to any equity plan discussed in this report, is available to Glass Lewis' institutional clients on Viewpoint or by contacting [compliance@glasslewis.com](mailto:compliance@glasslewis.com). Glass Lewis maintains a strict separation between GLC and its research analysts. GLC and its personnel did not participate in any way in the preparation of this report.

## DISCLOSURE NOTES

**EXPLANATION FOR REPUBLICATION:** 14 May 2025. We have updated Proposal 9 to include a link to an exempt solicitation. No other changes have been made as a result

12 May 2025. We have updated Proposals 7, 10, and 11 in order to include links to exempt solicitations. No other changes have been made as a result.

**DIVERSITY ALERT:** One or more “AGAINST” or “WITHHOLD” election of director recommendations in this Proxy Paper is flagged for your attention because it is based, at least in part, on considerations of gender or underrepresented community diversity. Clients that wish to not vote based on such considerations should vote “FOR,” absent any other concern. For more information on how Glass Lewis has modified its Benchmark Policy approach to considering certain diversity factors at U.S. companies beginning March 10, 2025, please see our [2025 Supplemental Statement on Diversity Considerations at U.S. Companies](#). If you have any questions or if you wish to update your approach to voting based on diversity considerations, please contact your Client Service Manager.

## ■ ENGAGEMENT ACTIVITIES

Glass Lewis held the following engagement meetings within the past year:

ENGAGED WITH	MEETING DATE	ORGANIZER	TYPE OF MEETING	TOPICS DISCUSSED
Issuer	11 December 2024	Issuer	Teleconference/Web-Meeting	Board Composition and Performance, Executive Pay
Issuer	03 March 2025	Issuer	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	13 March 2025	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal
Shareholder Proponent	13 March 2025	Shareholder Proposal Proponent	Teleconference/Web-Meeting	Shareholder Proposal

For further information regarding our engagement policy, please visit <http://www.glasslewis.com/engagement-policy/>.

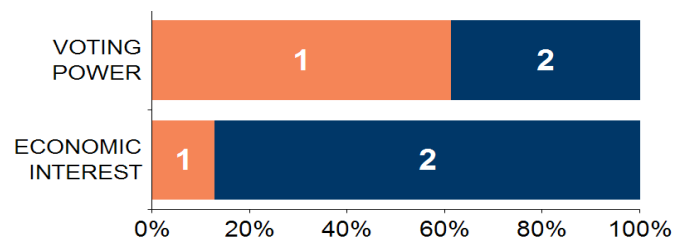
**ISSUER DATA REPORT:** Meta Platforms, Inc. registered to participate in Glass Lewis' Issuer Data Report program (IDR) for this meeting. The IDR program enables companies to preview the key data points used by Glass Lewis' research team, and address any factual errors with Glass Lewis prior to the publication of the Proxy Paper to Glass Lewis' clients. No voting recommendations or analyses are provided as part of the IDR. For more information on the IDR program, please visit <https://www.glasslewis.com/issuer-data-report/>

# SHARE OWNERSHIP PROFILE

## SHARE BREAKDOWN

	1	2
<b>SHARE CLASS</b>	Class B Common Stock	Class A Common Stock
<b>SHARES OUTSTANDING</b>	343.2 M	2,171.1 M
<b>VOTES PER SHARE</b>	10	1

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 01-MAY-2025



## TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	Zuckerberg, Mark Elliot	13.63%	N/A	Individuals/Insiders
2.	The Vanguard Group, Inc.	7.60%	United States	Traditional Investment Manager
3.	BlackRock, Inc.	6.61%	United States	Traditional Investment Manager
4.	FMR LLC	5.13%	United States	Traditional Investment Manager
5.	Capital Research and Management Company	4.18%	United States	Traditional Investment Manager
6.	State Street Global Advisors, Inc.	3.43%	United States	Traditional Investment Manager
7.	Geode Capital Management, LLC	1.96%	United States	Traditional Investment Manager
8.	T. Rowe Price Group, Inc.	1.76%	United States	Traditional Investment Manager
9.	JP Morgan Asset Management	1.56%	United States	Traditional Investment Manager
10.	Norges Bank Investment Management	1.36%	Norway	Sovereign Wealth Fund
11.	Northern Trust Global Investments	0.93%	United Kingdom	Traditional Investment Manager
12.	UBS Asset Management AG	0.87%	Switzerland	Traditional Investment Manager
13.	Morgan Stanley, Investment Banking and Brokerage Investments	0.70%	United Kingdom	Bank/Investment Bank
14.	AllianceBernstein L.P.	0.60%	United States	Traditional Investment Manager
15.	Charles Schwab Investment Management, Inc.	0.57%	United States	Traditional Investment Manager
16.	Jennison Associates LLC	0.57%	United States	Traditional Investment Manager
17.	Eaton Vance Management	0.56%	United States	Traditional Investment Manager
18.	Teachers Insurance and Annuity Association-College Retirement Equities Fund	0.55%	United States	Traditional Investment Manager
19.	Legal & General Investment Management Limited	0.55%	United Kingdom	Traditional Investment Manager
20.	Goldman Sachs Asset Management, L.P.	0.49%	United States	Traditional Investment Manager

\*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 06-MAY-2025

\*\*CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

## SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD <sup>1</sup>
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	N/A
VOTING POWER REQUIRED TO ADD AGENDA ITEM	\$2,000 <sup>2</sup>	\$2,000 <sup>2</sup>
VOTING POWER REQUIRED TO APPROVE A WRITTEN CONSENT	N/A	50.00%

<sup>1</sup>N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

<sup>2</sup>UNLESS GRANDFATHERED, SHAREHOLDERS MUST OWN SHARES WITH MARKET VALUE OF AT LEAST \$2,000 FOR THREE YEARS. ALTERNATIVELY, SHAREHOLDERS MUST OWN SHARES WITH MARKET VALUE OF AT LEAST \$15,000 FOR TWO YEARS; OR SHARES WITH MARKET VALUE OF \$25,000 FOR AT LEAST ONE YEAR.

## COMPANY PROFILE

FINANCIALS		1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
	META	66.0%	20.4%	23.4%
	S&P 500	25.0%	8.9%	14.5%
	Peers*	45.3%	13.1%	22.9%
	Market Capitalization (MM \$)	1,478,113		
	Enterprise Value (MM \$)	1,483,993		
	Revenues (MM \$)	164,501		

ANNUALIZED SHAREHOLDER RETURNS: \*PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 31-DEC-2024. SOURCE: CAPITAL IQ

EXECUTIVE COMPENSATION	Total CEO Compensation \$27,219,874			
	1-Year Change in CEO Pay	12%	CEO to Median Employee Pay Ratio	65:1
	Say on Pay Frequency	3 Years	Compensation Grade 2024	B
	Glass Lewis Structure Rating	Poor	Glass Lewis Disclosure Rating	Fair
	Single Trigger CIC Vesting	No	Excise Tax Gross-Ups	No
	NEO Ownership Guidelines	Yes	Overhang of Incentive Plans	23.89%

CORPORATE GOVERNANCE	Election Method	Plurality	CEO Start Date	July 2004
	Controlled Company	Yes	Proxy Access	No
	Multi-Class Voting	Yes	Virtual-Only Meeting	Yes
	Staggered Board	No	Average NED Tenure	4 years
	Combined Chair/CEO	Yes	Gender Diversity on Board	26.7%
	Individual Director Skills Matrix Disclosed	No	Company-Reported Racial/Ethnic Diversity on Board	N/A
	Supermajority* to Amend Bylaws and/or Charter	No	Age-Based Director Retirement Policy/Guideline	No; N/A
	Numerical Director Commitments Policy	No		

\*Supermajority defined as at least two-thirds of shares outstanding

ANTI-TAKEOVER	Poison Pill	No
	Approved by Shareholders/Expiration Date	N/A; N/A

AUDITORS	Auditor: ERNST & YOUNG	Tenure: 18 Years
	Material Weakness(es) Outstanding	No
	Restatement(s) in Past 12 Months	No

SASB MATERIALITY	Primary SASB Industry: Internet Media & Services		
	Financially Material Topics:		
	<ul style="list-style-type: none"> <li>Environmental Footprint of Hardware Infrastructure</li> <li>Data Security</li> </ul>	<ul style="list-style-type: none"> <li>Data Privacy, Advertising Standards &amp; Freedom of Expression</li> <li>Employee Recruitment, Inclusion &amp; Performance</li> </ul>	
	<ul style="list-style-type: none"> <li>Intellectual Property Protection &amp; Competitive Behavior</li> </ul>		
	Company Reports to SASB/Extent of Disclosure: Yes; All Topics - Partial Metrics		

CURRENT AS OF MAY 09, 2025

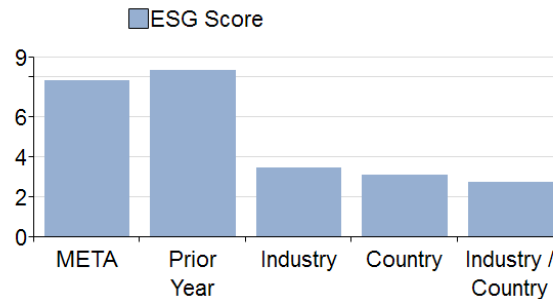
# GLASS LEWIS ESG PROFILE

## GLASS LEWIS ESG SCORE: 7.9 / 10

### ESG SCORE SUMMARY

<b>Board Accountability Score:</b>	4.1 / 10	<b>ESG Transparency Score:</b>	9.4 / 10	<b>Targets and Alignment Score:</b>	10.0 / 10
<b>Climate Risk Mitigation Score:</b>	N/A	<b>Biodiversity Score:</b>	N/A		

### SCORE BREAKDOWN



<b>PRIOR YEAR ESG SCORE*</b>	8.395
<b>CHANGE IN ESG SCORE</b>	-0.53
<b>INDUSTRY</b>	3.5 ( 4.37 )
<b>COUNTRY</b>	3.1 ( 4.75 )
<b>INDUSTRY / COUNTRY</b>	2.8 ( 5.10 )

\*As of our Proxy Paper for the Annual Meeting on 29-May-24

### BOARD ACCOUNTABILITY ( 4.1 / 10 )

<b>Average NED Tenure</b>	4 years	<b>Percent Gender Diversity</b>	27%
<b>Director Independence</b>	80%	<b>Board Oversight of ESG</b>	Yes
<b>Board Oversight of Cyber</b>	Yes	<b>Board Oversight of Human Capital</b>	No
<b>Compensation Linked to E&amp;S Metrics</b>	No	<b>Lowest Support for Directors in Prior Year*</b>	81.6%
<b>Prior Year Say on Pay Support*</b>	N/A	<b>Annual Director Elections</b>	Yes
<b>Inequitable Voting Rights</b>	Yes	<b>Pay Ratio</b>	65:1
<b>Diversity Disclosure Assessment</b>	Poor	<b>Failure to Respond to Shareholder Proposal</b>	No

### ESG TRANSPARENCY ( 9.4 / 10 )

<b>Comprehensive Sustainability Reporting</b>	Yes	<b>GRI-Indicated Report</b>	Yes
<b>Reporting Assurance</b>	Yes	<b>Reporting Aligns with TCFD/IFRS S2</b>	Yes
<b>Discloses Scope 1 &amp; 2 Emissions</b>	Yes	<b>Discloses Scope 3 Emissions</b>	Yes
<b>Reports to SASB</b>	Yes	<b>Extent of SASB Reporting</b>	All Topics - Partial Metrics
<b>Discloses EEO-1 Report</b>	Yes	<b>CPA-Zicklin Score</b>	97.1

### ESG TARGETS AND ALIGNMENT ( 10.0 / 10 )

<b>Has Scope 1 and/or 2 GHG Reduction Targets</b>	Yes	<b>Has Scope 3 GHG Reduction Targets</b>	Yes
<b>Has Net Zero GHG Target</b>	Yes	<b>Reduction Target Certified by SBTi</b>	Yes
<b>SBTi Near-Term Target</b>	1.5 Degrees	<b>SBTi Long-Term Target</b>	N/A
<b>SBTi Net Zero Target</b>	Committed	<b>UNGC Participant or Signatory</b>	Yes
<b>Has Human Rights Policy</b>	Yes	<b>Human Rights Policy Aligns with ILO, UNGP, or UDHR</b>	Yes
<b>Has Human Rights Due Diligence Framework</b>	Yes	<b>Has Supplier Code of Conduct</b>	Yes
<b>Has Biodiversity Policy</b>	Yes	<b>Has AI Policy</b>	Yes

\*Note: Voting results above may reflect ordinary or subordinate voting share class if applicable and/or disclosed.

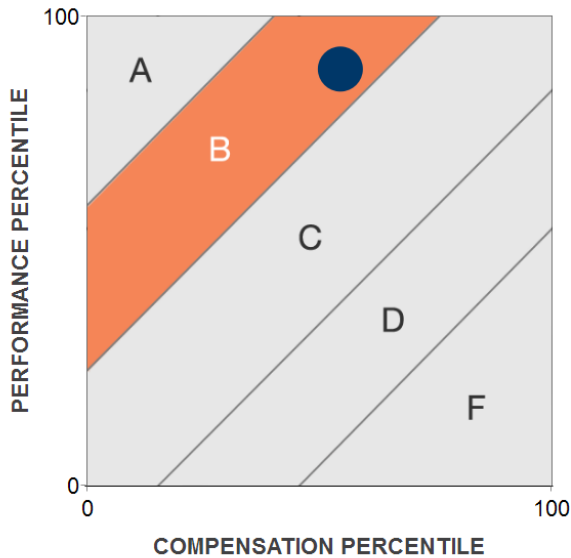
© 2025 Glass, Lewis & Co., and/or its affiliates. All Rights Reserved. The use of, or reference to, any data point, metric, or score collected, issued, or otherwise provided by a third-party company or organization (each, a "Third Party"), or a reference to such Third Party itself, in no way represents or implies an endorsement, recommendation, or sponsorship by such Third Party of the ESG Profile, the ESG Score, any methodology used by Glass Lewis, Glass Lewis itself, or any other Glass Lewis products or services. For further details about our methodology and data included in this page please refer to our [methodology documentation here](#).

# PAY-FOR-PERFORMANCE

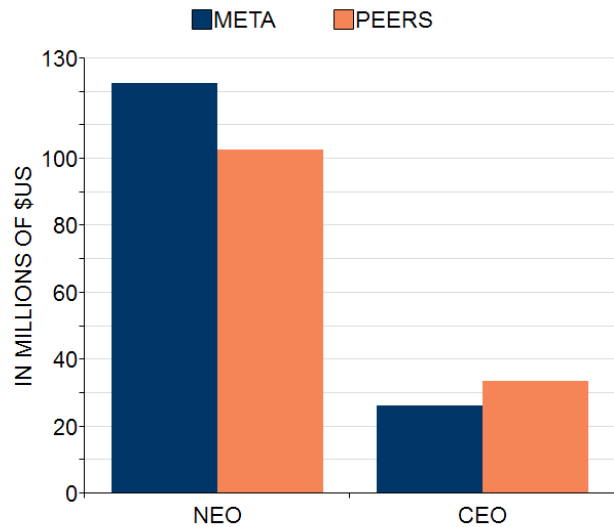
Meta Platforms' executive compensation received a **B** grade in our proprietary pay-for-performance model. The Company paid more compensation to its named executive officers than the median compensation for a group of companies selected based on Glass Lewis' peer group methodology and company data. The CEO was paid moderately less than the median CEO compensation of these peer companies. Overall, the Company paid about the same as its peers, but performed better than its peers.

<b>HISTORICAL COMPENSATION GRADE</b>	<b>FY 2024:</b>	B	<b>FY 2024 CEO COMPENSATION</b>	<b>SALARY:</b>	\$ 1
	<b>FY 2023:</b>	B		<b>GDFV EQUITY:</b>	\$ 0
	<b>FY 2022:</b>	C		<b>NEIP/OTHER:</b>	\$27,219,873
				<b>TOTAL:</b>	\$27,219,874

## FY 2024 PAY-FOR-PERFORMANCE GRADE



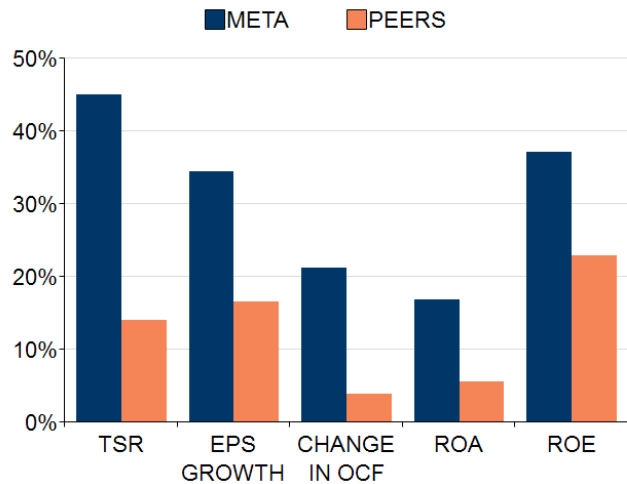
## 3-YEAR WEIGHTED AVERAGE COMPENSATION



## GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	META
Alphabet Inc.*	Uber Technologies, Inc
Amazon.com, Inc.*	PayPal Holdings, Inc
Apple Inc.*	Netflix, Inc
AT&T Inc.*	
Charter Communications, Inc.	
Cisco Systems, Inc.*	
Comcast Corporation*	
Intel Corporation	
International Business Machines Corporation	
Microsoft Corporation*	
Oracle Corporation	
Salesforce, Inc.*	
The Walt Disney Company*	
Verizon Communications Inc.*	
Visa Inc.	
*ALSO DISCLOSED BY META	

## SHAREHOLDER WEALTH AND BUSINESS PERFORMANCE



Analysis for the year ended 12/31/2024. Performance measures, except ROA and ROE, are based on the weighted average of annualized one-, two- and three-year data. Compensation figures are weighted average three-year data calculated by Glass Lewis. Data for Glass Lewis' pay-for-performance tests are sourced from company filings, including proxy statements, annual reports, and other forms for pay. Performance and TSR data are sourced from Capital IQ and publicly filed annual reports. For Canadian peers, equity awards are normalized using the grant date exchange rate and cash compensation data is normalized using the fiscal year-end exchange rate. The performance metrics used in the analysis are selected by Glass Lewis and standardized across companies by industry. These metrics may differ from the key metrics disclosed by individual companies to meet SEC pay-versus-performance rules.

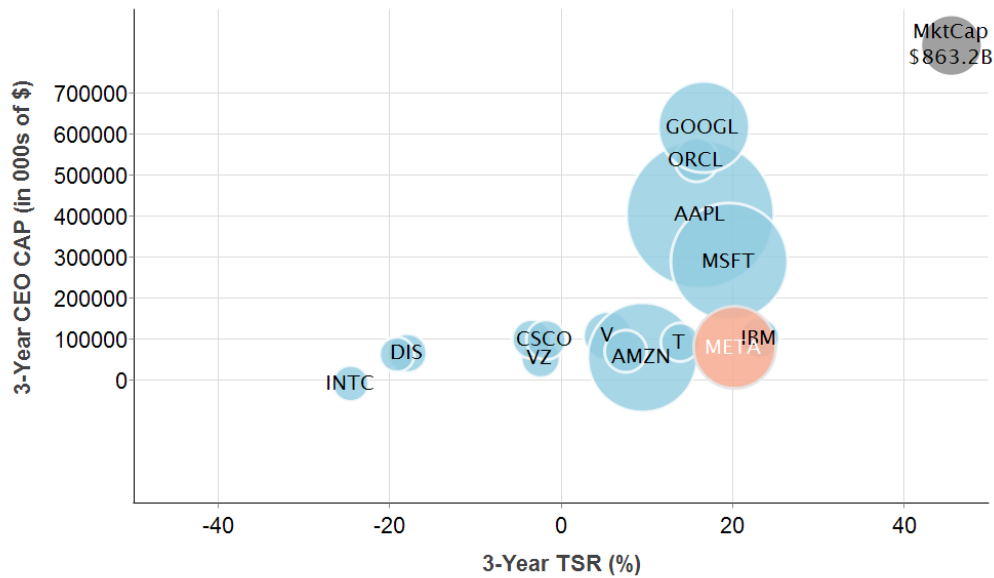
Glass Lewis peers are based on Glass Lewis' proprietary peer methodology, which considers both country-based and sector-based peers, along with each company's disclosed peers, and are updated in February and August. Peer data is based on publicly available information, as well as information provided to Glass Lewis during the

open submission periods. The "Peers Disclosed by Company" data is based on public information in proxy statements. Glass Lewis may exclude certain peers from the Pay for Performance analysis based on factors such as trading status and/or data availability.

For details on the Pay-for-Performance analysis and peer group methodology, please refer to Glass Lewis' [Pay-for-Performance Methodology & FAQ](#).



# COMPENSATION ANALYSIS



	Market Capitalization	Revenue	CEO Compensation Actually Paid	1Y TSR	3Y TSR	5Y TSR
Reference Company Percentile	75%ile	75%ile	44%ile	94%ile	94%ile	88%ile
Reference Company	\$1478.1B	\$164.5B	\$78.7M	66.0%	20.2%	23.4%
25th Percentile of Peers	\$163.4B	\$53.0B	\$54.2M	-5.1%	-17.9%	-5.6%
50th Percentile of Peers	\$203.3B	\$91.4B	\$97.3M	30.5%	7.5%	9.7%
75th Percentile of Peers	\$466.7B	\$134.8B	\$106.9M	39.3%	15.8%	18.9%
Multiple of Median	7.3x	1.8x	0.8x	N/A	N/A	N/A

	COMPENSATION ACTUALLY PAID (CAP)		EPS		ROA		ROE	
Year	META	GL Peers (Median)	META	GL Peers (Median)	META	GL Peers (Median)	META	GL Peers (Median)
2024	\$27.2M	\$44.5M	\$24.61	\$4.15	16.9%	5.1%	37.1%	23.0%
2023	\$24.4M	\$74.6M	\$15.19	\$3.15	14.8%	5.3%	28.0%	22.8%
2022	\$27.1M	\$20.0M	\$8.63	\$2.49	11.9%	5.3%	18.5%	23.6%

RATIO OF 3-YEAR COMPENSATION ACTUALLY PAID TO 3-YEAR TSR					
Market Capitalization Band	META	25th Percentile	50th Percentile	75th Percentile	90th Percentile
\$4B+	654,863:1	212,935:1	330,617:1	522,386:1	779,790:1

	LIST OF COMPANIES
Glass Lewis Peer Group	Visa Inc (V), Apple Inc (AAPL), The Walt Disney Company (DIS), Intel Corporation (INTC), Amazon.com, Inc (AMZN), International Business Machines Corporation (IBM), Verizon Communications Inc (VZ), Comcast Corporation (CMCSA), Cisco Systems, Inc (CSCO), Microsoft Corporation (MSFT), Oracle Corporation (ORCL), AT&T Inc (T), Charter Communications, Inc (CHTR), Salesforce, Inc (CRM), Alphabet Inc (GOOGL)

The Compensation Analysis for U.S. companies uses "compensation actually paid" figures provided by companies in proxy materials. The financial data used is based on information provided by Capital IQ. The performance metrics used in the analysis are selected by Glass Lewis and standardized across companies by industry. These metrics may differ from the key metrics disclosed by individual companies to meet SEC pay-versus-performance rules. The peer groups used in this analysis are created using Glass Lewis' proprietary peer-to-peer methodology for North American companies. For further information on the "compensation actually paid" figures, please see Glass Lewis' paper, New SEC Pay Versus Performance Disclosure Requirements. [Find the Perfect Peer Group with Glass Lewis](#)



# COMPANY UPDATES

---

## ADVANCE NOTICE PROVISIONS AMENDED

On September 10, 2024, the Company disclosed in a Form 8-K that the board had amended the Company's bylaws to alter the advance notice requirements for shareholders wishing to bring items (including board nominees) to a vote at shareholder meetings and for shareholders to request a special meeting.

Advance notice provisions and related disclosure requirements are commonplace at public companies. Notably, in November 2021, the SEC adopted rules to require the use of universal proxy cards by management and shareholders soliciting proxy votes for their own candidates in contested director elections. These requirements became effective for all shareholder meetings involving a director election from August 31, 2022.

In response, numerous companies amended their bylaws to ensure compliance with the new rules as well as to adjust the requirements of their advance notice provisions, including the Company. In this case, the board has significantly increased the burden on shareholders who wish to bring items to a vote at shareholder meetings. However, following review, we do not believe any of the Company's new requirements are unduly burdensome or unreasonable.

## ACTIVITIES AND OPERATIONS IN RUSSIA

As discussed in last year's Proxy Paper, on February 26, 2022, the Company [provided an update](#) of the Company's ongoing efforts regarding Russia's invasion of Ukraine, which has since been updated several times with the last update occurring on March 17, 2022.

The Company also disclosed in its proxy statement a number of actions taken to help its community and those affected by the war in Ukraine. The Company established a special operations center staffed by experts, including native Russian and Ukrainian speakers, around the clock to allow the Company to respond to issues in real-time. The Company also took steps to fight the spread of misinformation and implement more transparency and restrictions around state-controlled media outlets. Further, the Company adjusted content policies in Ukraine to focus on protecting people's rights to speech as an expression of self-defense in reaction to a military invasion. The Company also provided tools to help its community access crucial resources and take action to support people in need.

Since February 2022, people on Facebook and Instagram have raised more than \$50 million to date for nonprofits supporting humanitarian relief in Ukraine, which includes over 1 million donors to benefit more than 3,200 nonprofits. In addition, the Company has committed \$15 million to support humanitarian efforts in Ukraine and neighboring countries.

Further, in March 2022, access to the Company's Facebook and Instagram services was restricted in Russia, and the services were then prohibited by the Russian government. The Company discloses in its most recent annual report on Form 10-K that the prohibition of the Company's services in Russia continued to adversely affect user growth and engagement in 2024, and these trends adversely affected advertising revenue which the Company expects will continue in the foreseeable future.

## DEI INITIATIVES

In January 2025, the Company announced several changes to its DEI initiatives and content moderation policies. Among other things, the Company said that it would eliminate some of its rules protecting L.G.B.T.Q. people. The changes include allowing users to share "allegations of mental illness or abnormality when based on gender or sexual orientation, given political and religious discourse about transgenderism and homosexuality" (Kate Conger. ["Meta Drops Rules Protecting L.G.B.T.Q. Community as Part of Content Moderation Overhaul."](#) *The New York Times*. January 7, 2025). Company CEO, Mark Zuckerberg, said in a video that it will "get rid of a bunch of restrictions on topics like immigration and gender that are just out of touch with mainstream discourse." In addition, the Company terminated its diversity, equity and inclusion ("DEI") programs, according to an internal Company memo, effective January 2025 (Adria R. Walker. ["Meta terminates its DEI programs days before Trump inauguration."](#) *The Guardian*. January 10, 2025). As part of the changes, the Company ended its equity and inclusion training programs and disbanded a team that was focused on DEI. Further, the Company ended fact-checking on its social media platforms and removed restrictions on speech (Meghan Bobrowsky and Gareth Vipers. ["Meta Ends Fact-Checking on Facebook, Instagram in Free-Speech Pitch."](#) *The Wall Street Journal*. January 7, 2025). Starting in the U.S., fact-checkers will be replaced with a community notes system that allows users to flag posts they think need more context.

## LEGAL AND REGULATORY PROCEEDINGS

The Company is currently subject to numerous claims, litigation, regulatory, tax, and government inquiries and investigations, and other legal proceedings, among other concerns, in the U.S. and around the world. The Company is

also subject to new regulatory regimes, particularly in the European Union ("EU") and United Kingdom ("UK"), and is facing various inquiries and investigations regarding its compliance with these regulations. In addition to antitrust matters and allegations of abuse of its dominant market position, the Company continues to face ongoing concerns centered on data usage, privacy, and security. The Company discloses that it is also responding to litigation and government investigations related to its alleged role in causing or contributing to various societal harms, including mental and physical health and safety impacts on users, particularly younger users, child and adult sexual exploitation, illegal activity with respect to drugs, fraud, unlawful discrimination, and other harms potentially impacting large numbers of people.

The Company discloses that it may become subject to orders or consent decrees imposed by government or regulatory authorities that could cause the Company to incur substantial costs, expose the Company to civil and criminal liability (including liability for personnel) or penalties (including substantial monetary remedies), interrupt or require the Company to change its business practices in a manner materially adverse to its business (including changes to the Company's products, services, or user data practices), result in negative publicity and reputational harm, divert resources and the time and attention of management from the Company's business, or subject the Company to other structural or behavioral remedies that adversely affect its business (2024 Form 10-K; pg. 51).

### **Antitrust Investigations**

In June 2019, the Company was informed by the U.S. Federal Trade Commission ("FTC") that it had opened an antitrust investigation of the Company. On December 9, 2020, the FTC filed a complaint against the Company in the U.S. District Court for the District of Columbia alleging that it engaged in anticompetitive conduct and unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act and Section 2 of the Sherman Act by acquiring Instagram in 2012 and WhatsApp in 2014 and by maintaining conditions on access to the Company's platform. In addition, the attorneys general of 46 states, the territory of Guam, and the District of Columbia have filed a similar complaint against the Company. The lawsuits of the FTC and attorneys general both seek a permanent injunction against the Company's alleged violations of the antitrust laws, and other equitable relief, including divestiture or reconstruction of Instagram and WhatsApp.

On April 5, 2024, the Company filed its motion for summary judgment, and on May 24, 2024, the FTC filed its opposition and its own motion for partial summary judgment. On November 13, 2024, the court granted in part and denied in part both the Company's and the FTC's motions for summary judgment. The trial for these matters began in April 2025. On April 14, 2025, Company CEO, Mark Zuckerberg, testified in court defending that the Company did not create a social media monopoly through its acquisitions of Instagram and WhatsApp (Cecilia Kang, Mike Isaac, David McCabe. [Mark Zuckerberg Takes Stand to Defend Meta Against Antitrust Suit](#). "The New York Times. April 14, 2025).

Multiple putative class actions have also been filed in state and federal courts in the United States against the Company alleging violations of antitrust laws and other causes of action in connection with these acquisitions and other alleged anticompetitive conduct, and seeking damages and unspecified injunctive relief. Several of the cases brought on behalf of certain advertisers and users were consolidated in the U.S. District Court for the Northern District of California. On December 30, 2024, the Company filed its motion for summary judgment in the putative class action brought on behalf of certain advertisers.

### **European Commission**

In December 2022, the European Commission ("EC") issued a Statement of Objections alleging that the Company ties Facebook Marketplace to Facebook and uses data in a manner that infringes European Union ("EU") competition rules. On November 18, 2024, the EC issued a decision that the Company infringed Article 102 on the Treaty of the Functioning of the European Union in relation to certain alleged business practices relating to Facebook Marketplace and imposed a fine of approximately EUR €798 million (approximately \$902.4 million as of current exchange rates). The Company appealed the EC's decision on January 28, 2025.

In March 2024, the EC opened an investigation into the compliance of the Company's "subscription for no ads" consent model with requirements under Article 5(2) of the Digital Markets Act. The EC issued preliminary findings on July 1, 2024, reflecting its preliminary view that the Company's model does not comply with such requirements and indicated that it will conclude its investigation by March 2025.

In addition, on April 30, 2024, the EC opened formal proceedings against the Company to assess Facebook and Instagram's compliance with certain requirements under Articles 14, 16, 17, 20, 24, 25, 34, 35, and 40 of the Digital Services Act ("DSA"), regarding a range of topics including elections, content reporting and appeals, third-party access to data, political content recommendations, potential deceptive advertising and disinformation, including the way in which the Company identified, assessed, and mitigated against certain systemic risks on Instagram and Facebook.

### **Privacy**

On May 3, 2023, the FTC filed a public administrative proceeding, seeking substantial changes to the modified consent

order, which took effect in April 2020 after its entry by the U.S. District Court for the District of Columbia. The changes sought by FTC are set forth in a proposed order and include, among others, a prohibition on the Company's use of minors' data for any commercial purposes, changes the composition of the Company's board of directors, and significant limitations on the Company's ability to modify and launch new products. The underlying appeal was briefed, and oral argument was held on November 5, 2024. The U.S. Court of Appeals for the District of Columbia Circuit has yet to rule.

On May 31, 2023, the Company filed motion before the U.S. District Court for the District of Columbia seeking to enjoin the FTC from further pursuing its agency process to modify the modified consent order. On January 12, 2024, the district court denied the Company's motion for a stay pending appeal, and on January 25, 2024, the Company filed a motion for a stay pending appeal before the Court of Appeals.

On November 29, 2023, the Company separately filed a complaint, also in the U.S. District Court for the District of Columbia, asserting constitutional challenges to the structure of the FTC, and seeking to preliminarily enjoin the FTC proceeding during the pendency of the litigation. On December 13, 2023, the FTC filed an opposition to the Company's motion for preliminary injunction and a motion to dismiss the complaint.

The U.S. Court of Appeals for the D.C. Circuit ruled that the Company cannot delay the FTC from reopening the probe into alleged privacy failures by Facebook, despite the Company's objections that it already paid a \$5 billion fine and agreed to a range of safeguards, while the Company pursues the separate lawsuit challenging the agency's authority (Mike Scarcella and David Shepardson. "[Meta cannot delay US FTC from reopening privacy probe, court says.](#)" *Reuters*. March 29, 2024).

The district court action and the appeal were stayed pending the U.S. Supreme Court's decision in the case *SEC v. Jarkesy* (*Jarkesy*). Following the Supreme Court's ruling in *Jarkesy* on June 27, 2024, the government filed a renewed motion to dismiss, which was fully briefed as of October 18, 2024. The district court has yet to rule.

### **Youth-Related Actions**

The Company became subject to litigation and other proceedings that were filed in various federal and state courts alleging that Facebook and Instagram cause "social media addiction" in users, with most proceedings focused on those under 18 years old, resulting in various mental health and other harms, beginning in January 2022.

On October 6, 2022, the U.S. federal cases were centralized in the U.S. District Court for the Northern District of California (*In re Social Media Adolescent Addiction Product Liability Personal Injury Litigation*). On October 24, 2023, the [New York Attorney General and a bipartisan coalition of 32 attorneys general](#) filed a [federal lawsuit](#) in the U.S. District Court for the Northern District of California against the Company for harming young people's mental health and contributing to the youth mental health crisis.

These lawsuits include allegations that the Company knowingly designed and deployed harmful features on Instagram, Facebook, and its other social media platforms that purposefully addict children and teens. Further, the lawsuits allege that the Company routinely collects data on children under 13 without informing parents or obtaining parental consent, in violation of federal law. Additionally, nine other attorneys general have filed lawsuits in their respective states, bringing the total number of attorneys general taking action against the Company to 42.

These lawsuits include allegations regarding violations of the Children's Online Privacy Protection Act ("COPPA"), child sexual abuse material and other child safety concerns, as well as violations of state laws concerning consumer protection, unfair business practices, public nuisance, and product liability, with proceedings focused on the Company's alleged business practices (including the use of end-to-end encryption) and harms to users under 18 years old. The Company is also subject to government investigations and requests from multiple regulators concerning the use of its products, and the alleged mental and physical health and safety impacts on users, particularly younger users.

In addition, on May 16, 2024, the EC opened formal proceedings assessing the Company's compliance with certain requirements under Articles 28, 34, and 35 of the DSA, including the way in which the Company identified, assessed, and mitigated against certain systemic risks to minors and other vulnerable users that may stem from the design and functioning of Instagram and Facebook.

For additional details regarding these matters, the issues discussed above are covered in more detail in our analysis of the shareholder proposal covered under Proposal 9.00.

### **Glass Lewis' View**

In our view, although legal disputes are common to many companies, shareholders should be concerned with any type of lawsuit or regulatory investigation involving the Company, as such matters could potentially expand in scope and prove to dampen shareholder value. As such, given the Company's failure to properly manage risks during a time in which the Company has faced significant and ongoing controversies, we believe the chair of the audit and risk oversight committee should be held responsible for these ongoing concerns, as discussed further in our analysis of the election of directors in

Proposal 1.00. Further, many of the issues discussed above are covered in greater detail in our analysis of the shareholder proposals in Proposals 8.00, 9.00, and 14.00. We will continue to monitor the proceedings going forward.

## 1.00: ELECTION OF DIRECTORS

SPLIT

PROPOSAL REQUEST: Election of fifteen directors

ELECTION METHOD: Plurality

## RECOMMENDATIONS &amp; CONCERNS:

**WITHHOLD:** **M. Andreessen** (Did not implement SHP passed by a majority of unaffiliated shareholders) ; **H. Tan** (Affiliate/Insider on audit committee) ; **P. Alford** (Board level diversity demographic information not fully disclosed, Did not implement SHP passed by a majority of unaffiliated shareholders, Insufficient board gender diversity, Insufficient disclosure of board diversity and policies, Multi-class share structure with unequal voting rights) ; **A. Houston** (Did not implement SHP passed by a majority of unaffiliated shareholders) ; **T. Travis** (Other governance issue) ; **T. Xu** (Did not implement SHP passed by a majority of unaffiliated shareholders)

**FOR:** **M. Zuckerberg** ; **J. Arnold** ; **P. Collison** ; **J. Elkann** ; **N. Killefer** ; **R. Kimmitt** ; **D. McCormick** ; **C. Songhurst** ; **D. White**

**DIVERSITY ALERT:** One or more "AGAINST" or "WITHHOLD" election of director recommendations in this Proxy Paper is flagged for your attention because it is based, at least in part, on considerations of gender or underrepresented community diversity. Clients that wish to not vote based on such considerations should vote "FOR," absent any other concern. For more information on how Glass Lewis has modified its Benchmark Policy approach to considering certain diversity factors at U.S. companies beginning March 10, 2025, please see our [2025 Supplemental Statement on Diversity Considerations at U.S. Companies](#). If you have any questions or if you wish to update your approach to voting based on diversity considerations, please contact your Client Service Manager.

## PROPOSAL SUMMARY

Shareholders are being asked to elect 15 nominees to each serve a one-year term.

## BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	DIVERSE+	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWN**	COMMITTEES						TERM START	TERM END	YEARS ON BOARD
								AUDIT	COMP	GOV	NOM	RISK	E&S^			
✓	Mark Zuckerberg* ·CEO ·Chair	40	M	N/D	Insider 1	Not Independent	61%							2004	2025	21
✗	✓ Marc L. Andreessen	53	M	No	Affiliated 2	Independent	Yes		✓	✓	✓			2008	2025	17
✗	✓ Hock E. Tan*	73	M	Yes	Affiliated 3	Independent	Yes	✓				✓	✓	2024	2025	1
✗	✓ Peggy Alford*	53	F	Yes	Independent 4	Independent	Yes	✓	C	C	C	✓	✓	2019	2025	6
	✓ John Arnold	51	M	N/D	Independent	Independent	Yes	✓				✓	✓	2024	2025	1
	✓ Patrick Collison	36	M	N/D	Independent 5	Independent	Yes							2025	2025	0
	✓ John Elkann*	49	M	N/D	Independent	Independent	Yes							2024	2025	1
✗	✓ Andrew W. Houston*	42	M	N/D	Independent 6	Independent	Yes		✓	✓	✓			2020	2025	5
	✓ Nancy Killefer	71	F	No	Independent	Independent	Yes	✓x				✓	✓	2020	2025	5
	✓ Robert M. Kimmitt ·Lead ·Director	77	M	N/D	Independent 7	Independent	Yes							2020	2025	5
	✓ Dina Powell McCormick	51	F	N/D	Independent	Independent	Yes							2025	2025	0
	✓ Charles Songhurst	46	M	N/D	Independent 8	Independent	Yes							2024	2025	1
✗	✓ Tracey T. Travis	62	F	Yes	Independent 9	Independent	Yes	Cx				C	C	2020	2025	5
	✓ Dana White	55	M	N/D	Independent	Independent	Yes							2024	2025	1
✗	✓ Tony Xu*	40	M	N/D	Independent	Independent	Yes		✓	✓	✓			2022	2025	3



C = Chair, \* = Public Company Executive, X = Audit Financial Expert, ■ = Withhold or Against Recommendation

1. Founder, chair and CEO. Beneficially owns 99.8% of the Company's class B common stock and controls approximately 61% of the Company's total voting power. Received \$10,433,377 and \$9,431,139 for costs related to personal security at his residences and during personal travel pursuant to his overall security program in 2024 and 2023, respectively. Has pledged 12,000,000 shares of Class B common stock held of record by CZI Holdings I, LLC ("CZI I") as collateral to secure certain indebtedness. CZI I is beneficially owned by Mr. Zuckerberg, and Mr. Zuckerberg is deemed to have sole voting and investment power over the securities held by CZI I. Indirectly and wholly owns a private aircraft operated by an independent charter and is party to a charter arrangement and time sharing agreement with the Company, pursuant to which the Company paid approximately \$1.5 million and \$271,000, respectively, for business travel on such aircraft in 2024.
2. Co-founder and general partner of Andreessen Horowitz, which has invested in a number of companies that have been eventually purchased by the Company.
3. President and CEO of Broadcom Inc., which the Company paid \$987 million to for certain purchases and design, development, and engineering services in fiscal year 2024.
4. Former CFO and head of operations for the Chan Zuckerberg Initiative (until February 2019). Received \$1,815,089, \$1,757,407 and \$1,784,611 in perquisites consisting of approximately \$833,126, \$806,650 and \$819,137 for costs related to personal security services and \$981,963, \$950,757 and \$965,475 for an associated tax gross-up for taxable personal security services in 2024, 2023 and 2022, respectively.
5. CEO of Stripe, Inc., which the Company made payments to for services relating to payment processing in the ordinary course of business pursuant to standard terms and conditions. Former member of the Meta Advisory Group (until 2025), which is composed of outside advisors and periodically consults the Company's management team on strategic opportunities related to the Company's technology and product roadmap.
6. Chair and CEO of Dropbox, Inc., which the Company made payments to for services relating to data storage in the ordinary course of business pursuant to standard terms and conditions.
7. Lead independent director. Senior international counsel at WilmerHale, which from time to time provides legal services to the Company in the ordinary course of business, which amounted to approximately 3% and 5% of WilmerHale's total revenue in fiscal years 2024 and 2023, respectively.
8. Former member of the Meta Advisory Group (until 2024), which is composed of outside advisors and periodically consults the Company's management team on strategic opportunities related to the Company's technology and product roadmap.
9. Received \$430,420 in perquisites consisting of approximately \$189,600 for costs related to personal security services and \$240,820 for an associated tax gross-up for taxable personal security services in 2021.

+Reflects racial/ethnic diversity reported either by the Company or by another company where the individual serves as a director. Only racial/ethnic diversity reported by the Company will be reflected in the Company's reported racial/ethnic board diversity percentage listed elsewhere in this Proxy Paper, if available.

\*\*Percentages displayed for ownership above 5%, when available

^Indicates board oversight responsibility for environmental and social issues. If this column is empty, it indicates that this responsibility hasn't been formally designated and codified in committee charters or other governing documents.

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Mark Zuckerberg	Yes	Yes	None
Marc L. Andreessen	Yes	No	(2) <a href="#">Coinbase Global, Inc.</a> ; <a href="#">Samsara Inc.</a>
Hock E. Tan	Yes	Yes	(1) <a href="#">Broadcom Inc.</a> , E
Peggy Alford	Yes	Yes	None
John Arnold	Yes	No	None
Patrick Collison	N/A	No	None
John Elkann	N/A	Yes	(3) <a href="#">Stellantis N.V.</a> , C E; <a href="#">Exor N.V.</a> , E; <a href="#">Ferrari N.V.</a> , C E
Andrew W. Houston	Yes	Yes	(1) <a href="#">Dropbox, Inc.</a> , C E
Nancy Killefer	Yes	No	(2) <a href="#">Cardinal Health, Inc.</a> ; <a href="#">Certara, Inc.</a>
Robert M. Kimmitt	Yes	No	None
Dina Powell McCormick	N/A	No	(1) <a href="#">Exxon Mobil Corporation</a>
Charles Songhurst	N/A	No	None
Tracey T. Travis	Yes	No	(2) <a href="#">Accenture plc</a> ; <a href="#">Hyatt Hotels Corporation</a>
Dana White	N/A	No	None
Tony Xu	Yes	Yes	(1) <a href="#">DoorDash, Inc.</a> , C E

C = Chair, E = Executive



## PAST VOTING RECOMMENDATIONS ON DIRECTORS

A director's past conduct may be indicative of future conduct and performance. We have seen directors with a history of overpaying executives or serving on boards where avoidable disasters have occurred serving on the boards of companies with similar problems. Glass Lewis uses its proprietary database of directors serving at tens of thousands of publicly traded companies around the world to track directors across companies and reports certain past concerns for consideration.

DIRECTOR	PAST CONCERNS IDENTIFIED*
Peggy Alford	Other governance issue: FB May 2022 AGM   META May 2024 AGM
Marc L. Andreessen	Other governance issue: FB May 2021 AGM   Other unique issue: FB May 2018 AGM   FB May 2019 AGM   FB May 2020 AGM
Nancy Killefer	Material weakness: ABCO Jun 2016 AGM

\*(i) The concern(s) identified above are reported for informational purposes and reflect instances in which Glass Lewis, based on all relevant facts and circumstances, identified a reportable reason to recommend against the individual's election to a board based on our then-applicable benchmark guidelines; (ii) as further explained in our policy guidelines, only certain concerns that prompted such a recommendation are reported for these purposes; these may be viewed [here](#) (iii) where multiple concerns are identified, such concerns may or may not be the same issue at the same company and therefore may not necessarily be more noteworthy or relevant than a single instance of a particular issue; (iv) this analysis is only generated where at least one of the aforementioned concerns occurred in the last five (5) full calendar years that precede the year in which the meeting subject to this Proxy Paper is taking place; e.g. between 1 Jan 2019 through 31 December 2023 for meetings in 2024.

## MARKET PRACTICE

BOARD	REQUIREMENT	BEST PRACTICE	2023*	2024*	2025*
Independent Chair	No <sup>1</sup>	Yes <sup>6</sup>	No	No	No
Board Independence	Majority <sup>2</sup>	66.7% <sup>6</sup>	56%	60%	80%
Gender Diversity	N/A <sup>5</sup>	N/A <sup>5</sup>	44.4%	30.0%	26.7%
COMMITTEES	REQUIREMENT	BEST PRACTICE	2023*	2024*	2025*
Audit Committee Independence	100% <sup>3</sup>	100% <sup>6</sup>	67%	60%	80%
Independent Audit Chair	Yes <sup>3</sup>	Yes <sup>6</sup>	Yes	Yes	Yes
Compensation Committee Independence	100% <sup>4</sup>	100% <sup>6</sup>	50%	50%	75%
Independent Compensation Chair	Yes <sup>4</sup>	Yes <sup>6</sup>	No	No	Yes
Nominating Committee Independence	100% <sup>4</sup>	100% <sup>6</sup>	50%	50%	75%
Independent Nominating Chair	Yes <sup>4</sup>	Yes <sup>6</sup>	No	No	Yes

\* Based on Glass Lewis classification

1. Nasdaq Corporate Governance Requirements
2. Independence as defined by Nasdaq listing rules
3. Securities Exchange Act Rule 10A-3 and Nasdaq listing rules

4. Non-independent member allowed under certain circumstances in Nasdaq listing rules
5. No current marketplace listing requirement
6. CII

Glass Lewis believes that boards should: (i) be at least two-thirds independent; (ii) have standing compensation and nomination committees comprised solely of independent directors; and (iii) designate an independent chair, or failing that, a lead independent director.

## GLASS LEWIS ANALYSIS

We believe it is important for shareholders to be mindful of the following:

### MULTI-CLASS CONTROLLED COMPANY

The Company has two classes of common stock outstanding, Class A common stock which entitles holders to one vote per share and Class B common stock which entitles holders to ten votes per share.

Mark Zuckerberg, the Company's founder, chair and CEO, beneficially owns approximately 99.8% of the Class B common stock, representing approximately 61.0% of the total voting power, and can ensure the election of each of the nominees without action on the part of any other shareholder.

As such, we believe it is appropriate to consider the Company controlled for the purposes of applying our board and committee independence standards.

## BOARD CHANGES

We note the following board changes, which have occurred (or will occur) between the publication of our last annual meeting Proxy Paper and this year's annual meeting.

DIRECTOR	BOARD ROLE	NOTES
Patrick Collison	Independent Director	Appointed April 2025
John Elkann	Independent Director	Appointed April 2025
Dina Powell McCormick	Independent Director	Appointed December 2024
Charles Songhurst	Independent Director	Appointed December 2024
Dana White	Independent Director	Appointed December 2024

## POTENTIAL OVERCOMMITMENT

Shareholders should be mindful of the following commitment levels:

DIRECTOR	ROLE AT THE COMPANY	OUTSIDE PUBLIC COMPANY DIRECTORSHIPS	ROLE
John Elkann	NED	Stellantis N.V.	Executive
		Exor N.V.	Executive
		Ferrari N.V.	Executive

## DIRECTOR COMMITMENTS

Nominee Elkann serves as a director and CEO of Exor N.V. and as executive chair of Ferrari N.V. and Stellantis N.V., while serving on a total of four public company boards. We note that it is exceptionally rare for sitting CEOs of public companies to serve on more than one additional public company board. According to the [2024 Spencer Stuart Board Index](#), while 42% of S&P 500 CEOs serve on one or more additional public boards, less than 2% serve on more than one additional public board. In our view, the time commitment required by this number of external board memberships, in addition to executive duties, may preclude this nominee from dedicating the time necessary to fulfill the responsibilities required of directors. However, we note that Exor N.V. maintains significant shareholdings in Ferrari NV and Stellantis NV. We generally refrain from recommending that shareholders against a director who serves on an excessive number of boards within a consolidated group of companies and where they maintain significant shareholdings. As such, we refrain from recommending that shareholders oppose nominee Elkann based on his outside commitments at this time.

## DIVERSITY POLICIES AND DISCLOSURE

FEATURE	COMPANY DISCLOSURE
Director Race and Ethnicity Disclosure	None
Diversity Considerations for Director Candidates	None
"Rooney Rule" or Equivalent	Not disclosed
Director Skills Disclosure (Tabular)	None
*Overall Rating: Poor	
Company-Reported Percentage of Racial/Ethnic Minorities on Board: N/A	

\*For more information, including detailed explanations of how Glass Lewis assesses these features, please see Glass Lewis' [Approach to Diversity Disclosure Ratings](#).

The Company has provided poor disclosure of its board diversity policies and considerations. Areas to potentially improve this disclosure are as follows:

**Race and Ethnicity Disclosure** - The Company has not disclosed the racial/ethnic diversity of directors in a way that is both delineated from other diversity measures and on an individual basis. Glass Lewis believes that shareholders benefit from clear disclosure of racial/ethnic board diversity on an individual basis.

**Diversity Considerations for Director Candidates** - The Company has not disclosed that the board expressly considers both gender and race as measures of diversity within the director search process. Glass Lewis believes that shareholders benefit from clear disclosure assuring that these basic measures of diversity are a part of ongoing board refreshment considerations.

**"Rooney Rule"** - The Company has not disclosed a policy requiring women and minorities to be included in the initial pool of candidates when selecting new director nominees (aka a "Rooney Rule"). Glass Lewis believes that policies requiring the consideration of minority candidates are an effective way to ensure an appropriate mix of director nominees.

**Skills Disclosure** - The Company has not disclosed a matrix of director skills and competency by individual. Glass Lewis believes that shareholders benefit when director skills and qualifications are disclosed in a single matrix including each individual member of the board. The board could improve its disclosure of director skills and experience by providing an individualized matrix.

## BOARD COMPOSITION

### *Director Alford's Independence*

Director Alford previously served as CFO and head of operations for the Chan Zuckerberg Initiative for approximately 18 months, until February 2019, before joining the Company's board in May 2019. The Company notes that, in determining that director Alford is independent under Nasdaq rules, the board considered her former role at the Chan Zuckerberg Initiative and determined that this former employment relationship does not interfere with director Alford's independence. In addition, we note this director also received \$1,815,089 in perquisites during fiscal year 2024, consisting of approximately \$833,126 for costs related to personal security services and \$981,963 for an associated tax gross-up for taxable personal security services, which remains unusually high.

While we previously did not believe it was appropriate to consider director Alford unquestionably independent, as discussed in previous Proxy Papers, we believe this approach is no longer necessary. We believe sufficient time has passed since director Alford was employed by the Chan Zuckerberg Initiative. In addition, we note that director Alford recently agreed to a public company executive role as [CFO of eBay Inc.](#), effective May 12, 2025. Given these factors, we believe that shareholders can now consider this director independent. We will monitor this issue going forward.

### *Director Andreessen's Independence*

Director Andreessen and his venture capital firm have a long history of prior business dealings with the Company. The firm, Andreessen Horowitz, held significant investments in Instagram, Oculus, wit.ai, and Within Unlimited ("Within"), which were purchased by the Company in 2012, 2013, 2015, and 2023, respectively. The Company completed the acquisition of Within in February 2023 in a transaction that reportedly valued Within at approximately \$400 million following a [challenge by the FTC](#) to block the acquisition (Mack DeGeurin. "[Judge Rebukes FTC and Greenlights Meta's \\$400 Million Within Acquisition](#)," *Gizmodo*. February 1, 2023). Director Andreessen's equity interest in Within, through Andreessen Horowitz, was less than three percent of the outstanding stock of Within.

We note that director Andreessen's independence came into further question following his attendance on the special committee responsible for overseeing the Company's previously proposed recapitalization plan in the course of legal proceedings challenging the proposal. Specifically, director Andreessen reportedly coached Mark Zuckerberg through deliberations with the special committee (Steven Davidoff Solomon. "[A Potential Hitch in Zuckerberg's Stock Plan for Facebook](#)," *New York Times*. December 13, 2016). We view these purported communications with Mark Zuckerberg in relation to the special committee's deliberations to be a poor reflection on his ability to represent unaffiliated shareholders. Given this director's history of business with the Company and the factors detailed herein, we do not believe shareholders can reasonably consider director Andreessen to be unquestionably independent.

### *Director Kimmitt's Independence*

Director Kimmitt is senior international counsel at the law firm of Wilmer Cutler Pickering Hale and Dorr LLP ("WilmerHale"), which from time to time and in the ordinary course of business, provides legal services to the Company, which amounted to approximately 3% of WilmerHale's total revenue in 2024. We generally question the need for the Company to engage in legal service relationships with its directors. We view such relationships as potentially creating conflicts for directors, as they may be forced to weigh their own interests in relation to shareholder interests when making board decisions. In this case, however, the Company provides sufficient disclosure to assuage our concerns regarding the impact on director Kimmitt's independence.

The Company discloses in its proxy statement that director Kimmitt has only provided de minimis legal services to the Company during the three years prior to joining the board and has not provided any such services during his term as a director. Director Kimmitt is not an equity partner in the firm and does not receive any compensation from the firm that is generated by or related to the Company's payments to WilmerHale for such services. Additionally, WilmerHale has agreed to implement certain measures to help ensure that director Kimmitt is walled off from any legal representation of the Company undertaken by WilmerHale. Based on the foregoing disclosure, we agree with the Company's determination that its professional engagement of WilmerHale should not interfere with Ambassador Kimmitt's exercise of independent judgment in carrying out his responsibilities as a director.

## Director Tan's Independence

Director Tan is the president and CEO of Broadcom Inc. ("Broadcom"). The Company is party to certain arrangements with Broadcom, whereby the Company directly and indirectly purchases Broadcom's component products. Further, Broadcom provides the Company with services such as design, development, and engineering, for which the Company compensates Broadcom. In 2024, the Company paid a total of approximately \$987 million to Broadcom under these arrangements. We question the need for the Company to engage in business relationships with its directors. We view such relationships as potentially creating conflicts for directors, as they may be forced to weigh their own interests in relation to shareholder interests when making board decisions. In addition, a company's decision regarding where to turn for the best products and services may be compromised when doing business with the firm of one of the Company's directors.

Further, we note that Broadcom is a key partner to the Company as it begins to invest heavily in data centers and its efforts to design its own chips for artificial intelligence (Max A. Cherney and Stephen Nellis. "[Meta adds exec from key chip partner to board](#)." *Reuters*. February 14, 2024). Given the extent of this relationship, we do not believe shareholders can reasonably consider Mr. Tan to be unquestionably independent. While we refrain from recommending shareholders oppose Mr. Tan's election based on this relationship alone, we consider this director an affiliate of the Company and do not believe this director should serve as a member of the audit committee, as discussed further below.

## BOARD SKILLS

Glass Lewis believes that depth and breadth of experience is crucial to a properly functioning board. We believe shareholders' interests are best served when boards proactively address a lack of diversity through targeted refreshment, linking organic succession planning with the skill sets required to guide and challenge management's implementation of the board's strategy.

We have reviewed the non-employee directors' current mix of skills and experience as follows\*:

BASIC INFORMATION				CORE SKILLS							SECTOR-SPECIFIC SKILLS		
Director	Age	Gender	Tenure	Core	Finance/ Risk	Legal/ Policy	Senior Exec	Cyber/ IT	E&S	HCM	Intl Sales/ Mrkts	Tech/ Eng	Comms/ Mrkting/ E-Com
Peggy Alford	53	F	6	X	X		X		X	X	X		
Marc L. Andreessen	53	M	17	X	X		X	X				X	X
Andrew W. Houston	42	M	5	X			X	X		X		X	
Nancy Killefer	71	F	5	X	X	X	X						
Robert M. Kimmitt	77	M	5	X	X	X	X		X		X		X
Tracey T. Travis	62	F	5		X		X			X	X	X	
Tony Xu	40	M	3	X			X			X		X	X
John Arnold	51	M	1		X				X			X	
Hock E. Tan	73	M	1	X	X	X	X	X		X	X	X	
Patrick Collison	36	M	0	X	X		X			X			
John Elkann	49	M	1		X		X			X	X		
Dina Powell McCormick	51	F	0		X	X		X			X		
Charles Songhurst	46	M	1	X							X		
Dana White	55	M	1								X		X

\*Please note that the above information is for guidance only and has been compiled using the Company's most recent disclosure and/or additional public sources as necessary. It is not intended to be exhaustive. For further information, please refer to the Glass Lewis [Board Skills Appendix](#).

## RECOMMENDATIONS

We recommend that shareholders oppose the election of the nominees listed below based on the following:

As noted above, Mark Zuckerberg controls approximately 61.0% of the Company's total voting power. We note that the Company frequently receives shareholder proposals that receive high support from unaffiliated shareholders but ultimately do not pass due to the Company's multi-class voting structure. In the last year, a shareholder proposal calling for the elimination of the multi-class structure received support from approximately 68.7% of unaffiliated voting shares. We view this as further evidence that the Company's share structure insulates management from investor feedback and underscores our concern that the board of directors is not adequately protecting shareholder rights. While we do not feel it is appropriate to recommend withholding support from the controlling shareholder at this time, we do believe our

concerns warrant opposition from the following nominees:

## MULTI-CLASS SHARE STRUCTURE WITH UNEQUAL VOTING RIGHTS

Nominee **ALFORD** serves as chair of the compensation, nominating and corporate governance committee. The Company maintains a multi-class share structure with unequal voting rights and has not provided for a reasonable time-based sunset of the multi-class share structure (generally seven years or less). Specifically, shareholders of the Company's Class A common stock are provided with one vote per share, and shareholders of the Company's Class B common stock are provided with ten votes per share.

Glass Lewis believes multi-class voting structures are typically not in the best interests of common shareholders. Allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board.

We believe that it is the responsibility of the compensation, nominating and corporate governance committee to ensure that the economic stake of each shareholder matches their voting power and that no small group of shareholders, family or otherwise, has voting rights different from those of other shareholders.

## ADDITIONAL GOVERNANCE CONCERNS

Additionally, we recommend that shareholders oppose the election of director Alford, as chair of the compensation, nominating and corporate governance committee, based on the following additional reasons for concern:

### ***Board Gender Diversity***

At the time of the annual meeting, the Company's board will be 26.7% gender diverse. Glass Lewis recognizes that a diversity of skills, thought and experience benefits companies by providing a broad range of perspectives and insights. Specifically, we believe that public company boards at companies in the Russell 3000 index should be at least 30% gender diverse, as is the case for the majority of companies in the index.

In cases where that standard is not met, we expect companies to disclose a rationale for the board's atypical level of gender diversity, or a timeline for addressing the issue. In this case, no sufficient rationale has been provided for the low level of board gender diversity, nor has a timetable been provided for reaching typical market practice for this issue.

### ***Insufficient Disclosure of Racial/Ethnic Minority Board Demographics***

In addition, to the best of our knowledge, the Company has failed to provide disclosure of racial/ethnic minority demographic information at an overall aggregate board or individual director level in its proxy statement. We note that this disclosure was provided in last year's proxy statement, but was omitted this year. Glass Lewis believes that this disclosure is imperative to allow shareholders to measure the mix of diverse attributes of directors. We also believe that it is the responsibility of the compensation, nominating and corporate governance committee to provide clear disclosure for shareholders regarding board diversity demographics, which is the market standard for companies in the Russell 1000 Index.

### ***Insufficient Disclosure of Director Diversity Considerations and Policies***

Additionally, as noted in our diversity policies and disclosure assessment above, the Company has provided poor disclosure of its board diversity policies and considerations. Glass Lewis believes that this disclosure is important to allow shareholders to measure the mix of diverse attributes and skills of directors. We also believe that it is the responsibility of the compensation, nominating and corporate governance committee to provide shareholders with clear disclosure regarding board diversity, policies and considerations.

## SHAREHOLDER DISSENT AT PRIOR AGM

Finally, director Alford was opposed by approximately 48.1% of votes cast by unaffiliated shareholders at last year's annual meeting. We believe this high level of shareholder disapproval is an indication that shareholders are concerned with this director's performance on the board.

## RISK OVERSIGHT FAILURES

Nominee **TRAVIS** serves as chair of the audit and risk oversight committee. We believe nominee Travis, as chair of this committee, should be held responsible for what we deem to be the committee's failure to properly manage risks during a time in which the Company has faced significant and ongoing controversies. According to the [audit committee charter](#), this committee is responsible for the oversight of legal and regulatory matters. Responsibilities include reviewing the Company's program for promoting and monitoring compliance with applicable legal and regulatory requirements, and reviewing the Company's major legal compliance risk exposures, including steps management has taken to monitor and mitigate the exposures. We note that on June 14, 2018, the Company expanded the audit and risk oversight committee's



charter to include review of the Company's privacy and data use, community safety and security and cybersecurity risk exposures.

While we recognize that the Company has provided enhanced disclosures in this area and has begun to take some action, in light of continued and ongoing concerns falling within the purview of the audit committee's responsibilities, we believe shareholders should hold nominee Alford accountable for the committee and board's continued deficiency in risk oversight.

## MAJORITY UNAFFILIATED SHAREHOLDER SUPPORT FOR SHAREHOLDER PROPOSALS

Nominees **ANDREESSEN**, **HOUSTON**, **XU**, and Alford served as members of the compensation, nominating and governance committee during which time the board failed to implement a shareholder proposal that was approved by a majority of unaffiliated shareholders. At last year's annual meeting, a shareholder proposal requesting the Company take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share received the support of approximately 26.3% of votes cast (excluding abstentions and broker non-votes).

We also understand that, as a result of the Company's multi-class structure (addressed more fully above), the vote results for shareholder proposals and management proposals will be artificially depressed or buoyed, respectively. When excluding the impact of affiliated shareholders (directors and executive officers) from the vote results, most notably, the 61.0% of the voting power controlled by Mr. Zuckerberg at the time of last year's meeting, it appears that approximately 68.7% of unaffiliated shareholders supported this shareholder proposal at last year's meeting.

In addition, at the Company's 2021, 2022, and 2024 annual meetings, similar shareholder proposals requesting the Company eliminate its dual-class structure received the support of 89.7%, 91.6%, and 74.8% of unaffiliated shareholders, respectively. Further, at the Company's 2021 and 2022 annual meetings, shareholder proposals requesting that the Company appoint an independent board chair received the support of approximately 51.9% and 54.4% of unaffiliated shareholders, respectively.

We believe that the members of the committee should have taken the steps to accomplish these shareholder requests by this year's meeting. The committee does not appear to have done so. We believe this is a failure on the part of the committee to fulfill its obligations to shareholders. Given this high level of unaffiliated shareholder support, we believe the Company should have taken more steps to address the content requested by these proposals. The Company has again received shareholder proposals regarding the multi-class share structure, as discussed in more detail in Proposals 6.00 and 7.00. As such, it is clear that these matters have not been sufficiently addressed.

## AUDIT COMMITTEE COMPOSITION

Nominee **TAN** is the president and CEO of Broadcom Inc. ("Broadcom"). As discussed above, the Company is party to certain arrangements with Broadcom, whereby the Company directly and indirectly purchases Broadcom's component products. Further, Broadcom provides the Company with services such as design, development, and engineering, for which the Company compensates Broadcom. In 2024, the Company paid a total of approximately \$987 million to Broadcom under these arrangements. Accordingly, based on this relationship, we do not believe shareholders can reasonably consider Mr. Tan to be unquestionably independent. This director is also a member of the audit committee, which we believe should consist solely of independent directors.

**DIVERSITY ALERT** - This proposal is being flagged for clients' attention given one or more "AGAINST" or "WITHHOLD" election of director recommendations are based, at least in part, on considerations of gender or underrepresented community diversity. For more information, please see the Disclosure Note above.

**For shareholders that DO wish to consider gender or underrepresented community diversity, we recommend that shareholders vote:**

## WITHHOLD

**M. Andreessen** - Did not implement SHP passed by a majority of unaffiliated shareholders

**H. Tan** - Affiliate/Insider on audit committee

**P. Alford** - Board level diversity demographic information not fully disclosed, Did not implement SHP passed by a majority of unaffiliated shareholders, Insufficient board gender diversity, Insufficient disclosure of board diversity and policies, Multi-class share structure with unequal voting rights

**A. Houston** - Did not implement SHP passed by a majority of unaffiliated shareholders

**T. Travis** - Other governance issue

**T. Xu** - Did not implement SHP passed by a majority of unaffiliated shareholders

## FOR

- **M. Zuckerberg** - **J. Arnold** - **P. Collison** - **J. Elkann** - **N. Killefer** - **R. Kimmitt** - **D. McCormick** - **C. Songhurst** - **D. White**

**For shareholders that DO NOT wish to consider gender or underrepresented community diversity, we recommend that shareholders vote:**

## WITHHOLD

**M. Andreessen** - Did not implement SHP passed by a majority of unaffiliated shareholders

**H. Tan** - Affiliate/Insider on audit committee

**P. Alford** - Did not implement SHP passed by a majority of unaffiliated shareholders, Multi-class share structure with unequal voting rights

**A. Houston** - Did not implement SHP passed by a majority of unaffiliated shareholders

**T. Travis** - Other governance issue

**T. Xu** - Did not implement SHP passed by a majority of unaffiliated shareholders

## FOR

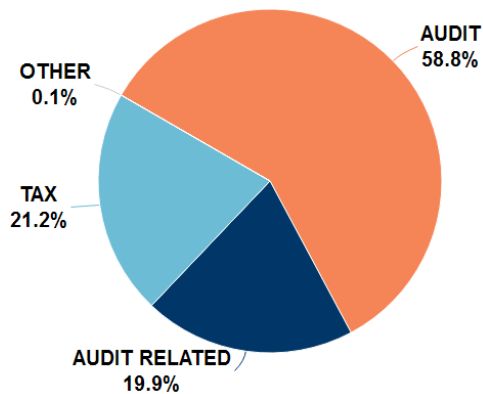
- **M. Zuckerberg** - **J. Arnold** - **P. Collison** - **J. Elkann** - **N. Killefer** - **R. Kimmitt** - **D. McCormick** - **C. Songhurst** - **D. White**

## 2.00: RATIFICATION OF AUDITOR

**FOR**

**PROPOSAL REQUEST:** Ratification of Ernst & Young  
**PRIOR YEAR VOTE RESULT (FOR):** 98.6%  
**BINDING/ADVISORY:** Advisory  
**REQUIRED TO APPROVE:** Majority of votes cast  
**AUDITOR OPINION:** Unqualified

**RECOMMENDATIONS & CONCERNS:**  
**FOR-** No material concerns



### AUDITOR FEES

	2024	2023	2022
<b>Audit Fees:</b>	\$21,397,000	\$20,271,000	\$18,184,000
<b>Audit-Related Fees:</b>	\$7,243,000	\$1,697,000	\$1,285,000
<b>Tax Fees:</b>	\$7,718,000	\$8,350,000	\$9,834,000
<b>All Other Fees:</b>	\$2,000	\$3,000	\$3,000
<b>Total Fees:</b>	\$36,360,000	\$30,321,000	\$29,306,000
<b>Auditor:</b>	Ernst & Young	Ernst & Young	Ernst & Young
<b>1-Year Total Fees Change:</b>		19.9%	
<b>2-Year Total Fees Change:</b>		24.1%	
<b>2024 Fees as % of Revenue*:</b>		0.022%	

\* Annual revenue as of most recently reported fiscal year end date. Source: Capital IQ

<b>Years Serving Company:</b>	18
<b>Restatement in Past 12 Months:</b>	No
<b>Alternative Dispute Resolution:</b>	No
<b>Auditor Liability Caps:</b>	No
<b>Lead Audit Partner:</b>	Rhonda Worrall Munnerlyn
<b>Critical Audit Matters:</b>	2
	<ul style="list-style-type: none"> <li>• Loss Contingencies</li> <li>• Uncertain Tax Positions</li> </ul>

### GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of Ernst & Young as the Company's auditor for fiscal year 2025.



## 3.00: APPROVAL OF THE 2025 EQUITY INCENTIVE PLAN

AGAINST

<b>PROPOSAL REQUEST:</b>	Approval of the 2025 Equity Incentive Plan	<b>RECOMMENDATIONS &amp; CONCERNS:</b>
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>AGAINST-</b> Contains Evergreen Provisions
<b>BINDING/ADVISORY:</b>	Binding	
<b>REQUIRED TO APPROVE:</b>	Majority of votes cast	

## SUMMARY OF PROPOSED PLAN

## 2025 EQUITY INCENTIVE PLAN

<b>Number of Shares Requested</b>	0 <sup>^</sup>	
<b>Potential Dilution</b>	20.0%*	
<b>Fully Diluted Overhang</b>	32.8%*	
<b>Eligible Participants</b>	Employees, officers, non-employee directors, consultants, advisors and independent contractors	
<b>Administrators</b>	Compensation, nominating & governance committee	
<b>Award Types Permitted</b>	Stock options, SARs, restricted stock, RSUs, dividend equivalents, cash and performance-based awards	
<b>Vesting Provisions</b>	Determined by the compensation, nominating & governance committee	
<b>OTHER FEATURES</b>	<b>Full value award multiplier?</b>	No
	<b>Single-trigger change of control?</b>	No
	<b>Plan includes repricing or buyout provision?</b>	No
	<b>Evergreen provisions?</b>	Yes
	<b>Fair Market Value minimum?</b>	Yes
	<b>Reload provisions?</b>	No

<sup>^</sup>The number of shares that may be subject to awards granted under the plan will equal (i) any reserved shares not issued or subject to outstanding grants under the 2012 plan on the Effective Date (as of 12/31/2024 this amount was ~483 million), plus (ii) shares that are subject to awards granted under the 2012 plan that cease to be subject to such award by forfeiture or otherwise after the Effective Date plus (iii) shares that are subject to awards under the 2012 plan that are used or withheld to pay the exercise price of an option or to satisfy the tax withholding obligations related to any award.

\*Dilution and overhang calculations take into account the estimated impact of the evergreen provision over the remaining life of the plan, using outstanding shares, outstanding awards and future issuance figures as of fiscal year-end (December 31, 2024).

## GLASS LEWIS ANALYSIS

We believe equity is a useful tool, when not abused, to incentivize employees and better align their interests with those of shareholders. We generally analyze equity plans using a detailed model and analyst review. However, due to the variability of the impact of the evergreen provision included in the plan, we do not believe our quantitative analysis of the Company's historical grant practices will provide an accurate basis for predicting the Company's future equity grants. Therefore, we cannot evaluate the plan by running several of our key tests.

Based on the available information, we believe the terms of the proposed plan, the requested number of shares and the awards to be granted are reasonable. However, we are concerned with the following provisions of the plan:

**Excessive Potential Dilution.** As disclosed above, if this proposal is approved it will authorize shares for issuance that, when issued, would dilute current shareholders by up to 20.0%. In our view, such a large amount of shares presents an unacceptable level of potential dilution to the Company and its shareholders. Additionally, Glass Lewis believes that shareholders deserve an opportunity to voice their opinion on equity compensation plans every three to four years; given the number of shares requested under this plan, it seems highly unlikely that the Company will meet this standard unless it is granting awards at an unreasonable pace.

**Management of the Program.** The proposed plan will be administered by people who are not independent outsiders. We believe that independent outsiders should manage equity-based compensation plans.

**Evergreen Provisions.** We note that this plan contains a so-called "evergreen" provision that has the effect of reducing or

eliminating the need for management to come back to shareholders to authorize additional stock for the equity-based compensation program. We believe that management teams should come to their shareholders from time-to-time to seek expansion of the award pool. We believe that shareholders should retain the right to have such a program and to dictate its size, based on the prior performance of the management team and the company overall.

*Full-Value Award Multiplier.* The proposed plan permits the administrator to grant restricted stocks or other full-value awards in place of options. However, the plan does not have a multiplier in place to increase the reduction of shares with each restricted share granted under the plan. In delivering an equity compensation package, the Company would most likely use a lesser number of restricted shares than options to achieve the same monetary value. When the Company elects to use full-value grants but chooses not to account for the difference in share usage as described above, the proposed plan lasts longer than it otherwise would and the total cost of the plan is greater. In short, we believe that when a plan permits full-value grants, the Company should have a multiplier provision in place to account for the difference in value between options and full-value equity instruments.

## RECOMMENDATION

Based on the value of equity-based incentive programs, we believe such a plan could be beneficial for the Company and its shareholders. However, in light of our concerns with the terms of the plan discussed above, namely the inclusion of an evergreen provision, we do not believe the Company has designed an incentive plan that adequately protects shareholder interests going forward.

We recommend that shareholders vote **AGAINST** this proposal.

## 4.00: ADVISORY VOTE ON EXECUTIVE COMPENSATION

FOR

<b>PROPOSAL REQUEST:</b>	Approval of Executive Pay Package	<b>PAY FOR PERFORMANCE GRADES:</b>	FY 2024 B FY 2023 B FY 2022 C
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>RECOMMENDATION:</b>	FOR
<b>STRUCTURE:</b>	Poor		
<b>DISCLOSURE:</b>	Fair		

## EXECUTIVE SUMMARY

## SUMMARY ANALYSIS

Concerns surrounding the lack of formulaic incentive plans are meaningfully assuaged by the continued alignment of pay and performance. Indeed, average total NEO pay levels are not wholly excessive compared to the median of Glass Lewis peers and has been matched by strong performance. Additionally, while Mr. Zuckerberg receives the bulk of his compensation through perquisite arrangements, we do not believe these alone warrant a vote against the proposal, given that his total pay remains below the median of Glass Lewis peers still, even if amounts stem from an atypical source. Shareholders may support this proposal.

## COMPENSATION HIGHLIGHTS

- STI: Non-Formulaic; most recent awards paid out above target
- LTI: Time-based only
- One-time: None granted during the past fiscal year
- Mr. Zuckerberg does not participate in the incentive plans. Rather, he receives a base salary of \$1 and substantial perquisites relating to personal security (\$24,433,377) and personal usage of private aircraft (\$2,585,583).

## MATERIAL CHANGES

- For 2025, short-term incentive payout targets for non-CEO NEOs were increased from 75% of base salary to 200% of base salary to more closely align with cash compensation for the median of the Company's peer group.

## SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP
Mark Zuckerberg <i>Chief Executive Officer</i>	\$1	-	-	\$27,219,874
Susan Li <i>Chief Financial Officer</i>	\$946,731	\$877,826	\$21,671,642	\$23,620,488
Christopher K. Cox <i>Chief Product Officer</i>	\$996,289	\$923,799	\$21,671,642	\$23,609,319
Javier Olivan <i>Chief Operating Officer</i>	\$1,082,979	\$1,015,293	\$21,671,642	\$25,506,684
Andrew Bosworth <i>Chief Technology Officer</i>	\$985,385	\$923,799	\$21,671,642	\$23,594,826
CEO to Avg NEO Pay:				1.13: 1

## CEO SUMMARY

	2024 MARK ZUCKERBERG	2023 MARK ZUCKERBERG	2022 Mark ZUCKERBERG
Total CEO Compensation	\$27,219,874	\$24,399,968	\$27,110,418
1-year TSR	66.1%	194.1%	N/A
CEO to Peer Median *	0.7:1	N/A	N/A
Fixed/Perf.-Based/Discretionary **	100.0% / 0.0% / 0.0%	N/A	N/A

\* Calculated using Company-disclosed peers. \*\* Percentages based on the CEO Compensation Breakdown values.

## CEO COMPENSATION BREAKDOWN

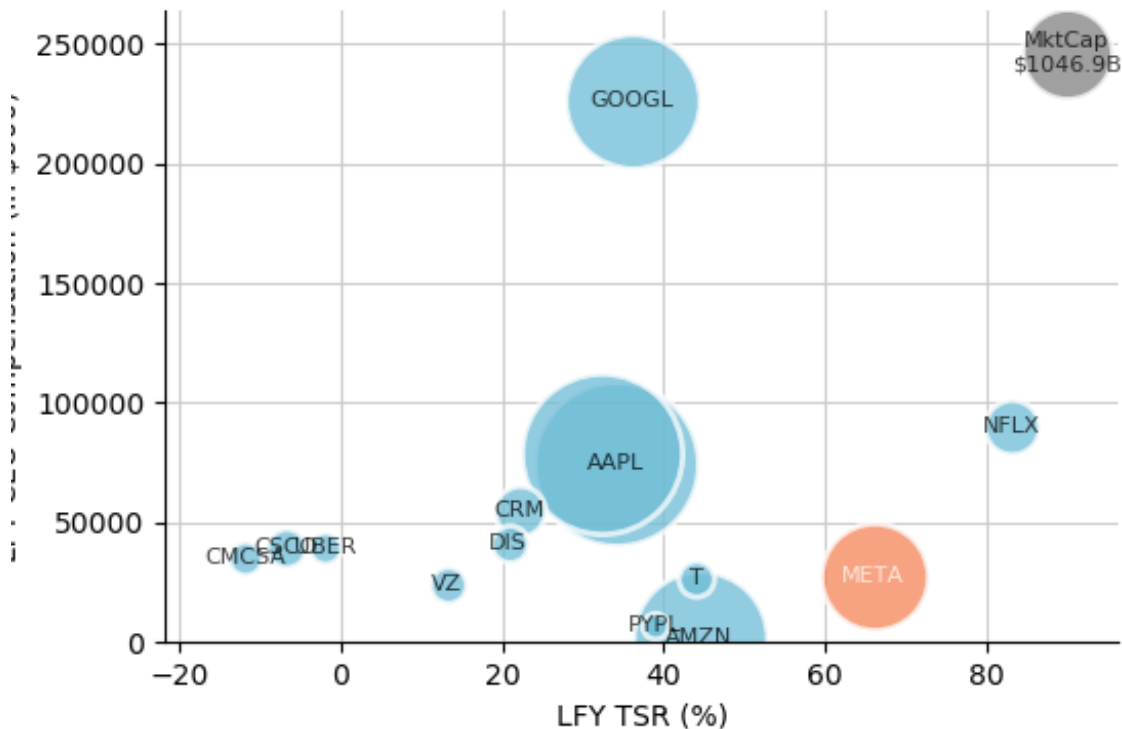
FIXED	<b>Cash</b>	<b>\$27.2M</b>
	Salary	\$1
	Benefits / Other	\$27.2M*
	Total Fixed	\$27.2M
	<b>Awarded Incentive Pay</b>	<b>\$0.0M</b>
	<b>Total Pay</b> <small>Excluding change in pension value and NQDCE</small>	<b>\$27.2M</b>

\*The majority of this figure represents perquisites relating to personal security (\$24,433,377) and personal usage of private aircraft (\$2,585,583)

## PEER GROUP REVIEW <sup>1 2 3 4</sup>

The Company benchmarks NEO compensation to a peer group consisting of 13 companies. Total NEO compensation is not benchmarked to a specific percentile of the peer group.

	MARKET CAP	REVENUE	CEO COMP	1-YEAR TSR	3-YEAR TSR	5-YEAR TSR
<b>75th PERCENTILE OF PEER GROUP</b>	\$2311.1B	\$271.3B	\$75.7M	40.3%	14.0%	22.6%
<b>MEDIAN OF PEER GROUP</b>	\$192.9B	\$122.3B	\$39.4M	32.3%	9.6%	13.5%
<b>25th PERCENTILE OF PEER GROUP</b>	\$158.4B	\$42.7B	\$25.8M	9.3%	-3.5%	-1.6%
<b>COMPANY</b>	\$1478.1B (69th %ile)	\$164.5B (67th %ile)	\$27.2M (27th %ile)	66.0% (92nd %ile)	20.4% (Highest)	23.4% (78th %ile)



<sup>1</sup> Market capitalization figures are as of fiscal year end dates. Source: Capital IQ

<sup>2</sup> Annual revenue figures are as of fiscal year end dates. Source: Capital IQ

<sup>3</sup> Annualized TSR figures are as of fiscal year end dates. Source: Capital IQ

<sup>4</sup> Annual CEO compensation data based on the most recent proxy statement for each company.

## EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

### FIXED

Base salaries did not increase significantly during the past fiscal year.

### SHORT-TERM INCENTIVES

#### STI PLAN

<b>AWARDS GRANTED (PAST FY)</b>	<i>Cash</i>
<b>TARGET PAYOUTS</b>	<i>Up to 75% of base salary for each NEO</i>
<b>MAXIMUM PAYOUTS</b>	<i>Not disclosed</i>
<b>ACTUAL PAYOUTS</b>	<i>Up to 94% of base salary for each NEO</i>

The compensation committee may, at its discretion, consider certain metrics in determining awards.

Bonuses are determined by company performance against its priorities, and not on individual performance. The Company priorities did not have weightings associated with them for the purposes of determining performance. The Company's 2024 priorities were as follows:

- Build awesome things;
- Make the Company's business successful;
- Make progress on societal issues related to the Company's business; and
- Go out and tell the Company's story.

The committee exercised its discretion in determining the Company performance percentage after taking into account delivery of results across all the areas identified by the company priorities, as well as the Company's strong financial performance. The committee approved a company performance percentage of 125% for 2024.

The CEO does not participate in the short-term incentive plan.

### LONG-TERM INCENTIVES

#### LTI PLAN

<b>AWARDS GRANTED (PAST FY)</b>	<i>RSUs</i>
<b>TIME-VESTING PAYOUTS</b>	<i>Up to 42,870 shares for the non-CEO NEOs</i>

Time-vesting awards vest over four years.

No performance-based awards are granted under the plan.

The CEO does not participate in the long-term incentive program.

### RISK-MITIGATING POLICIES

<b>CLAWBACK POLICY</b>	<i>Yes - weak policy (restatement-dependent only)</i>
<b>ANTI-HEDGING POLICY</b>	<i>Yes</i>
<b>STOCK OWNERSHIP GUIDELINES</b>	<i>Yes - all NEOs (counting methodology not disclosed)</i>

### SEPARATION & CIC BENEFITS

<b>HIGHEST SEVERANCE ENTITLEMENT</b>	<i>None</i>
<b>CIC EQUITY TREATMENT</b>	<i>No acceleration entitlements</i>
<b>EXCISE TAX GROSS-UPS</b>	<i>No</i>

## OTHER FEATURES

<b>LFY CEO TO MEDIAN EMPLOYEE PAY RATIO</b>	65:1*
<b>E&amp;S METRICS FOR THE CEO</b>	None
<b>BENCHMARK FOR CEO PAY</b>	No specific benchmark

\*The Company-disclosed median employee pay for the year in review was \$417,400.

## OTHER COMPENSATION DISCLOSURES

<b>COMPENSATION ACTUALLY PAID (YEAR-END CEO)</b>	\$27,219,874 for FY2024 and \$24,399,968 for the prior fiscal year
<b>REPORTED TSR*</b>	\$286.35 for FY2024 and \$172.45 for the prior fiscal year
<b>KEY PVP METRICS</b>	Revenue

\*Reported TSR reflects the year-end value of an initial fixed \$100 investment at the start of the required reporting period under SEC Pay Vs Performance (PVP) disclosure rules.

## GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of a non-binding, advisory vote on the Company's executive compensation. Glass Lewis believes firms should fully disclose and explain all aspects of their executives' compensation in such a way that shareholders can comprehend and analyze the company's policies and procedures. In completing our assessment, we consider, among other factors, the appropriateness of performance targets and metrics, how such goals and metrics are used to improve Company performance, the peer group against which the Company believes it is competing, whether incentive schemes encourage prudent risk management and the board's adherence to market best practices. Furthermore, we also emphasize and evaluate the extent to which the Company links executive pay with performance.

## PROGRAM FEATURES <sup>1</sup>

### POSITIVE

- Alignment of pay with performance
- STI-LTI payout balance
- No single-trigger CIC benefits
- Anti-hedging policy

### NEGATIVE

- No performance-vesting LTI awards
- STIP awards are discretionary
- Share counting guidelines for stock ownership not sufficiently disclosed

<sup>1</sup> Both positive and negative compensation features are ranked according to Glass Lewis' view of their importance or severity

## AREAS OF FOCUS

### VARIABLE COMPENSATION

#### **Incentive Limits on Short-Term Awards**

**Policy Perspective:** A lack of disclosed caps on short-term incentive plan payouts runs contrary to best practices and shareholder interests, as management may receive excessive compensation that is not strictly tied to Company performance. We believe that such caps provide an important assurance for shareholders around executive pay levels and certain risks generated by incentive plans.

#### **No Performance-Based Long-Term Incentives**

**Policy Perspective:** We generally believe that shareholders benefit when variable compensation levels are based on metrics with pre-established goals and are thus demonstrably linked to the performance of the Company. Strictly time-based long-term awards may not sufficiently tie executive interests with those of shareholders.

#### **Short-Term Incentives are Largely Discretionary**

**Policy Perspective:** When compensation committees retain a significant degree of discretion over final payouts under the short-term incentive plan, the resultant flexibility may allow for payouts which are not fully aligned with a company's overall performance.

## OTHER CONSIDERATIONS

## Excessive Perquisites

*Analyst Comment:* Perquisites afforded to Mr. Zuckerberg continue to outpace generally acceptable levels, with the total cost hovering near \$27 million. This amount includes the following:

- \$10,433,377 for costs related to personal security for Mr. Zuckerberg at his residences and during personal travel;
- \$14,000,000 annual pre-tax allowance to cover additional costs related to Mr. Zuckerberg and his family's personal security; and
- \$2,585,583 for costs related to personal usage of private aircraft.

We believe such expenses to be excessive on an absolute basis, well exceeding the perquisites afforded to many, if not all, peer companies. While it is noted that the Company determines that the cost of security services are not personal benefits, shareholders should nonetheless consider such amounts, particularly when in relation to amounts paid at peer companies. These above-average costs come at a time when there is increased public scrutiny on perquisites, as outlined in our recent publication [The Resurgence of Executive Perquisites](#).

The Company does offer a rationale behind the approval of these perquisites, which focuses on the high visibility of the Company, resulting in an "overall security program" for Mr. Zuckerberg due to specific threats to his safety arising directly as a result of his position as the Company's founder, CEO, chair and controlling shareholder. Moreover, Mr. Zuckerberg does not receive additional annual compensation from the Company through the incentive plans, and instead receives an annual base salary of \$1.

Mr. Zuckerberg's visibility in the public eye and importance to the Company is clear. While such amounts are above what is typical, his total compensation package, which mainly consists of perquisites, does not outpace the median of Glass Lewis peers. This provides some level of mitigation in our eyes. However, excessive perquisites can underscore broader concerns with the structure and/or quantum of the underlying compensation program, and thus continues to merit monitoring.

## 2024 PAY FOR PERFORMANCE: B

*Policy Perspective:* "B" grades in the Glass Lewis pay-for-performance model indicate an adequate alignment of pay with performance, where the Company's pay ranking is notably less than its performance ranking.

## CONCLUSION

Concerns surrounding the lack of formulaic incentive plans are meaningfully assuaged by the continued alignment of pay and performance. Indeed, average total NEO pay levels are not wholly excessive compared to the median of Glass Lewis peers and has been matched by strong performance. Additionally, while Mr. Zuckerberg receives the bulk of his compensation through perquisite arrangements, we do not believe these alone warrant a vote against the proposal, given that his total pay remains below the median of Glass Lewis peers still, even if amounts stem from an atypical source. Shareholders may support this proposal.

We recommend that shareholders vote **FOR** this proposal.



## 5.00: FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION

1 YEAR

**PROPOSAL REQUEST:** To determine the frequency of future advisory votes on executive compensation

**BINDING/ADVISORY:** Advisory

**REQUIRED TO APPROVE:** Plurality

**RECOMMENDATIONS & CONCERNS:**

**1 YEAR-** An annual advisory vote on executive compensation is in the best interests of shareholders

### ■ PROPOSAL SUMMARY

Shareholders may indicate whether they want the advisory vote to occur every one, two or three years. Under Section 14A(a)(2) of the Exchange Act, companies are required to submit for shareholder consideration resolutions on the frequency of such votes at least once every six years.

This is a non-binding vote, meaning that the board may decide that it is in the best interest of shareholders to hold the vote more or less frequently.

### ■ BOARD'S PERSPECTIVE

The board asks shareholders to support a frequency of every three years (a triennial vote) for future advisory votes on executive compensation, stating the following rationale: "(i) a substantial portion of executive compensation is in the form of long-term equity awards with performance periods of greater than three years. Triennial votes will allow our shareholders to evaluate the effectiveness of such long-term compensation strategies and related business outcomes of our company for the corresponding period, while avoiding over-emphasis on short-term variations in compensation and business results; and (ii) we believe a triennial vote complements our goal of creating a compensation program that enhances long-term shareholder value." (DEF 14A, pages 45-46).

### ■ GLASS LEWIS ANALYSIS

Glass Lewis believes that the advisory vote on executive compensation serves as an effective mechanism for promoting dialogue between investors and company management and directors, enhancing transparency in setting executive pay, improving accountability to shareholders, and providing for a more effective link between pay and performance. In cases where shareholders believe the Company's compensation packages may be excessive, we believe such a vote may compel the board to re-examine, and hopefully improve, its compensation practices.

In our view, shareholders should be allowed to vote on the compensation of executives annually. We believe that the time and financial burdens to a company with regard to an annual vote are outweighed by the benefits to shareholders and the increased accountability. Implementing biennial or triennial votes on executive compensation limits shareholders' ability to hold the board accountable for its compensation practices through means other than voting against the compensation committee. For this reason, unless a company provides compelling arguments otherwise, we will generally recommend that shareholders support the holding of advisory votes on executive compensation every year.

In this case, we do not believe the board has sufficiently justified its support for a triennial vote. Therefore, Glass Lewis believes an annual advisory vote on executive compensation is in the best interests of shareholders.

We recommend that shareholders vote for the advisory vote on executive compensation frequency of **ONE YEAR**.

## 6.00: SHAREHOLDER PROPOSAL REGARDING RECAPITALIZATION

FOR

<b>PROPOSAL REQUEST:</b>	That all shares have one vote per share	<b>SHAREHOLDER PROPONENT:</b>	Northstar Asset Management, Inc. Funded Pension Plan and co-filer Mercy Investment Services, Inc.
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	26.3%	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>FOR -</b>	<ul style="list-style-type: none"> <li>Allowing one vote per share generally operates as a safeguard for common shareholders</li> </ul>		

### GLASS LEWIS REASONING

- Allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board, especially in regard to the director election process; and
- Public shareholders would have the opportunity to be much better represented if the outcome of matters up for a vote was not largely determined by the controlling shareholder.

### PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders request that our Board take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. This is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts.*

#### Proponent's Perspective

- Without equal voting rights, shareholders cannot hold management accountable;
- Since its creation, the Company has faced numerous headline-grabbing scandals and controversies that have resulted in immense material loss, including the loss of users, decline in user confidence, and stock price declines;
- An investigation found that the Company exploited its market position and engaged in anti-competitive conduct, though the Company has said it will appeal the decision;
- Governance experts support the recapitalization sought by this proposal, given that the Council for Institutional Investors ("CII") recommends a seven-year phase-out of dual class share offerings and the International Corporate Governance Network supports CII's recommendation; and
- Outside shareholders have repeatedly widely supported this proposal, and proper governance reforms are needed to help the Company avoid future scandals.

#### Board's Perspective

- The board evaluates the Company's capital structure on a regular basis, and the current capital structure is in the best interest of the Company and its shareholders;
- The Company's current capital structure allows the board and management team to focus on the long term;
- The board provides robust independent oversight and ensures that the interests of the Company's shareholders are considered; and
- The requested change to the Company's capital structure is unnecessary and is not in the best interest of the Company and its shareholders at this time.

### THE PROPONENT

#### **NorthStar Asset Management**

NorthStar [states](#) that it began as a public equity and fixed income manager, but that it has broadened its active portfolio management process to include shareholder activism, community investing, community engagement, and charitable giving as "essential ingredients." As of December 31, 2023, NorthStar [maintained](#) \$699.2 million in discretionary client assets. As part of its shareholder engagement services, it [states](#):

*After extensive research of the issue and in-depth analysis of the companies in our clients' portfolios, we file shareholder proposals and engage with companies on groundbreaking connections between social, ecological and political issues, and company behavior.*

*Since our first corporate engagement, NorthStar has filed over 360 shareholder proposals on a variety of human rights, environment, economic inequality, race and gender equality, and corporate governance matters.*

Based on disclosure provided by companies concerning the identity of proponents, during the first half of 2024, NorthStar submitted seven shareholder proposals to U.S. companies that received an average of 18.0% support (excluding abstentions and broker non-votes), with none of these proposals receiving majority support.

### ***Mercy Investment Services***

[Mercy Investment Services](#) "supports the life and mission of the Sisters of Mercy through socially responsible investing. It states that, "[r]ooted in the Gospel and guided by the mission and Critical Concerns of the Sisters of Mercy," it engages in collaborative efforts to: (i) raise its voice to effect systemic change through corporate policies and activities; (ii) invest in community organizations and impact opportunities benefiting people, communities and creation; and (iii) participate in other investment opportunities aligned with Mercy values. Mercy [states](#) that it employs socially responsible investing through a four-pronged approach: (i) shareholder advocacy; (ii) impact investing; (iii) proxy voting; (iv) and portfolio screens.

With regard to [shareholder advocacy](#), it states that it actively uses its voice to "encourage companies [...] to make changes that benefit people, communities and our common home." It states that it is engaging 152 companies through 213 engagements. Among its current [plan goals and objectives](#) related to shareholder advocacy, the group lists as important issues: (i) human trafficking; (ii) fair treatment of workers; (iii) immigration; (iv) equitable access to health for all; (v) healthy food practices; (vi) health and environmental impacts of chemicals, products, and technologies; (vii) water access and sustainability; (viii) climate change and the environmental impact of company operations in various sectors; (ix) sustainable food production; (x) extractive industry practices and technologies; (xi) responsible governance practices; (xii) political contributions and lobbying policies, practices, and transparency; and (xiii) sustainability.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, Mercy Investment Services submitted six shareholder proposals that received an average of 18.3% support (excluding abstentions and broker non-votes), with none of its proposals receiving majority support.

## GLASS LEWIS ANALYSIS

Glass Lewis believes dual class voting structures are typically not in the best interests of common shareholders. The dual class structure here is no exception. In this case, the voting power of one class is significantly different from that of the common shareholders, giving a small group of shareholders a significant amount of control over the affairs of the Company. We believe all shareholders should have a say in decisions that will affect them.

We believe that allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board, especially in regard to the director election process. Elimination of the dual class structure creates an even playing field for all shareholders, as well as a board that is more responsive to all shareholders.

Furthermore, we believe that the economic stake of each shareholder should match their voting power and that no small group of shareholders, family or otherwise, should have voting rights different from those of other shareholders. Shareholders do and, in our view, should take a limited role in the operation of the Company. Management, at the direction of the board, is there to operate the business. However, on matters of governance and shareholder rights, we believe shareholders should have the power to speak and the opportunity to effect change. That power should not be concentrated in the hands of a few for reasons other than an economic stake.

We recommend that shareholders vote **FOR** this proposal.

## 7.00: SHAREHOLDER PROPOSAL REGARDING DISCLOSURE OF VOTE RESULTS BY SHARE CLASS

FOR

<b>PROPOSAL REQUEST:</b>	That the Company disclose voting results by class of shares	<b>SHAREHOLDER PROPONENT:</b>	Treasurer for the State of Illinois and Trustee of the Bright Start College Savings Trust and co-filers Schroder Unit Trusts Limited and Wespath Funds
<b>BINDING/ADVISORY:</b>	Precatory	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	17.1%		
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>FOR -</b>	<ul style="list-style-type: none"> <li>Adoption of this proposal may provide shareholders with more clarity concerning how different classes of shareholders have cast their votes</li> </ul>		

### GLASS LEWIS REASONING

- We do not believe that adoption of this proposal would be overly burdensome for the Company; and
- Disclosure of vote results by share class will ultimately shed light for both the Company and its shareholders on how non-controlling shareholders have voted at the Company's meetings.

### PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders request that Meta Platforms, Inc. (the "Company") disclose the voting results on matters subject to a shareholder vote according to the class of shares, namely differentiating between those shares carrying one voting right and those carrying multiple voting rights, effective beginning at the Company's 2026 annual meeting of shareholders.*

#### Proponent's Perspective

- The Company maintains a dual class structure for its common stock, so that its Class A common stock has one vote per share while its Class B common stock has ten votes per share;
- Currently, voting results are disclosed by the Company without any distinction by share class;
- It is important for voting results to be disclosed separately by share class to determine whether the concerns of each class of shareholder are aligned and communicated appropriately to the board;
- Based on the voting results from last year's annual meeting, a majority of Class A shareholders are estimated to have voted to support approximately half of the ten shareholder proposals on the Company's proxy statement, with these proposals covering topics including the Company's dual-class share structure, amendments to its corporate governance guidelines, misinformation on the platform, and potential impacts on child well-being;
- Given that Class B shareholders can disproportionately impact voting decisions that may or may not reflect the proportionate desires of most shareholders, it would benefit these shareholders to clearly see when this has occurred;
- The disaggregation of voting results by share class would enable Class A shareholders to better monitor how responsive the Company is to issues that most shareholders raise; and
- The disaggregation of voting results is also a non-onerous practice that the Company could adopt without undue burden, as evidenced by multiple U.S. companies already having adopted this disclosure as a governance best-practice.

#### Board's Perspective

- The Company's existing disclosures allow shareholders to make informed assessments of the Company's voting results, including through its proxy statement and other filings made with the SEC;
- The Company's Class B common stock has ten votes per share and its Class A common stock has one vote per share, and the Company provides disclosure around the security ownership of certain of its beneficial owners and management, including the shares of outstanding Class B common stock and the ownership amount and percentage of Class B common stock beneficially owned by the founder, who is also the chair and CEO;
- The board remains committed to effective oversight and consideration of shareholder interests, regardless of which class of common stock its shareholders own;
- The Company maintains an ongoing shareholder engagement program throughout the year, which includes engagement meetings with Class A shareholders; and
- The requested disclosure is not commonly provided by other companies with multi-class capital structures.

The proponent has filed an [exempt solicitation](#) urging support for this resolution

### THE PROPONENT

#### *The Office of the Treasurer for the State of Illinois*

[The Office of the Treasurer for the State of Illinois](#) states that it is dedicated to protecting the state's portfolio, ensuring the liquidity of all investments, and consistently producing earnings at or above industry standards. Further, it states that its investment decisions promote education, access, and opportunity for individuals and governmental bodies across the

state. The Office of the Illinois Treasurer [states](#) that it manages state investments, with assets of approximately \$12 to 15 billion, providing the necessary liquidity to meet the state's daily obligations while investing remaining funds in authorized short/long-term investment opportunities.

### **Wespath Benefits and Investments**

[Wespath](#) provides investment and benefit services that honor the mission and principles of the United Methodist Church and that it serves the United Methodist Church. It states that Wespath and its subsidiaries maintain one of the largest faith-based pension funds in the world, serving more than 100,000 active and retired clergy and lay employees of the Church. It states that, as a sustainable investor, Wespath incorporates consideration of environmental, social, and governance factors in its investment decision-making and that it "aspires to make a positive impact on the environment and society."

With regard to [sustainable investment](#), Wespath states that it invests in companies "that demonstrate meaningful social and environmental impact to seek higher returns," that it avoids "certain investments due to ethical exclusions or because they pose excessive sustainability-related financial risks," and that it engages "companies and policymakers by urging them to adopt sustainable practices and policies. It states that it engages companies on issues that are material to shareholder value, including "climate change, human rights, board diversity and many more."

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, Wespath (Wespath Funds Trust) submitted one shareholder proposal to a vote that received 31.4% support (excluding abstentions and broker non-votes).

## GLASS LEWIS ANALYSIS

The Company has two classes of common stock outstanding, Class A common stock which entitles holders to one vote per share and Class B common stock which entitles holders to ten votes per share. Mark Zuckerberg, the Company's founder, chair and CEO, beneficially owns approximately 99.8% of the Class B common stock, representing approximately 61% of the total voting power. We suspect that most shareholders both understand and accept the nature and the extent of the principal shareholders' control over the Company. However, we believe that separating the voting results of the subordinate shares and multiple voting shares may provide shareholders with more clarity concerning how subordinate shareholders have cast their votes with respect to certain voting items.

We recognize that the Company is in full compliance with the legal requirements regarding disclosure of vote results. Moreover, shareholders are able to calculate with reasonable certainty the respective voting of the subordinate shares by subtracting out the controlling shares. Nevertheless, we believe the Company should be transparent about its voting results so that shareholders do not have to rely on their own calculations and that providing the requested vote results could be instructive for shareholders in the case they do wish to express concern by voting contrary to management. In sum, we do not believe that adoption of this proposal would be overly burdensome for the Company and that it will ultimately shed light for both the Company and its shareholders on how non-controlling shareholders have voted at the Company's meetings.

We recommend that shareholders vote **FOR** this proposal.

## 8.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON EFFORTS TO COMBAT HATE

FOR

<b>PROPOSAL REQUEST:</b>	That the Company report on its policies, practices, and effectiveness combating hate on its platforms and services, as below	<b>SHAREHOLDER PROPONENT:</b>	JLens on behalf of the Leichtag Foundation
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>FOR -</b>	<ul style="list-style-type: none"> <li>Additional disclosure on the Company's efforts to address hate speech on its platforms is warranted</li> </ul>		

<b>SASB MATERIALITY</b>	<b>PRIMARY SASB INDUSTRY:</b> Internet Media & Services
	<b>FINANCIALLY MATERIAL TOPICS:</b> <ul style="list-style-type: none"> <li>Environmental Footprint of Hardware Infrastructure</li> <li>Data Security</li> <li>Intellectual Property Protection &amp; Competitive Behavior</li> <li>Data Privacy, Advertising Standards &amp; Freedom of Expression</li> <li>Employee Recruitment, Inclusion &amp; Performance</li> </ul>

### GLASS LEWIS REASONING

- Given the Company's recent changes to its content moderation policies, we believe additional reporting as requested by this proposal will provide shareholders a better basis to assess the Company's exposure to and management of legal, regulatory, and reputational risks.

### PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders request that Meta Platforms, Inc. prepare a report, at reasonable cost and omitting proprietary or privileged information, detailing the company's policies, practices, and effectiveness in combating hate on its platform(s) and services, specifically antisemitism, anti-LGBTQ+ and anti-disability hate. The report may evaluate the adequacy of moderation, enforcement, user protection, ad policies, and transparency efforts, with findings made publicly available within one year.*

**Supporting Statement:** A detailed report on the Company's efforts to combat hate would provide shareholders critical insights into corporate policies designed to protect users from harm. Ineffective moderation may drive users to platforms with stronger protections and deter advertisers prioritizing brand safety, reducing engagement and revenue.

To secure long-term profitability and user trust in a competitive social media landscape, the Company must prioritize content moderation. At the Company's discretion, the report may include, but not limited to, the following areas:

- Expertise: integration of antisemitism, anti-LGBTQ+ and anti-disability experts to enhance policies and staff training;
- Content moderation, advertising and policies: alignment with best practices to address hate, including removing terrorist support and harmful conspiracy theories. In 2023, ADL and the Tech Transparency Project found that Facebook and Instagram were recommending antisemitic content, including Nazi propaganda, and continued to host some hate groups that violated policies;
- Enforcement mechanisms: evaluate tools for detecting and removing antisemitic content and hate speech, given that ADL's 2024 Center for Tech and Society found Facebook and Instagram's reporting mechanisms fundamentally broken, failing to address antisemitic content effectively, and in the 2023 CTS Holocaust Denial Report Card, the Company's platforms scored a C-, trailing behind competitors like Twitch and YouTube;
- User Support: enhance resources for users experiencing hate speech. In 2023, the Company scored lower than competitors like Twitch, TikTok, and YouTube in supporting harassment targets; and
- Data Transparency: unlike Reddit and YouTube, the Company's reports lack critical context, limiting insights into moderation efforts, and current APIs restrict independent researchers from auditing content like comments and stories, as well as WhatsApp, just as privacy protections in the Content Library hinder analysis of public figures'



activities, so the Company should offer a comprehensive research API allowing privacy-protected access to random samples of public, private, and moderated content for independent auditing.

### **Proponent's Perspective**

- The Anti-Defamation League's ("ADL") annual survey highlights the need for the Company to address antisemitism, anti-LGBTQ+, and anti-disability hate to foster a safer online environment;
- Following the October 7, 2023, Hamas attack on Israel, antisemitism surged, and 41% of Jewish adults reported altering their online behavior to avoid being recognized as Jewish;
- LGBTQ+ individuals were the most harassed group surveyed, with physical threats doubling (6% to 14%) and severe harassment against transgender people rising from 30% to 45%;
- People with disabilities faced increased harassment, with 45% reporting general harassment (up from 35%) and 31% experiencing severe harassment (up from 20%); and
- ADL's findings highlight the urgent need for strong hate speech moderation, and a comprehensive report will reinforce the Company's commitment to user safety, protect advertiser trust, and safeguard against regulatory risk.

The proponent and the ADL have filed an [exempt solicitation](#) urging support for this resolution.

### **Board's Perspective**

- The Company's Community Standards prohibit hateful conduct targeting protected characteristics on its platform and outline what is and is not allowed on Facebook, Instagram, Messenger, and Threads;
- The Company's Community Standards are based on feedback from the community and the advice of internal and external experts in fields like technology, public safety, free expression, and human rights;
- People use their voice and connect more freely when they don't feel attacked on the basis of who they are, which is why the Company's Community Standards prohibit hateful conduct, which it defines as direct attacks against people, rather than concepts or institutions, on the basis of what it calls protected characteristics: race, ethnicity, national origin, disability, religious affiliation, caste, sexual orientation, sex, gender identity, and serious disease;
- This year, the Company announced updates to its content enforcement systems, including that it will prioritize enforcement against high-severity harms, and rely more on users to report an issue before it takes action on other types of content;
- The Company continues to review content holistically against all of its Community Standards;
- The Company regularly publishes a Community Standards Enforcement Report to track its progress, including with respect to hateful conduct, and to demonstrate its continued commitment to making its platforms safe and inclusive; and
- The board oversees content governance and integrity primarily through its privacy and product compliance committee, and the management team provides the committee with regular updates on the Company's product compliance, including in the areas of content governance and integrity.

## **THE PROPONENT**

### **JLENS**

An [affiliate](#) of the Anti-Defamation League ("ADL") since 2022, JLens was launched in 2012 to explore investing through a Jewish lens and to increase the Jewish community's participation in shareholder advocacy with the world's largest and most influential public corporations. As of March 31, 2025, JLens' Jewish Investor Network represented over 30 Jewish institutions with more than \$11 billion in Jewish community investment capital. Its [advocacy priorities](#) include combating antisemitism and hate, supporting Israel, and Tikkun Olam (repairing the world).

## **GLASS LEWIS ANALYSIS**

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders.

In this instance, the Company is exposed to myriad risks on account of its operations. Many of these risks are directly related to the content that it hosts on its platforms. As demonstrated below, these are real and substantive risks from a financial, social, reputational, legal, and regulatory perspective. Thus, we are generally of the view that additional scrutiny on the Company's content enforcement policies is likely warranted. We note that this is of particular importance given the Company's recent steps to reduce its fact-checking and content moderation efforts, discussed in more detail below.

### **HATE SPEECH**

Social media companies have been heavily criticized for the hate speech that has been published on their platforms. For example, a 2016 [report](#) published by George Washington University's Program on Extremism found that users of Twitter's (now X's) platform who are aligned with the American white nationalist movement had seen their followers grow by more than 600% since 2012, "outperform[ing] ISIS in nearly every social metric" (p.3). In 2015, white nationalist provocateur Andrew "Weev" Auernheimer paid for promoted tweets to push white supremacist messages on Twitter's website, in which he referenced the white nationalist credo. Soon thereafter, Twitter rejected the promotion of the tweets, citing a ban on ads dealing with hate content, sensitive topics, and violence (Alex Hern. " [Twitter Blocks Promoted Tweets by](#)

[Notorious White Supremacist.](#) *The Guardian*. May 7, 2015). Additionally, a collective of data scientists conducted an analysis of the world's largest neo-Nazi website, The Daily Stormer, to gain insight into the extent of its reach via Twitter's platform from February 2 to March 2, 2017. These scientists found that the website's content was being spread by a network of accounts that included bots and "sock puppets," i.e., accounts operated by people under false identities, which had been suspected of being linked to someone in Russia (Luke O'Brien. [The Making of an American Nazi.](#) *The Atlantic*. December 2017).

The Company has also come under scrutiny for allowing various forms of hate speech and activity on its platform. [The Southern Poverty Law Center](#), an organization that monitors activities of domestic hate groups and other extremists, reported that it had identified 33 anti-Muslim groups on the Company's platform that used violent imagery in their cover photos. When one user reported such a group for their clear violations of the Company's policies, the Company responded that the group did not violate its Community Standards. Further, many publications have highlighted the seeming double standards that exist for the Company's policing of various demographics. Moreover, there could be real-world implications for this controversial rhetoric. A [study](#) by the University of Warwick in Germany found a direct correlation between hate speech against refugees on the right-wing party Alternative für Deutschland's page on the Company's platform and incidents against refugees (Hatewatch Staff. [The Persistence of Anti-Muslim Hate on Facebook.](#) *Southern Poverty Law Center*. May 5, 2018).

The Company has also been criticized in the media for exacerbating anti-Muslim violence in Sri Lanka, allowing prominent individuals to profess ethno-nationalist views during a period of ongoing violence within the country (Shashank Bengali. [Muslims Faced Hatred and Violence in Sri Lanka. Then Facebook Came Along and Made Things Worse.](#) *Los Angeles Times*. March 29, 2018). Citing the Company's slow response to this issue, Sri Lankan officials banned the Company's platform. However, following a discussion with the Company, access to the platform was reinstated one week later (Shihar Aneez, Ranga Sirilal. [Sri Lanka Lifts Ban on Facebook Imposed After Spasm of Communal Violence.](#) *Reuters*. March 15, 2018). The Company has also been accused by UN investigators and human rights groups of facilitating violence against Rohingya Muslims by allowing anti-Muslim hate speech and false news to be disseminated on its platform. Specifically, a chain letter had spread on the Company's Messenger service in Myanmar in September 2017 that falsely warned both Buddhist and Muslim communities that they were at risk of an imminent attack from each other. Civil society groups allege that this led to major cities in the area being paralyzed amidst heightened fear. They also contended that the Company failed to respond adequately to a pattern of these occurrences. In a direct email response to the groups, Mark Zuckerberg stated that the Company would be making a number of improvements to address their concerns, including the addition of dozens of Burmese language content reviewers and people focused on Myanmar-related issues, as well as a special product team working to better understand the issue (Kevin Roose, Paul Mozur. [Zuckerberg Was Called out over Myanmar Violence. Here's His Apology.](#) *New York Times*. April 9, 2018).

Despite continued debate about the responsibility of tech companies, a 2018 EU report found an overall improvement in social media companies' response to hate speech, showing that the Company, Alphabet, and Twitter removed 72% of illegal hate speech, up from 28% in 2016. Further, the report showed that 89% of content flagged as hate speech was reviewed within 24 hours, up from 40% in 2016. The Company removed 82% of illegal hate speech flagged on its platform, up from 28% in 2016 (Elizabeth Schulze. [EU Says Facebook, Google and Twitter Are Getting Faster at Removing Hate Speech Online.](#) *CNBC*. February 4, 2019).

In 2019, the Company made headlines by barring Alex Jones, a conspiracy theorist and founder of Infowars, as well as other right-wing personalities such as Louis Farrakhan, Milo Yiannopoulos, Laura Loomer, Paul Joseph Watson, and Paul Nehlen. The Company claimed the users were disallowed from using its platform and Instagram under its policies against "dangerous individuals and organizations" (Mike Isaac, Kevin Roose. [Facebook Bans Alex Jones, Louis Farrakhan and Others from Its Services.](#) *The New York Times*. May 2, 2019). The Company also came under scrutiny for banning former President Donald Trump from its platforms indefinitely following the January 6th insurrection at the U.S. Capitol (Annie Palmer. [Facebook Will Block Trump From Posting at Least for the Remainder of His Term.](#) *CNBC*. January 7, 2021).

In July 2020, controversies related to hate speech on the Company's social media platforms led to more than 1,000 companies boycotting the Company as part of the #StopHateforProfit movement organized by civil rights groups that urged companies to stop paying for ads on the platform to protest its handling of hate speech and misinformation. More than 1,000 advertisers publicly joined while others quietly scaled back their spending. Many of the companies boycotting the platform said they planned to return. The boycott was raised in a congressional hearing and repeated meetings between ad industry representatives and Company leaders. The Company, which said it was working with industry groups like the Global Alliance for Responsible Media, had released the results of a civil rights audit the month prior and agreed to hire a civil rights executive (Tiffany Hsu, Eleanor Lutz. [More Than 1,000 Companies Boycotted Facebook. Did It Work?](#) *The New York Times*. August 1, 2020).

The Company had previously taken some steps to address this issue. For example, in December 2020, the Company started an overhaul of the algorithms that detect hate speech. For years, the Company's "race-blind" practices resulted in it being more vigilant about removing slurs directed at white users while flagging and deleting innocuous posts by people



of color on the platform. The overhaul involves re-engineering its automated moderation systems to improve its detection and automation deletion of hateful language that is considered “the worst of the worst,” such as slurs directed at people who are Black, Muslim, or Jewish, people of more than one race, and members of the LGBTQ community. Before the overhaul, the Company’s algorithms and policies did not make a distinction between groups that were more likely to be targets of hate speech versus those that have not been historically marginalized. Comments like “White people are stupid” were treated the same as anti-Semitic or racist slurs. The shift is a response to a racial reckoning within the Company as well as years of criticism from civil rights advocates that content from Black users is disproportionately removed, particularly when they use the platform to describe experiences of discrimination (Elizabeth Dwoskin, Nitasha Tiku, Heather Kelly. " [Facebook to Start Policing Anti-Black Hate Speech More Aggressively Than Anti-White Comments. Documents Show.](#)" *The Washington Post*. December 3, 2020).

These incidents have exposed the Company to certain legal risks. In March 2021, press freedom advocate Reporters Without Borders filed suit against the Company in France, saying the social media platform had spread misinformation about the coronavirus pandemic and that it allowed hate speech against the media ('[Press Freedom Group Sues Facebook Over Misinformation. 'Hate Speech.](#)" VOA News. March 23, 2021). In addition, civil rights group Muslim Advocates also filed suit against the Company and top executives, including the CEO and COO, in April 2021, alleging that the Company misled the public about how safe its social media platforms are. The complaint argued that the Company duped lawmakers, civil rights groups, and the public at large when it made broad claims that it removed content that spews hate or incites violence without taking action (Terry Collins, Jessica Guynn. "[Facebook, Mark Zuckerberg Sued Over Anti-Muslim Hate Speech. Violence by Civil Rights Group.](#)" *USA Today*. April 13, 2021).

Despite its previous efforts and the ongoing risks associated with some of the content hosted on its platform, the Company has recently determined to shift its approach on this issue. In January 2025, Mark Zuckerberg [announced](#) that it was adjusting its content review policies on its Facebook and Instagram platforms and getting rid of fact-checkers and replacing them with user-generated "community notes." As a part of its loosening the rules regarding content on its platforms, Zuckerberg stated that the Company was removing "restrictions on topics like immigration and gender that are out of touch with mainstream discourse." Following the announcement, the Company added the following to its community standards:

*We do allow allegations of mental illness or abnormality when based on gender or sexual orientation, given political and religious discourse about transgenderism and homosexuality and common non-serious usage of words like ‘weird.’” In other words, it is now permitted to call gay people mentally ill on Facebook, Threads and Instagram. Other slurs and what Meta calls “harmful stereotypes historically linked to intimidation” — such as Blackface and Holocaust denial — are still prohibited.*

The Company also removed a sentence from its explanation of why it had banned certain context, which stated that hate speech "creates an environmental intimidation and exclusion, and in some cases may promote offline violence." (Barbara Ortutay. "[Meta Rolls Back Hate Speech Rules as Zuckerberg Cites 'Recent Elections' as a Catalyst.](#)" *Associated Press*. January 8, 2025).

## REGULATIONS GOVERNING PLATFORM CONTENT

In recent years, companies in the tech sector have faced significant controversy on account of the content produced by their users. Although companies in this industry have generally been insulated from this content, there have been recent legislative attempts to ensure these companies face more liability on account of the content housed on their platforms. Specifically, Section 230 of the 1996 Communications Decency Act ("CDA 230"), precludes companies from being held legally liable for the content of their users' posts on their websites. However, recent attempts at preventing sex trafficking could have wide-ranging effects on companies in this industry, including the Company. In 2018, 24 senators co-sponsored a bill to allow prosecutors to pursue companies whose platforms facilitate sex trafficking. Although this bill was primarily targeted at Backpage.com, a classified site that had faced multiple lawsuits for its role in the online sex trade, opponents of the bill have contended that its passage would act as a slippery slope, allowing other aggrieved groups to begin to push for the right to go after other tech platforms. In response, the Internet Association, a trade association representing large tech companies, including Twitter, and Alphabet, endorsed a compromise bill that was more tightly focused on the sex trade, thus minimizing concerns that the bill would act as an impediment to other content housed by these platforms (Joshua Brustein. " [It's Getting Harder for Tech Companies to Deny Responsibility for Content.](#)" *Bloomberg*. November 7, 2017).

In March 2018, lawmakers voted to amend CDA 230 to allow more state and civil lawsuits against websites related to online sex trafficking for "knowingly assisting, supporting or facilitating" crimes. Although Senator Ron Wyden of Oregon, one of the original creators of CDA 230, opposed the recent amendments, he did strike a warning for technology companies, stating that if they "do not wake up to their responsibilities-- and use power 230 gives them-- to better protect the public against sex trafficking and countries that try to hack our political system, you bet that companies can expect (this legislation) will not be the last challenge for them" (Alina Selyukh. " [Section 230: A Key Legal Shield For Facebook.](#)

[Google is About to Change](#)." *NPR*. March 21, 2018). Since this time, there have been a number of regulatory attempts at reforming CDA 230. For example, in March 2024, the House Energy and Commerce Committee Chair and a ranking member [unveiled](#) bipartisan draft [legislation](#) to sunset CDA 230. Specifically, the legislation was seeking to encourage Congress and stakeholders to work together to evaluate and enact a new legal framework that would allow for "free speech and innovation while also incentivizing these companies to be good stewards of their platforms."

As tech companies and social media platforms are increasingly held liable for content posted by users, a lawsuit was brought against the Company, Google, and Twitter, alleging liability over a December 2015 mass shooting in San Bernardino, CA. Though ultimately dismissed in January 2019, the lawsuit sought to hold the tech companies liable for aiding and abetting terrorism by providing resources for the Islamic State via their platforms. A similar lawsuit was filed against the three companies over the June 2016 shooting at the Pulse nightclub in Orlando, Florida (Jonathan Stempel. "[San Bernardino Shooting Lawsuits vs Facebook, Google, Twitter Dismissed](#)." *Reuters*. January 2, 2019). More recently, mass shootings at two New Zealand mosques prompted similar questions as the white supremacist live streamed the attack on Twitter and the Company's platform and had previously published a 74-page manifesto on the Company's platform, though it was ultimately taken down (Edward C. Baig. "[New Zealand Mosque Shootings: Are Social Media Companies Unwitting Accomplices?](#)" *USA Today*. March 15, 2019).

More recently, the U.S. Supreme Court heard arguments in *Gonzalez v. Google*, in which the family of an American killed in a 2015 terrorist attack in Paris argued that Google and YouTube did not do enough to remove or stop promoting ISIS terrorist videos seeking to recruit members, allegedly violating the Anti-Terrorism Act. In lower courts, Google won on the basis that CDA 230 protects it from liability for what its users post on its platform. However, petitioners are contending that the shield does not apply where Google actively promotes user-generated content, such as through its recommendation algorithms (Lauren Feiner. "[Supreme Court Set to Hear Google Case That Could Impact Free Speech Online](#)." *CNBC*. February 21, 2023). The verdict, which will be read in mid-2023 could dictate the future of this provision and how companies' content is governed on the internet.

### **International Regulations**

Content platforms could face significant regulatory risk on account of regulation being proposed in a variety of countries. Notably, in April 2019, Britain proposed sweeping regulations to combat the spread of violent and extremist content, false information and harmful material aimed at children. The recommendations, which were backed by Prime Minister Theresa May, called for naming an internet regulator with the power to issue fines, block access to websites if necessary, and make individual executives legally liable for harmful content spread on their platforms. Australia also recently passed a law that threatens fines for social media companies and jail for their executives if they fail to rapidly remove "abhorrent violent material" from their platforms. Further, in Singapore, draft legislation was introduced that is aimed at restricting the spread of false and misleading information. India also proposed broad new powers to regulate internet content, and the EU debated a new terrorism content measure (Adam Satarino. "[Britain Proposed Broad New Powers to Regulate Internet Content](#)." *New York Times*. April 7, 2019).

In October 2021, Alphabet, the Company, Twitter, and TikTok answered questions from a parliamentary committee scrutinizing the British government's draft legislation to crack down on harmful online content. Alphabet's head of safety stated that it supports regulation and has no business interest in providing people with an unsafe experience. The U.K.'s online safety bill calls for a regulator to ensure tech companies comply with rules requiring them to remove dangerous or harmful content. If the firms do not comply, they could face penalties worth up to 10% of their annual global revenue ("Facebook Grilled by UK Lawmakers Making Online Safety Rules." *AP News*. October 28, 2021).

Additionally, a number of other countries have proposed fines against social media companies, such as the Company, which fail to act expeditiously in response to hate speech posts. In June 2017, Germany passed its Netzwerkdurchsetzungsgesetz ("NetzDG") law, which gives social networks 24 hours to take action after having been notified about illegal material and seven days to act on "complex cases." Companies that fail to comply with the regulation could be subject to fines of up to €50 million ("[Germany Starts Enforcing Hate Speech Law](#)." *BBC*. January 1, 2018). While the law covers all illegal content, rather than just hate speech, it followed the publication of results of a study that showed that the Company and Twitter failed to meet Germany's target of removing 70% of hate speech content within a day of being notified of its presence. Further, the study found that the Company removed 39% of illegal hate speech in the mandated timeframe (Melissa Eddy, Mark Scott. "[Facebook and Twitter Could Face Fines in Germany Over Hate Speech Posts](#)." *New York Times*. March 14, 2017).

More recently, the European Parliament and EU member states reached a deal on the Digital Services Act ("DSA"), a landmark piece of legislation that aims to address illegal and harmful content online by requiring platforms to remove it quickly. Under this new bill, tech companies will be required under the DSA to implement new procedures designed to remove illegal material such as hate speech, incitement to terrorism, and child sexual abuse. Additionally, the DSA includes measures compelling tech firms to be more transparent concerning how their algorithms recommend content, and to require large online platforms and search engines to take certain measures in the event of a crisis, such as

Russia's invasion of Ukraine. The DSA will also limit how digital companies target users with online ads, effectively stopping them from targeting users with algorithms using data based on gender, race, or religion, and prohibiting targeting children with ads. The DSA will also prohibit deceptive tactics designed to push people toward specific products and services. Failure to comply with the law may result in fines of up to 6% of a company's global annual revenues (Ryan Browne. " [EU Agrees on Landmark Law Aimed At Forcing Big Tech Firms to Tackle Illegal Content](#)." *CNBC*. April 22, 2022).

In light of the above, we believe that this could portend potentially heightened risks for companies on account of the content created by their users.

## VIOLENCE

In recent years, social media has played a part in the proliferation of real-world violence. By providing channels of communication that fuel violence, platforms such as those offered by the Company allow individuals to incite violent acts, locate others who may share similar intentions, argue or threaten others, and post otherwise troublesome comments, images, or videos. On numerous occasions, these "spaces of conflict" have resulted in serious harm or even death.

A number of instances involving violent posts have been documented on the Company's platform. These include violent acts enacted on Facebook Live, including murders, rapes, shootings, child abuse, torture, suicides, and attempted murder (Janice Williams. " [Facebook Crime: Sexual Assault Live Stream Goes Viral in Lates Teen Violence Post](#)." *Newsweek*. July 13, 2017). Specific controversies include the death of Philando Castile at the hands of a police officer as captured on Facebook Live; the Christchurch, New Zealand Mosque shooting as captured on Facebook Live; and allowing videos of decapitation, (Deepa Seetharaman. " [Facebook, Rushing into Live Video, Wasn't Ready for Its Dark Side](#)." *The Wall Street Journal*. March 6, 2017; Leo Kelion. " [Facebook Lets Beheading Clips Return to Social Network](#)." *BBC*. October 21, 2013; Hamza Shaban. " [Facebook to Reexamine How Livestream Videos Are Flagged After Christchurch Shooting](#)." *The Washington Post*. March 21, 2019). Common threads among these controversies include the Company's generally slow responsiveness to remove content and the inherently problematic aspect of maintaining a live video service that can enable violent broadcasts.

In August 2020, violent protests broke out in Kenosha, Wisconsin after the police shooting of Jacob Blake, a Black man, who was paralyzed after the incident. In the proceeding demonstrations, 17-year-old Kyle Rittenhouse allegedly killed two people and injured a third. As a result, the Company, Kyle Rittenhouse, and two leaders of online groups were sued by four individuals, including the partner of one of the victims of the shootings. The suit alleged that the Company failed to delete two pages on its platform that encouraged violence against protestors and may have led to the alleged shooting by Rittenhouse. It further argued that the "militia" groups the Kenosha Guard and the Boogaloo Bois broadcast a "call to arms" using the Company's platform, urging counter-protestors to fight those protesting the Blake shooting. The lawsuit stated that the deaths could have been prevented had the Company taken action in response to the hundreds of complaints and flags it received concerning the Kenosha Guard page. According to the complaint, the Company didn't remove the page until days after the violence had occurred. The lawsuit claimed that the Company enabled these so-called militia groups to recruit and conspire and that it continued to profit from their activities. The Company responded that it took action against organizations and content related to Kenosha and that it found no evidence that suggested the shooter followed the Kenosha Guard page or that he was invited to the event page they organized. In a video posted to the platform on August 28, the Company's CEO stated that the Company had made an "operational mistake" in not removing the Kenosha Guard page sooner (Catherine Thorbecke. " [Facebook Hit With Lawsuit Over Kenosha Protest Deaths](#)." *ABC News*. September 23, 2020).

## Myanmar

The Company has come under significant scrutiny for its involvement in Myanmar, having been accused by UN investigators and human rights groups of facilitating violence against Rohingya Muslims (Kevin Roose, Paul Mozur. " [Zuckerberg Was Called out over Myanmar Violence. Here's His Apology](#)." *New York Times*. April 9, 2018). Specifically, Myanmar's military used the platform to spread hate speech and disinformation about the Rohingya in the years leading up to 2017 as part of a campaign that ended in mass murder, rape, and arson, which the UN said was carried out with "genocidal intent" (Billy Perrigo. " [Facebook's Ban of Myanmar's Military Will Be a Test of the True Power of Social Media Platforms](#)." *Time*. March 1, 2021). In the region, the Company essentially dominates the market; in a country with approximately 53 million people, the Company has 20 million users, meaning that the Company represents the internet for most in the country (Julia Carrie Wong. " [Overreacting to Failure: Facebook's New Myanmar Strategy Baffles Local Activists](#)." *The Guardian*. February 7, 2019).

In response to the issue, the Company stated in a November 2018 report commissioned in conjunction with BSR that it failed to prevent its platform from being used to "foment division and incite offline violence" in the country, and agreed in a report on the matter that it should do more in response to the situation (Alexandra Stevenson. " [Facebook Admits It Was Used to Incite Violence In Myanmar](#)." *New York Times*. November 6, 2018). In the report, BSR also provided a list of recommendations, and warned that Myanmar's parliamentary elections in 2020 would likely "be a flashpoint for hate



speech, harassment, misinformation, incitement to violence, and other actions designed to undermine the political process," and that the Company "would be well-served by preparing for multiple eventualities now" (Euan McKirdy. "[Facebook: We Didn't Do Enough to Prevent Myanmar Violence](#)." *CNN Business*. November 6, 2018).

On February 1, 2021, armed forces in Myanmar removed the civilian government of Aung Sang Suu Kyi, claiming that the pro-democracy movement's landslide victory in the November elections was a result of voter fraud. When protesters began using the Company's platform to coordinate a civil disobedience movement in reaction to the coup, the military temporarily blocked the site nationwide and imposed a rolling overnight curfew on Internet access. A few weeks later, after at least 18 protesters were killed on the deadliest day of clashes between pro-democracy protesters and armed forces since the coup, the Company banned Myanmar's military from its platforms with immediate effect. The ban went beyond official accounts and military leaders to also prevent military-owned businesses in sectors from tourism to banking from advertising on the platform, using for reference a 2019 U.N. report on the government's business interests. The ban represented the strongest action the Company has taken against the armed forces or those in power in any nation. Since the Company admitted in 2018 that it had not done enough to prevent the abuse of its platform leading to offline harm, it banned individual military leaders in Myanmar as well as prominent nationalists. It also diverted resources into tackling hate speech and disinformation and hired a dedicated staff in the country (Billy Perrigo. "[Facebook's Ban of Myanmar's Military Will Be a Test of the True Power of Social Media Platforms](#)." *Time*. March 1, 2021).

Elsewhere, the Company has increasingly complied with governmental demands in order to continue operating internationally. For example, it allowed the authoritarian government in Vietnam to silence criticism on the platform and the Turkish government to block the page of a Kurdish opposition group within the country (Billy Perrigo. "[Facebook's Ban of Myanmar's Military Will Be a Test of the True Power of Social Media Platforms](#)." *Time*. March 1, 2021).

In October 2020, Muslim Advocates and the Global Project Against Hate and Extremism published a [report](#) on what they called "the human cost of [the Company's] disregard for Muslim life." In it, they document the Company's role in anti-Muslim violence and threats in nine nations internationally, as well as the Company's support of anti-Muslim authoritarian regimes and its anti-Muslim senior staff. Specifically, the report mentions the use of the platform to orchestrate genocide in Myanmar, mass murders of Muslims in India, and riots and murders in Sri Lanka aimed at Muslims.

Regarding Myanmar's 2020 election, the Company [states](#) that it requires all electoral and political ads in Myanmar to have a "Paid for by" disclaimer attached to them to show the organization or person behind the ad (p.49). It also banned the Tatmadaw and military-controlled state and media entities from Facebook and Instagram, as well as ads from military-linked commercial entities (p.67).

More recently, a 2022 report revealed that the rights group Global Witness submitted eight paid ads to Facebook, with each featuring different versions of hate speech against Rohingya, and all the ads were approved by Facebook to be published. The group pulled the ads before they were posted or paid for, but they demonstrated Facebook's poor detection of hate speech and calls for violence. The eight ads all used language taken from the UN's Independent International Fact-Finding Mission on Myanmar. Facebook claimed to hold ads to stricter requirements than unpaid content, but the ads still made it through Facebook's detection process. Rohingya refugees filed suit against Facebook seeking more than \$150 billion in damages for failing to stop hate speech that incited violence against the Muslim ethnic group by military rulers and their supporters in Myanmar (Victoria Milko, Barbara Ortutay. "'[Kill More': Facebook Fails to Detect Hate Against Rohingya](#)." *AP News*. March 21, 2022).

## EFFECTIVENESS OF CONTENT MODERATION

In June 2020, New York University's Stern Center for Business and Human Rights [released](#) a report on the social media industry, looking at how the major platforms handle the problem of content moderation. The report makes eight recommendations to the social media companies. It begins with a call to end outsourcing in content moderation, while other suggested reforms include doubling the number of moderators so that they have more time to analyze the content and hiring a senior official to supervise the policies and execution of content moderation. The [report](#) states that given the daily volume of what is disseminated on social media sites, the number of workers policing social media platforms is "grossly inadequate" (p.2).

In October 2020, following many months of new rules designed to improve the discourse on the Company's platforms, the *Wall Street Journal* tested how frequently the Company fails to enforce them. When the *Journal* reported more than 150 pieces of content that the Company later confirmed violated its rules, the Company's review system allowed the material—some depicting or praising grisly violence—to stand more than three-quarters of the time. The Company stated that its errors in blocking content in the test didn't reflect the overall accuracy of its content moderation system, and that its priority is removing content based on severity and the potential for it going viral (Jeff Horwitz. "[Facebook Has Made Lots of New Rules This Year. It Doesn't Always Enforce Them](#)." *The Wall Street Journal*. October 15, 2020).

Further, this issue has led to additional exposure to legal risks. For example, the Ohio Public Employees Retirement

System sued the Company in November 2021 alleging that it broke federal securities law by intentionally misleading the public about the negative effects of its social platforms and the algorithms that run them. The lawsuit specifically claims that Facebook concealed inconvenient findings about how it has managed algorithms and the steps it said it was taking to protect the public. The lawsuit also claims that Facebook knew that its platform facilitated illegal activity and violent extremism, but refused to fix it. Additionally, the lawsuit states that losses resulting from the publicity over Facebook's actions caused shareholders to lose more than \$100 billion. A spokesperson for Facebook called the lawsuit without merit and said the Company would fight it ("[Ohio Retirement Fund Sues Facebook Over Investment Loss](#)," AP News, November 15, 2021).

The Company had previously demonstrated some responsiveness to this issue, announcing in March 2023 that it was adjusting its "cross-check" moderation system for VIP posts by politicians, celebrities, journalists, and the Company's business partners, such as advertisers. The Company's oversight board recommended in 2020 that the Company alter its approach due to risks to everyday users and to "radically increase transparency" about the cross-check system and how it works. The Company's recent announcement confirmed the Company would be implementing in part or in full more than two dozen of the oversight board's recommendations for improving the program, including distinguishing between accounts included in its enhanced review program for business versus human rights reasons and elaborating on those distinctions to the board and in the Company's transparency center. Further, it stated that the Company would refine its process for temporarily removing or hiding potentially harmful content while awaiting additional review. It declined, however, to publicly mark the pages of VIP users included in the Company's cross-check program, as that designation could make VIP accounts "potential targets for bad actors" (Clare Duffy, "[Facebook Revamps Controversial Content Moderation Process for VIPs](#)," CNN, March 3, 2023).

Despite this previous responsiveness, as discussed above, in early 2025, the Company has determined to significantly walk back many of these efforts.

## COMPANY DISCLOSURE

As a global company, the Company has operations in many regions. In its most recent annual report, the Company states that, worldwide, its daily active people increased 5% to 3.35 billion on average during December 2024 from 3.19 billion during December 2023 (2024 10-K, p.64). It explains that it generated 36% of its revenue for the year ended December 31, 2024, from marketers and developers based in the U.S., with a majority of the revenue outside the U.S. in 2024 coming from customers located in Western Europe, China, Brazil, Australia, India, and Canada (p.99).

The Company also discusses how its business is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, data use, data combination, data protection, content, competition, youth, safety, consumer protection, advertising, e-commerce, and other matters. It explains that many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to its products and business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm the Company's business. Further, it states that some countries, such as the UK, India, and Turkey, are considering or have passed legislation implementing data protection requirements, new competition requirements, or requiring local storage and processing of data or similar requirements that could require substantial changes to the Company's products, increase the cost and complexity of delivering its services, cause the Company to cease the offering of its products and services in certain countries, or result in fines or other penalties. It explains that new legislation or regulatory decisions that restrict its ability to collect and use information about minors may also limit its advertising services or its ability to offer products and services to minors in certain jurisdictions. For example, several U.S. states, including Arkansas, Utah, Texas, California, and Florida, among others, have passed laws restricting its ability to offer services to minors without parental consent or otherwise limiting the services that it can provide to minors (2024 10-K, pp.38-40).

Further, the Company states that it has faced, currently faces, and will continue to face claims and government and regulatory inquiries relating to information or content that is published or made available on its products, including claims, inquiries, and investigations relating to its policies, algorithms, and enforcement decisions with respect to such information or content. In particular, it explains that the nature of its business exposes the Company to claims related to defamation, dissemination of misinformation or news hoaxes, deceptive and fraudulent advertising, discrimination, harassment, intellectual property rights, rights of publicity and privacy, personal injury torts, laws regulating hate speech or other types of content, on- or offline safety and well-being (such as acts of violence, terrorism, improper promotion or distribution of pharmaceuticals and illicit drugs, human exploitation, child exploitation, illegal gaming, and other fraudulent or otherwise illegal activity), products liability, consumer protection, and breach of contract, among others. The Company adds that over the last several years it has seen an increase in claims brought by younger users related to well-being issues based on allegedly harmful content that is shared on or recommended by the Company's products. In addition, the Company has been subject to litigation alleging that its ad targeting and delivery practices constitute violations of anti-discrimination laws. It notes that the potential risks relating to any of the foregoing types of claims are currently enhanced in certain jurisdictions outside the U.S. where its protection from liability for third-party actions may be unclear or where the Company may be less protected under local laws than it is in the U.S. (2024 10-K, pp.42-43).

In addition, it states that the Company's products and services are subject to restrictions and requirements, and it is subject to increased compliance costs, as a result of the Digital Services Act in the EU, which started to apply to the Company's business as of August 2023, and other content-related legislative developments such as the Online Safety and Media Regulation Act in Ireland and the Online Safety Act in the UK. Further, it notes that certain countries have also implemented or proposed legislation that may require the Company to pay publishers for certain news content shared on its products. For example, as a result of such legislation in Canada, the Company discusses removing the availability of news content for Canadian users on Facebook and Instagram. Moreover, the Company explains that in the U.S., changes to the protections available under Section 230 or the First Amendment to the U.S. Constitution or new state or federal content-related legislation or investigations may increase its costs or require significant changes to its products, business practices, or operations, which could adversely affect user growth and engagement (2024 10-K, p.43).

The Company also states that unfavorable media coverage negatively affects its business and that its reputation has been, and could in the future be, adversely affected by unfavorable publicity regarding its privacy practices, advertising policies, product decisions, product quality, litigation or regulatory activity, government surveillance, the actions of its advertisers, the actions of its developers whose products are integrated with Company products, the use of Company products or services for illicit or objectionable ends, the substance or enforcement of its community standards, terms of service, or other policies, the actions of its users, the quality and integrity of content shared on its platform, the perceived or actual impacts of the Company's products or services on user well-being, its management, or the actions of other companies that provide similar services to the Company's (2024 10-K, p.27). Additionally, the Company states that it has significant international operations which may subject the Company to increased business, economic, and legal risks that could affect its financial results. For example, the Company is subject to enhanced difficulty in reviewing content on its platform and enforcing its community standards and other policies across different languages and countries (p.31).

### **Community Standards**

The Company discloses its [Community Standards](#), which include a number of policies on hateful conduct, violence and incitement; bullying and harassment; human exploitation; violent and graphic content; spam; and misinformation, among other things.

The Company also [provides](#) information on how it enforces its policies, stating that it takes a [three-part approach](#) to content enforcement on Facebook and Instagram: remove, reduce, and inform. The Company states that it removes content that goes against its policies as soon as it becomes aware of it. Further, it explains that some problematic content can create a negative experience for people on Facebook and Instagram, so it will often reduce the distribution of this content, even when it does not quite meet the standard for removal under the Company's policies. Additionally, it states that when content is potentially sensitive, misleading, or confusing, it sometimes adds a warning or, in the U.S., the community can add more context if they agree such information is helpful. The Company also [discloses](#) that over 15,000 reviewers across the globe review potential violations on Facebook and Instagram, and they receive in-depth training and often specialize in certain policy areas and regions, altogether reviewing content in more than 80 languages. It further [states](#) that if content goes against its Community Standards, it will be removed and the user will be notified. The Company also [informs](#) its users when content might be sensitive or misleading, even if it doesn't explicitly violate its Community Standards.

The Company provides information regarding [how fact-checking works](#) in the U.S. compared to the rest of the world, explaining that the Company has a community-based program called Community Notes in the U.S., which is currently in the initial testing phase. The Company adds that it will continue to improve Community Notes over the course of the year before looking at expansion to other countries. It also explains that in certain countries outside the U.S., the Company works with independent third-party fact-checkers who have been certified through the non-partisan International Fact-Checking Network or, in Europe, the European Fact-Checking Standards Network to address misinformation on Facebook, Instagram, and Threads. The process outside the U.S. includes: (i) identifying misinformation; (ii) reviewing content; (iii) clearly labeling misinformation and informing people about it; (iv) ensuring fewer people see misinformation; and (v) taking action against repeat offenders.

The Company provides a [Community Standards Enforcement Report](#) each quarter to track its progress and demonstrate its continued commitment to making Facebook and Instagram safe and inclusive. The most recent report shares updated metrics for the reporting period from October to December 2024 and details the Company's progress on content that violates its policies. For the fourth quarter of 2024, prevalence remained consistent across a range of violation types. In addition, prevalence increased on Instagram for violent and graphic content as the Company makes adjustments to its proactive detection technology. Further, content actioned on Instagram for child sexual exploitation returned to previous levels after a spike in violating viral content. It also discloses Ernst & Young's ("EY") independent, third-party [assessment](#) of its community standards enforcement report from the fourth quarter of 2021, which found that the calculation of the metrics in the Company's 2021 fourth quarter community standards enforcement report were fairly stated and that the Company's internal controls are suitably designed and operating effectively, as well as a [report](#) from



an independent advisory group on their findings and recommendations on the Company's data transparency efforts. Additionally, the Company publishes a quarterly [widely viewed content report](#), which provides context about what people are seeing on its platforms through sharing the most-viewed domains, links, pages, and posts in the U.S. It also discloses [government requests for user data](#) and [content restrictions based on local law](#).

## Human Rights

The Company maintains a [human rights](#) webpage as well as its [Corporate Human Rights Policy](#), which states that it recognizes all people are equal in dignity and rights, and everyone is equally entitled to human rights, without discrimination. The policy reflects the Company's commitment to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the ILO's Declaration on Fundamental Principles and Rights at Work. The Company also [provides](#) an annual [Human Rights Report](#), which discusses human rights and civil rights experts at the Company providing ongoing advice to assess and mitigate human rights risks on content policy, product development, crisis and conflict response, and election preparation, stating that this work often involves matters related to hate speech (p.13).

The proponent raises specific concerns regarding the Company's efforts to address antisemitism, anti-LGBTQ+, and anti-disability hate following October 2023, when a Hamas attack on Israel resulted in a surge of antisemitism and harassment online. Regarding Israel, the Company [explains](#) that, in line with Oversight Board and Business for Social Responsibility's Israel and Palestine human rights due diligence recommendations, the Company updated its Dangerous Organizations and individuals policy in the following ways:

- It updated its policy to allow more social and political discourse, including about elections, conflict resolution, and disaster and humanitarian relief, while continuing to meet its legal obligations;
- It heard feedback that its previous definition of "praise of a dangerous organization or individual" was too broad, so the Company updated its policy to make it more nuanced and proportionate, and it now prohibits "glorification" of the violence and hate of dangerous organizations and individuals, which is more narrowly defined than "praise";
- It simplified the way the Company assesses and categorizes dangerous actors depending on their ties to offline harm and violence; and
- It updated its delisting process to provide more detailed and comprehensive criteria that must be satisfied for a dangerous organization or individual to be considered for delisting, and this update enables the Company to ensure its designations can reflect changing circumstances.

The Company [addresses](#) marginalized groups and human rights defenders, explaining that it recognizes the importance of meaningful engagement with stakeholders from marginalized communities, taking account of variations within region and even country, and it seeks to inform itself about these differences. Further, the Company states that it strives to listen to and seek advice from human rights experts and activists, academics, and others on a wide range of issues and brief them on relevant developments at the Company, adding that their insights inform areas such as the development of its content policies and enforcement to advance voice and safety. It notes that around the world, human rights defenders who use digital platforms as instruments for their activism frequently encounter intimidation, oppression and legal challenges as a consequence of their online endeavors aimed at advancing and protecting human rights, which is particularly noticeable among marginalized groups, such as women and the LGBTQIA+ community.

Guided by its [inclusivity framework](#), the Company [explains](#) that it uses roundtables, workshops, and one-on-one meetings to understand relevant content policy issues, identify policy gaps, and pursue opportunities for engagement on policy development. For example, it states that it worked with the Minority Rights Group to conduct eight global convenings in countries deemed at risk of armed conflict or societal violence, and it also engaged with over 250 stakeholders from diverse backgrounds, including women, members of the LGBTQIA+ community, religious minorities, ethnic minorities, and Indigenous groups, to gather valuable insights on the policy challenges faced by these communities. It adds that based on feedback from over 19 consultations and workshops with LGBTQIA+ organizations and human rights defenders in the Middle East and North Africa, the Company collaborated with the Jordan Open Source Association to release the [Digital Security Toolkit](#) for Human Rights Defenders, which is a guide, available in both Arabic and English, that [identifies](#) leading practices in digital security, offering security features, tips and reactive measures to enhance online safety for activists and human rights defenders in the Middle East and North Africa. It also launched an LGBTQIA+ influencer campaign in Sub-Saharan Africa to raise awareness about safety resources for LGBTQIA+ activists and highlight the Company's commitment to protecting high-risk users in the region (pp.37-38).

The Company also discloses a webpage examining its [due diligence on Israel and Palestine](#), specifically regarding the Business for Social Responsibility's ("BSR") [due diligence exercise](#) into the [impact](#) of the Company's policies and processes in Israel and Palestine during the May 2021 escalation, including an examination of whether these policies and processes were applied without bias. It states that BSR identified a number of areas of "good practice" in the Company's response, including its efforts to prioritize measures to reduce the risk of the platform being used to encourage violence or harm, including quickly establishing a dedicated Special Operations Center to respond to activity across its apps in real



time. However, the Company notes that BSR raised important concerns around under-enforcement of content, including inciting violence against Israelis and Jews on the Company's platforms, and specific instances where they considered its policies and processes had an unintentional impact on Palestinian and Arab communities, primarily on their freedom of expression. It further states that BSR made 21 specific recommendations as a result of its due diligence, covering areas related to the Company's policies, how those policies are enforced, and its efforts to provide transparency to its users. The Company then affirms that it carefully reviewed these recommendations to help it learn where and how it can improve, and the Company's [response details](#) its commitment to implementing ten of the recommendations, partly implementing four, and it is assessing the feasibility of another six, while it will take no further action on one recommendation.

Additionally, the Company provides a 2024 [update](#) regarding its response to the BSR due diligence exercise, whereby it affirms that as of June 30, 2024, the Company had "fully implemented" five of the 21 recommendations, while ten remained "in progress." It also asserts that the Company has already addressed six recommendations through an action it already does and will not provide further updates on those items. The five remaining recommendations still progress include:

- Providing users with a more specific and granular policy rationale when strikes are applied, though this should not just include the category of the violation, but how a post was violating, so that users can better understand the justification, submit an informed appeal, and be less likely to post violating content in the future;
- Continuing to establish mechanisms to better route potentially violating Arabic content by dialect/region;
- Continuing plans to disclose the number of formal reports received from government entities (including the Israel State Attorney Office in Israel) about content that is not illegal but potentially violates the Company's content policies, taking place either quarterly (as part of the Community Standards Enforcement Report) or every six months (as part of the Content Restrictions Report);
- Developing a mechanism to track the prevalence of content that attacks based on specific protected characteristics (e.g., antisemitic, Islamophobic, homophobic content), potentially involving, for example, prompting users to mark relevant hate speech content with tags; and
- Increasing the capacity of the Company's special escalation channels via more staff and more resources to enable a sufficiently prompt response to escalations from Trusted Partners, governments, and other actors in both normal times and times of crisis.

Additionally, the Company [discusses](#) deploying a range of tools and methods in Brazil to combat potential hate speech, incitement to violence, and misinformation before, during, and after the January 8, 2023, attacks on the Brazilian Congress, Supreme Court, and other public buildings. During this five-month period in Brazil, it removed more than 570,000 pieces of content that violated its hate speech policies from Facebook and more than 520,000 from Instagram (p.20). Further, the Company states that despite a deteriorating security situation in Sudan in August 2023, the Company's Trusted Partners continued to report content related to violence and incitement, misinformation, hate speech, and bullying and harassment (p.25). It also addresses monitoring hate speech in Azerbaijan, Ethiopia, and Bangladesh (p.26, pp.40-41).

Beyond its human rights report, the Company provides its impact assessment for [Cambodia](#), [Myanmar](#), and the [Philippines](#), as well as other [resources](#) related to human rights.

## **Oversight**

Regarding oversight of these issues, the [audit and risk oversight committee](#) reviews with management, at least annually, (a) the Company's program for promoting and monitoring compliance with applicable legal and regulatory requirements, and (b) the Company's major legal and regulatory compliance risk exposures and the steps management has taken to monitor or mitigate such exposures. Further, the committee periodically reviews with the Company's management the status of its ESG program and strategy, and it reviews with management, at least annually, the Company's major ESG risk exposures and the steps management has taken to monitor or mitigate such exposures. The [privacy and product compliance committee](#) has the principal responsibility to assist the board with respect to privacy and data use matters. Such responsibilities include overseeing compliance with the comprehensive privacy program (the "Privacy Program") adopted by the Company in compliance with the FTC Order; the selection of an independent, third-party assessor to be selected by the Company to review the Company's privacy practices; the Assessor's biennial assessments of the Privacy Program; compliance with the EU's Digital Markets Act; and compliance with the General Data Protection Regulation and other applicable privacy and data use laws.

## RECOMMENDATION

In recent years, regulators and governmental bodies have begun to address how to minimize the misuse of social media, and much of the focus of these efforts has been targeted at the Company and others in its industry. Given the international attention to the issues of content moderation and management, including hate speech, we believe that the

Company should take appropriate steps to mitigate any attendant risks to its operations. As has been seen at the Company and others in its industry, inattention to this issue can lead to fines, lawsuits, and other governmental intervention. As such, we deem this issue to be a material risk for the Company.

We acknowledge that the Company provides information concerning its content management and related considerations. However, in light of the Company's recent announcement on changes to its approach to content moderation, we have significant concerns about the potential ramifications for the Company with regard to its exposure to legal, regulatory and reputational harm. For example, Twitter (now X) had previously announced many of the changes recently announced by the Company shortly after Elon Musk acquired the platform. Following these changes, it was [forecasted](#) that more than 30 million users were expected to leave over the next two years over "technical issues and proliferation of offensive content." The same forecast found that ad revenue would be "essentially flat" as advertisers pulled back or stopped advertising over brand safety concerns on the platform. While it is still too soon to tell if the Company's recent announcement regarding its content moderation will have an adverse impact on shareholders, there are a wide variety of anecdotal [accounts](#) of users deleting accounts or stepping away from the Company's platforms. As such, we believe that this is a matter that shareholders should be closely monitoring to ensure that the Company is implementing policies that will ultimately serve their interests.

We understand that, given recent political developments, the Company's recent actions could mitigate certain regulatory risks in the U.S. However, we believe that the Company could still face significant exposure to reputational risks and regulatory risks in other jurisdictions. As such, we believe that the additional reporting could provide shareholders with meaningful information concerning how this matter is being handled in light of the Company's recent change in approach to content moderation. In our view, this will allow shareholders a better basis on which they are able to assess the Company's exposure to regulatory, reputational and legal risk. As such, we ultimately believe that support for this proposal is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

## 9.00: SHAREHOLDER PROPOSAL REGARDING REPORT AND TARGETS ON CHILD SAFETY IMPACTS

FOR

<b>PROPOSAL REQUEST:</b>	The Company publish a report with targets and metrics on whether its child safety impacts and actual harm reduction to children has improved globally	<b>SHAREHOLDER PROPONENT:</b>	Proxy Impact on behalf of the Hyde Cragmont 2015 Trust and the Linda C. Wisniewski Trust, and co-filers
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	18.5%	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>FOR -</b>	<ul style="list-style-type: none"> <li>Adoption of proposal provide shareholders assurance that the Company is managing associated risks</li> </ul>		

### SASB MATERIALITY

**PRIMARY SASB INDUSTRY:** Internet Media & Services

**FINANCIALLY MATERIAL TOPICS:**

- Environmental Footprint of Hardware Infrastructure
- Data Security
- Intellectual Property Protection & Competitive Behavior
- Data Privacy, Advertising Standards & Freedom of Expression
- Employee Recruitment, Inclusion & Performance

## GLASS LEWIS REASONING

- We do not believe that the Company has provided sufficient disclosure to demonstrate to shareholders the efficacy of its efforts to ensure child safety on its platforms.

## PROPOSAL SUMMARY

**Text of Resolution:** *Resolved: Shareholders request that the Board of Directors publishes a report (prepared at reasonable expense, excluding proprietary information) that includes targets and quantitative metrics appropriate to assessing whether and how Meta has improved its performance globally regarding child safety impacts and actual harm reduction to children on its platforms.*

### Proponent's Perspective

- Social media impacts children's brains differently than adult brains and poses physical and psychological risks that many children and teens are unprepared for, including sextortion, grooming, hate group recruitment, human trafficking, cyberbullying, harassment, invasion of privacy, financial scams, and exposure to sexual, violent or self-harm content, among others
- The Company is the world's largest social media company with billions of children and teen users, and the Company's platforms, including Facebook, Instagram, Messenger, and WhatsApp, have been linked to numerous child safety impacts;
- The Company's own research shows Instagram's negative impacts on teens' self-image, increased rates of depression and anxiety, and increased suicidal thoughts;
- Forty-two states have sued the Company claiming that Facebook and Instagram algorithms are intentionally addictive and harm kids' mental health;
- In 2023, nearly 36 million cases of online child sexual abuse material were reported, and nearly 31 million of those (85%) stemmed from the Company's platforms;
- The Company has started encrypting Messenger despite urgent warnings from law enforcement and child protection organizations that encryption will hide millions of reports, cloak the actions of child predators, and make children more vulnerable;
- In 2022, the Company was fined over \$400 million for failing to safeguard children's information on Instagram;
- Internal documents show the Company did little about millions of underage users;
- The EU's Digital Services Act requires identifying, reporting, and removing child sexual abuse material, and the UK's Online Safety

### Board's Perspective

- The Company has developed a three-pronged approach to protecting young people online that is tailored to each technology in the Company's family of apps, which includes prevent, control, and respond;
- The Company's Community Standards state clearly that the Company prohibits content or activity that sexually exploits or endangers children, bullies or harasses children, or encourages suicide, self-injury, or eating disorders;
- As announced in January 2025, the Company is adjusting its automated content enforcement systems so that they focus primarily on illegal and high-severity violations, including child sexual exploitation, suicide, and self-harm;
- The Company has developed more than 50 tools, features, and resources across its apps to support teens and their families;
- In September 2024, the Company introduced Instagram Teen Accounts, which have built-in protections for teens, and these accounts limit who can contact teens and the content they see;
- Over the past year, the Company made significant changes to its youth protection tools, introducing more tools to fight sextortion on its platforms;
- The Company recognizes that child protection requires a global and comprehensive response, and it supported the National Center for Missing and Exploited Children to develop the Take It Down tool, which is designed to give young people back control of their intimate images and helps prevent them being shared online;
- The Company works with its Safety Advisory Council, comprising leading internet safety organizations from around the world, to develop industry best practices, build and share technology to

- bill aims to protect children from online fraud and harmful content;
- The proposed Kids Online Safety Act in the U.S. requires companies to prevent or mitigate child risks including suicide, eating disorders, and substance abuse; and
- The Company's website lists new steps taken to improve child safety, but it has no publicly available, Company-wide child safety or harm reduction performance targets for shareholders and stakeholders to judge the effectiveness of the Company's announced tools, policies, and actions.

The proponent has filed an [exempt solicitation](#) urging support for this proposal

- fight online child exploitation, support victim services and more;
- The Company recently announced a new partnership with U.S. NGO Childhelp, to launch a first-of-its-kind education campaign, designed to teach middle schoolers about how to stay safe online, including how to recognize grooming, sextortion scams, and other types of online exploitation, and what to do if they or someone they know needs help;
- In its Community Standards Enforcement Reports, the Company has highlighted actions that it has taken against content that violates its rules, including information on the content it has removed for violating its child sexual exploitation, abuse, and nudity policies; and
- The board's privacy and product compliance committee has principal responsibility to assist the board with respect to the Company's product compliance, including in the areas of content governance and integrity, youth and well-being, and artificial intelligence development and implementation, and the committee is actively engaged on issues concerning safety on the Company's platform, particularly as it relates to young people, and receives regular reporting on the steps management has taken to assist in overseeing risks associated with these topics.

## THE PROPONENT

### **Proxy Impact**

Founded and led by Michael Passoff, [Proxy Impact](#) was "launched to help foundations and sustainable investors align their investments and values." It provides "environmental, social and sustainable governance (ESG) shareholder engagement and proxy voting services that promote sustainable and responsible business practices." It also works with foundations and NGOs on grant making and campaign strategies on environmental and social justice issues. Because Proxy Impact is not an investor, it has no AUM.

Proxy Impact offers several services, including shareholder engagement, proxy voting, and philanthropic and consulting. With regard to [proxy voting](#), it states that it provides "environmental, social and sustainable (ESG) proxy voting services on domestic and foreign companies trading in the U.S." It will vote all clients' shares via an online platform and provide confirmation of all votes. With regard to shareholder advocacy, it [states](#) that it provides custom shareholder advocacy services, which include:

- Researching issues, corporations, and shareholder engagement options;
- Producing reports, scorecards, benchmarks and best practices;
- Developing shareholder engagement plans
- Sending detailed letters of concern to corporations, the SEC or other appropriate agencies;
- Conducting company dialogues with senior management;
- Coordinating expert briefings with stakeholders, scientific or NGO leaders;
- Filing shareholder resolutions;
- Recruiting resolution co-filers;
- Defending resolutions at the SEC;
- Conducting shareholder solicitation/investor education;
- Speaking at the company's annual meeting; and
- Conducting media outreach.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, Proxy Impact submitted three shareholder proposals to U.S. companies that received an average of 21.7% support (excluding abstentions and broker non-votes), with none of its proposals receiving majority support.

## GLASS LEWIS ANALYSIS

### CHILD SEXUAL ABUSE MATERIAL

Given that new content is constantly being produced and added, it is nearly impossible to quantify in absolute terms the

amount of child sexual abuse material ("CSAM") in circulation on the internet at any given time. Further, common metrics to assess CSAM, including reports from hotlines and criminal justice records, have their limitations. In a 2015 global study of hotlines, approximately one-third of those surveyed responded that CSAM reports made up the majority of their workloads, and the number of CyberTipline reports received by The National Center for Missing and Exploited Children ("NCMEC") increased from over 1.1 million reports in 2014 to more than 8.2 million by 2016. However, an increase in reporting may be due to factors including an improvement in rates of detection because of technological tools, because there has been an increase in human resources available to manage the issue, or because of a growing awareness of the problem and a willingness to report suspected CSAM. Moreover, these growing reports are leading to an increase in enforcement actions. According to a U.S. longitudinal National Juvenile Online Victimization study, there was a substantial increase in the number of arrests made for technology-facilitated sexual crimes against children between 2000 and 2009, with one-half of all these arrests being for the possession of CSAM ("[Trends in Online Child Sexual Abuse Material](#)." ECPAT International. April 2018. pp.7-9).

Advances with the internet, digital cameras, computers, and smartphones have presented new avenues for sexual offenders and new challenges for tech companies and law enforcement. For example, mobile devices can be [used](#) to photograph, film, and stream CSAM (p.9). Web cameras, camera-enabled mobile devices, and live-streaming video chat services allow for the production and transmission of CSAM "on-demand" and in real-time, utilizing any device with a web or network-enabled camera, including computers, tablets, cell phones, gaming devices, and wearable technology (p.75). Various apps, including social media, can be used to target, groom, and coerce victims who can, aided by technology, be located anywhere in the world (p.9). Offenders achieve online anonymity through anonymization networks, including Tor and Freenet, to evade law enforcement and utilize encryption to protect their identities and the exploitative content they create and collect, relying on the ease of access and sharing ensured by cloud storage (pp.80,92).

Further, mobile devices and the internet have also aided in the propagation of sex trafficking. A recent study by Thorn, a nonprofit dedicated to the identification and rescue of trafficked children, [found](#) that 55% of domestic minor sex trafficking ("DMST") victims met their traffickers via text, website, or app. And of those whose traffickers used technology to build a relationship, 63% communicated online and 25% communicated with victims via phone call (p.5).

Another troubling component is that many images that constitute child pornography are taken and distributed, potentially unwillingly, by the victims themselves, whether sent between peers or solicited by an adult. In cases where adolescents had produced pornographic images, 83% were distributed on the internet and mainly taken by adolescents themselves and sent to others, over half of which were done with mobile phones (" [Trends in Online Child Sexual Abuse Material](#)." ECPAT International. April 2018. p.9). Law enforcement remains challenged to determine whether images were taken and distributed under coercion or rather as behavior that is consistent with adolescent development and risk-taking (p.5).

Given the increasing use of technology for grooming victims and advertising to buyers, Thorn believes that [tech companies](#) are uniquely positioned to combat DMST and engage with victims. For example, it notes that findings suggest increasing use of social media and apps by buyers to communicate with traffickers and victims. Thorn believes that further examination of patterns in this process could help industry identify bad actors on their platforms, while tech companies could also deliver online help advertisements via platforms frequented by victims (p.9).

Online child abuse and exploitation, already one of the largest crime challenges nationally, spiked during the COVID-19 pandemic as people were forced indoors and abusers and children spent more time online. At the same time, lockdown measures have meant fewer opportunities for abuse to be noticed and reported by daycare workers and schoolteachers. Still, tips to NCMEC nearly doubled from 6.3 million in the first half of 2019 to 12 million through June 2020, and reports of online enticement more than doubled during that timeframe. Even prior to the pandemic, a recent study stated that online creation and sharing of CSAM had reached a breaking point whereby reviews by the national center and law enforcement investigations no longer scale. Livestreaming and the abundance of apps such as TikTok, Whisper, and Omegle, along with games like Fortnite and platforms such as those presented by the Company and YouTube, provide an extensive online hunting ground for sexual predators (Dustin Racioppi, Trenton Bureau. " ['People Don't Want to Talk About It,' but Reports of Kids Being Exploited Online Have Spiked Amid Coronavirus Pandemic](#)." *USA Today*. October 26, 2020).

In 2020, the Company reported over 20 million CSAM images to NCMEC, more than any other company, and more than 35 times as many reports as the next company on the list, Google. The Company's platforms contain the vast majority of all child sexual content flagged to the NCMEC, representing a 31% increase on the 16 million images reported to them by the platform in 2019 (Tom Porter. [Facebook Reported More Than 20 Million Child Sexual Abuse Images in 2020. More Than Any Other Company](#)" *Business Insider*. February 26, 2021).

There have been a number of industry initiatives aimed at preventing the exploitation of children. For example, in 2023, the Company, Alphabet, Discord, Mega, Quora, Roblox, Snap, and Twitch signed on to participate in Lantern cross-platform signal sharing to fight online child sexual exploitation and abuse. Serving as a central database, Lantern was intended to keep predators from moving victims to new platforms to avoid detection, and the shared signals can help companies investigate or take action such as closing an account or reporting it to authorities. [The Tech Coalition](#), an



alliance of global tech companies working to combat child sexual exploitation and abuse online, would oversee Lantern and would set out clear guidelines for data sharing (Wes Davis. "[Google, Meta, Discord, and More Team Up to Fight Child Abuse Online](#)." *The Verge*. November 7, 2023).

## **Metaverse**

The Company [announced](#) its vision of the metaverse as a successor to the mobile internet in late 2021, and discussed the steps it is taking to help realize the full social potential of the metaverse in the future. The Company introduced its Horizon Home, an early vision for a home base in the metaverse that will be seen through the Company's virtual reality headset, and an addition to the Company's Horizon social platform for the metaverse. The Company also discusses messenger calls, gaming, fitness, and work, as well as its Presence Platform, a suite of machine perception and AI capabilities.

In pursuit of the transformation to the metaverse, the Company has created thousands of new jobs in the labs that make hardware and software for the metaverse, and managers have advised employees working on social networking products to apply for augmented reality and virtual reality roles. The Company also hired metaverse engineers from Microsoft and Apple. However, the metaverse is still a largely theoretical concept, making the transition more complicated than when the Company moved from desktop computers to mobile devices. Further, some employees have questioned the Company's pivot without fixing issues such as misinformation and extremism on its existing platforms, but it is not yet clear what the metaverse focus means for these platforms (Sheera Frenkel, Mike Isaac, Ryan Mac. " [How Facebook Is Morphing Into Meta](#)." *The New York Times*. February 1, 2022).

The Company's entry into the metaverse has also caused concerns with regard to this matter. For example, in 2022, a BBC News researcher posing as a 13-year-old girl reported witnessing grooming, sexual material, racist insults and a rape threat in the virtual reality world. Following this investigation, the National Society for the Prevention of Cruelty to Children stated that improvements in online safety are a matter of urgency. A representative from the organization stated that the metaverse "is a product that is dangerous by design, because of oversight and neglect" and that products were being rolled out "without any suggestion that safety has been considered" (Angus Crawford, Tony Smith. " [Metaverse App Allows Kids Into Virtual Strip Clubs](#)." *BBC News*. February 23, 2022). Another UK researcher found similar results, causing the virtual space to be dubbed 'the online Wild West.' The investigation found that sexually explicit comments and threatening behavior were made minutes after the journalist went undercover in the metaverse. In both of these instances, investigators were using VRChat headsets, which are not made by the Company but can be downloaded from the store (Jamie Phillips. "[Metaverse Is Branded an 'Online Wild West By Child Safety Campaigners](#)." *Daily Mail*. April 25, 2022).

## **Lantern**

In 2023, the Company, Discord, Mega, Alphabet, Quora, Roblox, Snap, and Twitch signed on to participate in Lantern cross-platform signal sharing to fight online child sexual exploitation and abuse. Serving as a central database, Lantern was intended to keep predators from moving victims to new platforms to avoid detection, and the shared signals can help companies investigate or take action such as closing an account or reporting it to authorities. [The Tech Coalition](#), an alliance of global tech companies working to combat child sexual exploitation and abuse online, would oversee Lantern and would set out clear guidelines for data sharing (Wes Davis. "[Google, Meta, Discord, and More Team Up to Fight Child Abuse Online](#)." *The Verge*. November 7, 2023).

## **REGULATIONS GOVERNING PLATFORM CONTENT**

In recent years, companies in the tech sector have faced significant controversy on account of the content produced by their users. Although companies in this industry have generally been insulated from this content, there have been recent legislative attempts to ensure these companies face more liability on account of the content housed on their platforms. Specifically, Section 230 of the 1996 Communications Decency Act ("CDA 230"), precludes companies from being held legally liable for the content of their users' posts on their websites. However, recent attempts at preventing sex trafficking could have wide-ranging effects on companies in this industry, including the Company. In 2018, 24 senators co-sponsored a bill to allow prosecutors to pursue companies whose platforms facilitate sex trafficking. Although this bill was primarily targeted at Backpage.com, a classified site that had faced multiple lawsuits for its role in the online sex trade, opponents of the bill have contended that its passage would act as a slippery slope, allowing other aggrieved groups to begin to push for the right to go after other tech platforms. In response, the Internet Association, a trade association representing large tech companies, including the Company, Twitter, and Alphabet, endorsed a compromise bill that was more tightly focused on the sex trade, thus minimizing concerns that the bill would act as an impediment to other content housed by these platforms (Joshua Brustein. " [It's Getting Harder for Tech Companies to Deny Responsibility for Content](#)." *Bloomberg*. November 7, 2017).

In March 2018, lawmakers voted to amend CDA 230 to allow more state and civil lawsuits against websites related to online sex trafficking for "knowingly assisting, supporting or facilitating" crimes. Although Senator Ron Wyden of Oregon, one of the original creators of CDA 230, opposed the recent amendments, he did strike a warning for technology

companies, stating that if they "do not wake up to their responsibilities-- and use power 230 gives them-- to better protect the public against sex trafficking and countries that try to hack our political system, you bet that companies can expect (this legislation) will not be the last challenge for them" (Alina Selyukh. " [Section 230: A Key Legal Shield For Facebook, Google is About to Change.](#)" *NPR*. March 21, 2018). Further, in December 2019, Senators Marsha Blackburn, chair of the Senate Judiciary Committee's Tech Task Force, and Catherine Cortez Masto, introduced the [Eliminate Network Distribution of Child Exploitation Act](#) ("END Child Exploitation Act") which would lengthen the evidence preservation time for online child exploitation cases and assist law enforcement in prosecuting these crimes. Under the Act, technology platforms like the Company would be required to preserve evidence for 180 days (twice the current period) for reports of online child exploitation submitted to the CyberTipline, the country's core program for facilitating the reporting of online child sexual abuse content. The Act was reintroduced in February 2021.

In October 2021, the Company, Alphabet, Twitter, and TikTok answered questions from a parliamentary committee scrutinizing the British government's draft legislation to crack down on harmful online content. The Company's head of safety stated that it supports regulation and has no business interest in providing people with an unsafe experience. The U.K.'s online safety bill calls for a regulator to ensure tech companies comply with rules requiring them to remove dangerous or harmful content. If the firms do not comply, they could face penalties worth up to 10% of their annual global revenue (" [Facebook Grilled by UK Lawmakers Making Online Safety Rules.](#)" *AP News*. October 28, 2021).

The European Parliament and EU member states reached a deal on the Digital Services Act ("DSA"), a landmark piece of legislation that aims to address illegal and harmful content online by requiring platforms to remove it quickly. Under this new bill, tech companies will be required under the DSA to implement new procedures designed to remove illegal material such as hate speech, incitement to terrorism, and child sexual abuse. Additionally, the DSA includes measures compelling tech firms to be more transparent concerning how their algorithms recommend content, and to require large online platforms and search engines to take certain measures in the event of a crisis, such as Russia's invasion of Ukraine. The DSA will also limit how digital companies target users with online ads, effectively stopping them from targeting users with algorithms using data based on gender, race, or religion, and prohibiting targeting children with ads. The DSA will also prohibit deceptive tactics designed to push people toward specific products and services. Failure to comply with the law may result in fines of up to 6% of a company's global annual revenues. The DSA is now subject to formal EU approval, and is expected to take effect as early as 2024 (Ryan Browne. " [EU Agrees on Landmark Law Aimed At Forcing Big Tech Firms to Tackle Illegal Content.](#)" *CNBC*. April 22, 2022).

There has been a specific emphasis from regulators concerning ensuring the safety of children using the Company's platform. For example, a bipartisan group of senators reintroduced the Kids Online Safety Act ("KOSA") in early May 2023. The new legislation featured updates to address concerns that the bill itself could inadvertently cause harm to young internet users. The bill defines specific harms that tech companies must mitigate, such as preventing the spread of posts that promote suicide, eating disorders, substance abuse, and other issues. The legislation would also require social media companies to undergo annual independent audits regarding their risks to minors, and require them to enable the strongest privacy settings by default for children. The updated bill also features provisions to protect children's support services, such as the National Suicide Hotline and substance abuse groups, so that they wouldn't be unintentionally hampered by the bill's requirements. Critics of the legislation say the updates still do not do enough, and that an age verification mechanism and data collection on Americans of all ages is still required (Lauren Feiner. " [Lawmakers Update Kids Online Safety Act to Address Potential Harms, But Fail to Appease Some Activists, Industry Groups.](#)" *CNBC*. May 4, 2023).

In July 2024, the U.S. Senate [passed](#) the Children and Teens' Online Privacy Protection Act. Although the Republican-led House did not bring KOSA to a vote in 2024, it suggested at a committee hearing in March 2025 that it planned to move forward with new laws protecting children online (Jaspreet Singh. " [Meta Expands 'Teen Accounts' to Facebook, Messenger Amid Children's Online Safety Regulatory Push.](#)" *Reuters*. April 8, 2025). However, both the Company and House Speaker Mike Johnson said that KOSA would violate First Amendment rights and lead to online censorship (Ruth Reader. " [How Mark Zuckerberg Is Flipping the Script on Kids' Safety Online.](#)" *Politico*. April 20, 2025).

Meanwhile, the UK has introduced the [Online Safety Bill](#), a new set of laws to protect children and adults online, and it will make social media companies more responsible for their users' safety on their platforms. The [types of content](#) that the bill addresses and that platforms will need to remove includes: child sexual abuse, controlling or coercive behavior, extreme sexual violence, hate crime, inciting violence, illegal immigration and people smuggling, promoting or facilitating suicide, sexual exploitation, terrorism, selling illegal drugs or weapons, and revenge porn. The law [affects](#) international companies by enabling [Ofcom](#), the UK's communications regulator, with the power to take appropriate action against all social media and tech companies, no matter where they are based, if they are accessible to UK users. The bill [protects children](#) by making social media platforms: (i) remove illegal content quickly or prevent it from appearing in the first place, which includes removing content promoting self-harm; (ii) prevent children from accessing harmful and age-inappropriate content; (iii) enforce age limits and age-checking measures; (iv) ensure the risks and dangers posed to children on the largest social media platforms are more transparent, including by publishing risk assessments; and (v) provide parents



and children with clear and accessible ways to report problems online when they do arise.

Ofcom expects the "Children's Codes" will offer "transformational new protections," though some say they don't go far enough. Among the measures to be required are: (i) algorithms being adjusted to filter out harmful content from children's feeds; (ii) robust age checks for people accessing age-restricted content; (iii) taking quick action when harmful content is identified; (iv) making terms of service easy for children to understand; (v) giving children the option to decline invitations to group chats which may include harmful content; (vi) providing support to children who come across harmful content; (vii) a "named person accountable for children's safety"; and (viii) management of risk to children reviewed annually by a senior body. Companies failing to comply would face fines and, in serious cases, court orders to prevent the site or app from being available in the UK (Hafsa Khalil, Imran Rahman-Jones. " [Overhaul Algorithms and Age Checks or Face Fines, Tech Firms Told.](#)" *BBC News*. April 24, 2025).

For additional information concerning regulations governing platform content, please see our analysis of Proposal 14.

## RISKS CONCERNING CSAM

### **Regulatory and Reputational Risk**

In recent years, there has been an intensified focus on preventing CSAM. For example, in the UK, Company subsidiary Instagram was identified as the leading platform for child grooming by the UK's leading children's charity, NSPCC. The UK Department for Digital, Culture, Media, and Sport published an ["Online Harms White Paper,"](#) which sets out expectations for companies and new legislative measures to ensure that the platforms remove illegal content and prioritize the protection of users, especially children, young people, and vulnerable adults (Zak Doffman. " [Instagram the Worst as Social Media Slammed as 'a Gateway for Child Abuse'.](#)" *Forbes*. March 1, 2019).

Companies can also face reputational harm if they are seen as spreading inappropriate content. For example, YouTube (and its parent company Alphabet) have recently come under increased scrutiny after major companies started pulling their advertisements because of concerns over comments on videos of children. In the comments, posters often noted the time of the video in which children are in the most exploitative positions. In response, YouTube [posted](#) that it would remove and disable comments "on videos featuring young minors and videos featuring older minors that could be at risk of attracting predatory behavior," launch a new tool that better classifies comments and can identify and remove predatory behavior, remove accounts that made inappropriate comments and report illegal comments to the National Center for Missing & Exploited Children (Ryan W. Miller. " [YouTube to Ban Comments on Most Videos with Minors Amid Concerns of Child Exploitation.](#)" *USA Today*. February 28, 2019). Further, in October 2018, the Company announced that it had developed and implemented new AI and machine learning technology which removed 99% of content that violated its rules against child exploitation (Catherine Shu. " [Facebook Says It Removed 8.7M Child Exploitation Posts with New Machine Learning Tech.](#)" *TechCrunch*. October 24, 2018).

In March 2020, several senators proposed a bill, the Eliminating Abusive and Rampant Neglect of Interactive Technologies ("EARN IT" Act) that would establish a new government commission composed of administration officials and outside experts, who would set best practices for removing child sexual exploitation and abuse material online. The principles are theoretically voluntary, but if companies don't comply, they can be held legally responsible for that content, losing some protections provided by CDA 230. They can also maintain immunity if they establish that they have "other reasonable practices" in place. Prior to the bill's proposal, the Company stated that it was concerned the EARN IT Act may be used to roll back encryption and "may limit the ability of American companies to provide the private and secure services that people expect." Separately, the Justice Department unveiled 11 voluntary principles for preventing online child sexual exploitation, including both broad and specific commitments to which companies should adhere (Adi Robertson. " [Congress Proposes Anti-Child Abuse Rules to Punish Web Platforms — and Raises Fears About Encryption.](#)" *The Verge*. March 5, 2020).

In response to new privacy rules promulgated in the EU, the Company was forced to switch off some of its child abuse detection tools in Europe in December 2020. The new privacy directive bans automatic scanning of private messages, making the rule exclusive to messaging services, rather than to all the content uploaded to the Company's platform. This has come with warnings from child protection advocates that the new privacy rules effectively ban automated systems scanning for child sexual abuse images and other illegal content. Other companies, including Microsoft, have not made such changes, arguing the most responsible approach is to keep the technology functioning. However, few companies deal with the sheer volume of private messages as the Company, given its Messenger and Instagram apps (" [Facebook Child Abuse Detection Hit By New EU Rules.](#)" *BBC News*. December 21, 2020). In January 2021, the National Society for the Prevention of Cruelty to Children called on the Company to resume scanning for indications of child abuse in the EU, arguing that the Company had drawn the wrong conclusion and pointing to continued efforts from companies including Google and Microsoft to back up its assertion (Alex Hern. " [Facebook Admits Encryption Will Harm Efforts to Prevent Child Exploitation.](#)" *The Guardian*. January 21, 2021).

The Australian eSafety Commissioner [released](#) a report in December 2022 that compiled information from the Company,

Apple, WhatsApp, Microsoft, and others, regarding their answers to questions about how they were tackling [Basic Online Safety Expectations](#), a key element of the Online Safety Act. The report [confirmed](#) that if an account is banned on Facebook, the same user is not always banned on Instagram, and when a user is banned on WhatsApp, the information is not shared with Facebook or Instagram. It also confirmed that Apple and Microsoft were not attempting to proactively detect CSAM stored in iCloud and OneDrive services. Further, it noted that they were not using any technology to detect live-streaming of child sexual abuse in video chats on Skype, Microsoft Teams, or FaceTime. The report also discussed the wide disparities between how quickly companies responded to user reports of CSAM, and it stated that Apple did not offer in-service reporting.

More recently, in June 2024, Thorn and NCMEC released a [report](#) on Trends in Financial Sextortion, an investigation into sextortion reports in NCMEC CyberTipline data, which found that Instagram was the platform used for initial contact in 45.1% of the 576 reports it examined that explicitly mention an initial-contact platform. The second most used platform for initial contact was Snapchat at 31.6%, while Facebook was the third most used platform for initial contact at 7.1% (p.21). The investigation also found that in terms of threatened distribution of images associated with sextortion, Instagram and Facebook were the two platforms most used for such threats, at 60% and 33.7%, respectively. Regarding platforms named in reports of actual distribution, Instagram appeared as the platform used in 81.3% of cases and Facebook in 7.8% (p.18).

### **Legal Risk**

The Company also faces legal risks on account of these issues. For example, the Company faces a lawsuit on behalf of three Houston women who were recruited into sex trafficking as minors through the Company's apps. In April 2020, a Texas appeals court rejected the Company's efforts to stop the lawsuits, which had tried to argue that it had immunity under the CDA. The plaintiffs argued that the Company was benefiting from sex trafficking, even if it didn't endorse it. The case broke new ground arguing that the federal Stop Enabling Sex Traffickers Act and the Fight Online Sex Trafficking Act makes it illegal to knowingly assist, facilitate, or support sex trafficking (Gabrielle Banks. "[Lawsuits Over Facebook Allowing Pimps to Recruit Online May Go Forward, Texas Appeals Court Says](#)." *Houston Chronicle*. April 29, 2020).

In October 2023, 42 state attorneys general sued the Company, claiming that its social media platforms Facebook and Instagram were addictive and are aimed at children and teens. The lawsuits from the bipartisan group of attorneys general consisted of a federal suit which 33 states filed in the Northern District of California, as well as lawsuits from nine other attorneys general filed in their own states. The federal lawsuit criticized the Company's algorithms, alerts, notifications, and infinite scrolling features keeping kids and teens on the platforms, as well as their photo filters and like options that impact teens' mental health. Additionally, the federal suit claimed that the Company violated the Children's Online Privacy Protection Act when it collected personal data on users younger than 13 without parental consent (Lauren Feiner. "[Meta Sued by 42 Attorneys General Alleging Facebook, Instagram Features Are Addictive and Target Kids](#)," *CNBC*. October 24, 2023).

A federal court ruled in November 2023 that tech companies including the Company, Alphabet, ByteDance, and Snap would have to proceed with a lawsuit filed by school districts regarding their social media platforms' impact on children's mental health. The judge noted that the First Amendment did not shield the companies from liability because many of the claims related to "defects" in the platforms, though some of the "defects" in the suit were thrown out due to protection from the Communications Decency Act Section 230, which shields online platforms from the content posted by users. The Company responded that the claims against it were not true and that it offers age-appropriate experiences with robust controls for parents (Emma Roth. "[Social Media Giants Must Face Child Safety Lawsuits, Judge Rules](#)," *The Verge*. November 14, 2023).

As part of the federal lawsuit, the court released 90 pages worth of internal Company documents in January 2024 revealing that the Company had rejected requests to improve child safety measures back in 2021. Specifically, the Company rejected a proposal to add dozens of engineers and employees to focus on child safety and well-being, contradicting testimony provided to Congress by Company executives in 2021. Internal emails showed that the Company's president of global affairs told the CEO the Company was failing to meet goals to prevent bullying and harassment, and other harmful activities on Facebook and Instagram, and warned of action from global regulators (Cecilia Kang, Mike Isaac. "[Meta Rejected Efforts to Improve Children's Safety, Documents Show](#)," *The New York Times*. January 31, 2024).

In February 2024, the New Mexico attorney general, who sued the Company in 2023, announced that his office would investigate how the Company's paid-subscription services to Facebook and Instagram attract predators. Attorney General Raúl Torrez stated that he had formally requested information on the matter from the Company. While Instagram does not permit users under the age of 13, it does allow so-called "mom-run" accounts that focus entirely on children but are managed as an adult. As part of an investigation on the matter, *The New York Times* found that adult men subscribe to "mom-run" accounts that charge followers up to \$19.99 per month for additional photos as well as chat sessions and other extras. According to the investigation by *The New York Times*, some adult men actively participate in forums where

people discuss girls in sexual terms. Torrez filed a complaint against the Company in December 2023 alleging that the Company failed to detect and remove such activity when it was reported. Meanwhile, *The Wall Street Journal* reported that Company employees voiced concerns about the rollout of the Company's subscription services, stating that some parents knew their children's accounts were making content for the sexual gratification of other adults (Michael H. Keller, Jennifer Valentino-DeVries. "[Instagram and Facebook Subscriptions Get New Scrutiny in Child Safety Suit](#)." *The New York Times*. February 26, 2024).

The Senate Judiciary Committee subsequently criticized the Company in March 2024 for its 35-page response to questions from lawmakers following a January 2024 Congressional hearing on children's online safety. The committee emphasized that the panel had given the Company multiple extensions and had still only received answers to less than 10% of the questions that it had asked. Compared to the other companies that received requests for information from the Committee, the Company received the most time to provide its responses. According to the Senate Judiciary spokesperson, Josh Sorbe, the Company's CEO showed a lack of urgency and demonstrated that the Company was not committed to protecting kids online. However, the Company clarified that it had told the panel that due to the volume of requests, it would submit responses "on a rolling basis." Despite the backlash the Company received during the January hearing, its CEO was one of only two, along with the CEO of TikTok, to appear in person to provide testimony. The CEOs of Snap, X (fka Twitter), and Discord only appeared to testify after having been subpoenaed (Cristiano Lima-Strong. "[Senators Say Meta's Zuckerberg Is Slow-Walking Child Safety Inquiries](#)." *The Washington Post*. March 26, 2024). However, there was no representative from Google or YouTube scheduled to participate in the January hearing. Senator Richard Blumenthal stated that there had been discussions about Google or YouTube testifying, but he declined to comment further (Cristiano Lima-Strong. "[YouTube, Wildly Popular with Teens, Gets a Pass for Kids Safety Hearing](#)." *The Washington Post*. December 12, 2023).

More recently, the attorney general of New Mexico [announced](#) that the state had arrested and arraigned three suspected online child predators as part of its undercover investigation into the Company's platforms. The suspects had contacted and solicited sex from underage decoy accounts created by the New Mexico Department of Justice. Since 2023, attorneys general in 45 states and the District of Columbia have filed more than a dozen lawsuits against the Company seeking additional protections for minors. The case from the State of Tennessee, for instance, includes nearly 1,400 pages of Company documents and correspondence alleging that the Company's CEO and other executives routinely promoted the safety of the Company's platforms while downplaying risks to young people, despite pleas by employees to improve guardrails and hire additional staff (Natasha Singer. "[How Mark Zuckerberg's Meta Failed Children on Safety](#)." *The New York Times*. June 22, 2024).

## CSAM AND THE COMPANY'S ENCRYPTION PLANS

The Company has been involved in a number of controversies related to the distribution of CSAM. For example, in 2016, the *BBC* reported that the Company's platform contained posts of sexually explicit or exploitative content and images, as well as "secret" groups used by pedophiles to connect and interchange images. In response to these reports, the Company stated that it had improved its reporting and take-down measures. However, to test these claims, the *BBC* subsequently used the Company's reporting mechanisms to alert it to 100 images that appeared to violate the Company's guidelines. Of these 100 images of what appeared to be child pornography, only 18 were removed. The Company claimed the others had not violated its Community Standards. The *BBC* also discovered five accounts maintained by convicted sex offenders, specifically pedophiles, despite the Company's rules that deny access to its platform to these individuals. The *BBC* notified the Company of the accounts via its platform's notification system, but none were disabled. Pursuant to a follow-up investigation by the *BBC* one year later, the Company recognized the nature of the content and stated that it removed the items from its platform and reported them to the Child Exploitation & Online Protection Centre (Angus Crawford. "[Facebook Failed to Remove Sexualised Images of Children](#)." *BBC*. March 7, 2017).

The Company has also faced significant criticism concerning its plans to encrypt all of its messaging platforms. According to a September 2019 *New York Times* piece on CSAM, the Company's plans to encrypt its Messenger service in the coming years could lead to vast numbers of images of child abuse going undetected, as exemplified by the much smaller number of reports to law enforcement submitted by the Company's encrypted messaging app, WhatsApp, compared to Messenger. In March 2019, when the Company's CEO announced that Messenger would move to encryption, he acknowledged the risk it presented for "truly terrible things like child exploitation" (Michael H. Keller, Gabriel J.X. Dance. "[The Internet Is Overrun With Images of Child Sexual Abuse. What Went Wrong?](#)" *The New York Times*. September 29, 2019). *TechCrunch* has also reported on the distribution of CSAM on WhatsApp, using data from a report published by two Israeli NGOs. It determined that even without technical solutions that would require a weakening of encryption, WhatsApp's moderators should have been able to find CSAM distribution groups and stop them (Josh Constine. "[WhatsApp Has an Encrypted Child Abuse Problem](#)." *TechCrunch*. December 20, 2018).

These concerns led the Trump administration to urge the Company to wait to incorporate end-to-end encryption until the Company can address "public safety" issues with law enforcement agencies around the world (Emily Birnbaum. "[Apple, Facebook Defend Encryption During Senate Grilling](#)." *The Hill*. October 3, 2019). According to an October 2019 [letter](#) sent



to the Company's CEO on behalf of U.S. AG William Barr and other U.S., UK, and Australian leaders, the Company's encryption plans "would put at risk its own vital work that keeps children safe." The government leaders also stated that an estimated 12 million of the 16.8 million reports of child sexual exploitation and abuse content sent to NCMEC would be lost if the Company pursues its plan to implement end-to-end encryption (Emily Birnbaum. " [Apple, Facebook Defend Encryption During Senate Grilling.](#)" *The Hill*. October 3, 2019).

In October 2020, officials in the U.S., UK, Australia, Canada, India, Japan, and New Zealand released a joint statement arguing that end-to-end encryption poses a public safety risk, including to sexually exploited children. The statement pointed out that, in 2018, the Company's Messenger app was responsible for nearly 12 million of the 18.4 million worldwide reports of child sexual abuse material to the NCMEC. The statement calls on tech companies to work with governments to find solutions to ensure public safety without stripping away user privacy or cybersecurity (Kate Duffy. " [Facebook's Encryption Plans Will Make It Harder to Catch Child Sex Abusers. Governments Warn.](#)" *Business Insider*. October 14, 2020).

Other groups have also expressed concerns regarding the potential misuse of the Company's products. For example, in February 2020, a group of 129 child protection organizations sent a letter to the Company drawing attention to the increased risk of child abuse being facilitated by the Company due to encrypted messaging. Further, in a hearing with the House Judiciary Committee, the director of the FBI noted that the Company's encryption plans were a "dream come true" for predators and child pornographers and that it would leave themselves and law enforcement blinded (Katie Benner, Mike Isaac. " [Child-Welfare Activists Attack Facebook Over Encryption Plans.](#)" *The New York Times*. February 5, 2020). In April 2020, a report published by Tech Transparency Project ("TTP"), a [research initiative](#) of a 501(c)(3) nonpartisan, nonprofit watchdog organization, analyzed the extent that suspected pedophiles used the Company's social network platform to groom minors and trade images of their sexual abuse.

Among the top findings from TTP's [analysis](#), which examined Justice Department press releases from January 2013 to December 2019:

- The review identified 366 federal criminal cases over seven years that featured suspects using the Company's platform for child exploitation;
- Such cases are becoming more frequent, from as many as 10 per quarter in 2013 to as many as 23 per quarter in 2019, coinciding with the number of users also growing significantly;
- Only 9% of the cases were initiated because the Company or the National Center for Missing and Exploited Children (which receives cyber tips from the Company) reported them to authorities, raising questions about the effectiveness of the Company's monitoring of criminal activity targeting children; and
- The number of cases in which the Company reported child exploitation began to increase following the passage of the Fight Online Sex Trafficking Act and The Stop Enabling Sex Traffickers Act ("FOSTA-SESTA"), which, for the first time made the Company liable for civil penalties for sex trafficking on its platform, suggesting that the Company may have become more proactive due to the potential for litigation, despite its initial opposition to the law.

According to [TPP](#), the cases reviewed "represent the tip of the iceberg of a far larger problem that remains unsolved by [the Company] in the U.S. and around the world."

After the Company's decision in late December 2023 to roll out automatic encryption of Facebook and Messenger direct messages (meaning that the Company would no longer have access to the contents of the messages) NCMEC stated that the move would "immediately cripple online child protection." Social media companies are obligated to send evidence of CSAM to NCMEC, who then forwards it to the appropriate domestic and international authorities, but if the Company no longer had access to direct messages, it would make it harder to corroborate and verify tips that NCMEC receives on its CyberTipline. In 2022, the Company submitted almost 95% of the 29 million reports sent from tech companies to NCMEC. Nevertheless, civil rights groups such as the American Civil Liberties Union supported the move to encryption because it protects individuals' data and free expression, suggesting that not providing encryption for all direct messages would leave a loophole for governments and other bad actors to use for surveillance or other purposes. Meanwhile, the Canadian Centre for Child Protection argued that the shift to encryption was a "dereliction of [the Company's] ethical and moral duty of care to society" (Katie McQue. " [Child Safety Groups and Prosecutors Criticize Encryption of Facebook and Messenger.](#)" *The Guardian*. December 8, 2023).

## MENTAL HEALTH EFFECTS OF INSTAGRAM

In 2021, it was reported that the Company's own research found that its photo-sharing platform, Instagram, may negatively affect the mental health of its adolescent users, and teenage girls in particular. The Company found that Instagram makes body image issues worse for one in three teen girls, and teens blame the platform for increases in anxiety and depression. Instagram is widely used by younger age groups, with 22 million teen users each day compared to the Company's other platform, which sees about 5 million teen users per day. Moreover, the Company has consistently downplayed the app's negative effect on teens and has not made its research publicly available (Georgia Wells, Jeff Horwitz, Deepa Seetharaman. " [Facebook Knows Instagram Is Toxic for Teen Girls, Company Documents Show.](#)" *The*

Wall Street Journal. September 14, 2021).

Additionally, employees expressed other concerns regarding mental health and the metaverse, according to internal documents. Questions included how the Company could avoid a dystopian reality and how it would meaningfully put safety, integrity, and responsibility first in the metaverse when the Company is unable to cover the real world today (Shirin Ghaffary. ["Why You Should Care About Facebook's Big Push Into the Metaverse."](#) Vox. November 24, 2021). Additionally, recent research showed the negative effects of social media on children and adolescents, including bullying and harassment and issues regarding self-esteem and body image, which could be just as prevalent, if not worse in the metaverse. One clinical psychologist argued that the metaverse could simply exacerbate social media issues by creating more loneliness, more body image concerns, and exposure to dangerous content related to suicidality (Tom Huddleston Jr. ["This Is Creating More Loneliness": The Metaverse Could Be a Serious Problem for Kids, Experts Say."](#) CNBC. January 31, 2022).

According to the aforementioned lawsuits by 42 U.S. states, there are allegedly five Instagram features that harm teens' mental health. The features are claimed to be "harmful and psychologically manipulative" because they "induce young users' compulsive and extended" use of Instagram. The features are (i) recommendation algorithms, which determine what content users see in their feeds, are designed to expressly keep teens hooked; (ii) likes, which encourage teens to compare themselves with peers and question themselves are "more damaging to mental health" than cyberbullying; (iii) notifications, which are alerts that nudge users throughout the day to check their Instagram; (iv) photo filters, which promote problematic ideals of bodies and contribute to body image issues and eating disorders among teenagers; and (v) Instagram stories, which are only available for 24 hours, encourage teens to constantly tune in to see new uploads before they disappear.

Moreover, the former U.S. Surgeon General, Dr. Vivek Murthy, requested that Congress require warning labels on social media platforms, similar to mandatory warnings on cigarette boxes. Murthy stated that social media is associated with significant mental health harms for adolescents, and therefore, a surgeon general's warning label, which requires congressional action, should be used as regular reminder to parents and adolescents that social media has not been proven safe (Michelle Chapman. ["Tobacco-Like Warning Label for Social Media Sought by US Surgeon General Who Asks Congress to Act."](#) AP News. June 17, 2024).

## COMPANY DISCLOSURE

### **Policies and Resources**

The Company's [Community Standards](#) ban child exploitation, stating:

*We do not allow content or activity that sexually exploits or endangers children. When we become aware of apparent child exploitation, we report it to the National Center for Missing and Exploited Children (NCMEC), in compliance with applicable law. We know that sometimes people share nude images of their own children with good intentions; however, we generally remove these images because of the potential for abuse by others and to help avoid the possibility of other people reusing or misappropriating the images.*

The Company also [states](#) that it works with external experts, including the [Meta Safety Advisory Council](#), to [discuss](#) and improve its policies and enforcement around online safety issues, especially with regard to children.

The Company also maintains a [safety site](#) discussing issues and containing resources related to online child [protection](#) and a [guidance page](#) for users that have seen images on its platform of a child being physically abused or sexually exploited.

In January 2024, the Company [announced](#) that it would start to hide more types of content for teens on Instagram and Facebook, in line with expert guidance. It explains that it is automatically placing all teens into the most restrictive content control settings on the two platforms and restricting additional terms in Search on Instagram. Further, it adds that it is also prompting teens to update their privacy settings on Instagram in a single tap with new notifications. The Company affirms that it has developed more than 30 tools and resources to support teens and their parents, and it has spent over a decade developing policies and technology to address content that breaks its rules or could be seen as sensitive. The Company also explains that it will start to remove content of people posting about their ongoing struggle with thoughts of self-harm from teens' experiences on Facebook and Instagram, as well as other types of age-inappropriate content. It then shares instructions on how to utilize the new tools it has made available to teens and their families.

### **Disclosure on Progress**

In October 2018, the Company [announced](#) work that it had done over the prior year to develop new technology to fight child exploitation, including photo-matching technology, and artificial intelligence and machine learning to proactively detect child nudity and previously unknown child exploitative content when it is uploaded. The Company also announced at the time that over the prior quarter, it had removed 8.7 million pieces of content on Facebook that violated its child

nudity or sexual exploitation of children policies, 99% of which was removed before anyone reported it.

Further, the Company [reported](#) that content actioned remained relatively consistent from 7.1 million pieces of content in Q3 2024 to 6.2 million in Q4 2024. The Company states that it is working on estimating the prevalence of child endangerment currently, but that it will continue to expand prevalence measurement to more areas as it confirms accuracy and meaningful data. Of the violating content the Company actioned for child endangerment, 98.9% was found and flagged by the Company while the remaining 1.1% was reported by users between October and December 2024.

In February 2021, the Company [announced](#) new tools it was testing to keep users from sharing content that victimizes children and shared recent improvements to its detection and reporting tools. The Company stated that it conducted an in-depth analysis of the illegal child exploitative content it reported to the NCMEC in October and November 2020 and found that more than 90% of this content was the same as or visually similar to previously reported content. Further, copies of just six videos were responsible for more than half of the child exploitative content it reported in that time period. This data indicated that the number of pieces of content does not equal the number of victims and that the same content, potentially slightly altered, is being shared repeatedly. The Company further stated that it worked with experts on child exploitation, including NCMEC, evaluating 150 accounts that it reported to NCMEC for uploading child exploitative content in July and August 2020 and January 2021. As a result, the Company estimated that more than 75% of these people did not exhibit malicious intent but appeared to share for other reasons, such as outrage or in poor humor.

In February 2021, the Company further detailed in a [blog post](#) its consultation with leading experts in child exploitation, including NCMEC, to improve its understanding of why people may share the material on its platform. The Company stated that by attempting to understand the differences in CSAM sharers, it hopes to:

- Provide additional context to NCMEC and law enforcement to improve the Company's reports to NCMEC of cases of child sexual abuse and exploitation found on its apps. Its CyberTips allow for more effective triaging of cases, helping it quickly identify children who are presently being abused;
- Develop more effective and targeted interventions to prevent the sharing of these images;
- Tailor its responses to people who share this imagery based on their likely intent to reduce the sharing and resharing of these images — from the most severe product actions (for example, removing from the platform) to prevention education messaging (for example, its proactive warnings); and
- Develop a deeper understanding of why people share CSAM to support a prevention-first approach to child exploitation in the future supported by a more effective “detect and response” model, and share its learnings with all those dedicated to safeguarding children to inform their important work.

Based on its findings, the Company [states](#) that it is developing targeted solutions, including one tool that constitutes a pop-up that is shown to people who search for terms on the Company's apps associated with child exploitation, offering ways to get help from offender diversion organizations and sharing information about the consequences of viewing illegal content. The second tool is a safety alert that informs people who have shared viral, meme child exploitative content about the harm it can cause and warns that it is against Company policies and there are legal consequences for sharing this material. The safety alert is shared in addition to the Company removing the content, banking it, and reporting it to NCMEC. Further, accounts that promote this content will be removed. The Company further states that it is using insights from this safety alert to help it identify behavioral signals of those who might be at risk of sharing this material, so it can also educate them on why it is harmful and encourage them not to share it.

Further, the Company states that it is [improving](#) its detection capabilities and has updated its child safety policies to include images that may not break its rules but are accompanied by sexualizing text. The Company also updated its reporting tools to make it easier to report content for violating its child exploitation policies and has started using Google's Content Safety API to help it better prioritize content that may contain child exploitation for its content reviewers to assess.

Additionally, the Company provides its quarterly [Community Standards Enforcement Report](#) to more effectively track its progress and demonstrate its continued commitment to making Facebook and Instagram safe and inclusive. It states that for the fourth quarter of 2024, content actioned on Instagram for Child Sexual Exploitation returned to previous levels after a spike in violating viral content. The report provides data by policy area, with a category for [child endangerment](#): nudity and physical abuse and sexual exploitation.

The Company [announced](#) in late April 2024 that, in collaboration with Thorn and All Tech is Human, it was joining other tech companies to commit to new Safety by Design principles regarding mitigating potential risks of generative AI, specifically in regard to child exploitation. The principles include:

- Developing, building, and training generative AI models that proactively address child safety risks:
  - Responsibly sourcing the Company's training datasets, and safeguarding them from CSAM and child sexual exploitation material ("CSEM"),
  - Incorporating feedback loops and iterative stress-testing strategies in the Company's development process,

and

- Employing content provenance with adversarial misuse in mind;
- Releasing and distributing generative AI models after they have been trained and evaluated for child safety, providing protections throughout the process:
  - Safeguarding the Company's generative AI products and services from abusive content and conduct,
  - Responsibly hosting models, and
  - Encouraging developer ownership in safety by design; and
- Maintaining model and platform safety by continuing to actively understand and respond to child safety risks:
  - Preventing the Company's services from scaling access to harmful tools,
  - Investing in research and future technology solutions, and
  - Fighting CSAM, AI-generated CSAM and CSEM on the Company's platforms.

In September 2024, the Company [announced](#) its Instagram Teen Accounts, which it has since [expanded](#) to Messenger and Facebook, that include built-in [protections](#) to limit who can contact teens and the content they see. The Teen Accounts require teens under 16 to have a parents' permission to change any built-in protections to be less strict. As of April 2025, teens under 16 also need parents' permission to access Live or to turn off protection from unwanted images on direct messages. The Company also [provides](#) additional information regarding its outreach to parents about the Company's new Teen Accounts and the importance of teens providing their correct ages online, in addition to other tips for checking and confirming their teens' ages together.

More recently, in January 2025, the Company [announced](#) that it was ending its third-party fact-checking program in the U.S. and moving to a [Community Notes](#) model. It also affirmed that it was going to change how it enforces its policies to reduce the kind of mistakes that account for the vast majority of the censorship on its platforms. The Company also asserted that it would continue to use its automated systems to tackle illegal and high-severity violations, like child sexual exploitation, while for less severe policy violations, it would rely on someone reporting an issue before taking any action. The following month, the Company [announced](#) that it had partnered with Childhelp to launch a curriculum to help protect young people from online exploitation, including sextortion and grooming. The Company explains that the curriculum has been informed by world-leading child safety experts, and builds on Instagram's in-app safety tools.

Finally, the Company maintains a [goal](#) to minimize the impact caused by violations of its policies on people using its services, and it affirms that it measures the prevalence of violating content. It also maintains a [stop sextortion](#) webpage, and a specific webpage for [caregivers](#). It also [utilizes](#) a variety of tools to help protect against sextortion and intimate image abuse, including stricter [default settings](#) for teens and [safety notices](#) for teens. It also supported the NCMEC in developing [Take It Down](#), a [platform](#) that lets young people take back control of their intimate images and helps prevent them being shared online. The Company also discusses its membership with [Lantern](#), a program run by the Tech Coalition to enable technology companies to share signals about accounts and behaviors that violate their child safety policies.

Regarding board oversight, the Company states in its response to this proposal that the privacy and product compliance committee has principal responsibility to assist the board with respect to the Company's product compliance, including in the areas of content governance and integrity, youth and well-being, and artificial intelligence development and implementation. The committee is actively engaged on issues concerning safety on the Company's platform, particularly as it relates to young people, and receives regular reporting on the steps management has taken to assist in overseeing risks associated with these topics (2025 DEF 14A, p.82).

## RECOMMENDATION

We acknowledge the complexity inherent in managing issues as complex as child safety and the distribution of child exploitative content for a company with diverse business operations, such as the Company. At the same time, recent regulations have increased the level of legal and reputational risk related to this issue. Further, numerous investigations by the media have demonstrated the wide extent of this problem on the platforms maintained by the largest tech companies, including the Company. As such, management of this issue is of critical importance for companies involved in the distribution of digital media and messaging over the internet.

We recognize that the Company provides ample disclosure about its efforts and technologies to fight child exploitation, including recent updates and enhancements to its efforts. We also recognize that the Company's Community Standards ban child exploitation, that the Company reports on the amount of child exploitative content that it removes and that it maintains an unspecified [goal](#) to "minimize" the impact caused by violations of its policies on people using its services. The Company also details a variety of programs that it has implemented that are aimed at preventing child exploitation on its platforms. However, the Company does not appear to maintain any targets associated with meeting these aims. Further, although the Company provides quantitative [information](#) concerning what occurs *after* child endangerment is



flagged, it does not report on the prevalence of child endangerment violations. While we recognize that the Company states that it is still "working on estimating prevalence for child endangerment violations," we are concerned that this matter is not currently being disclosed in a manner that would allow shareholders to understand the efficacy of its programs and policies aimed at detecting and preventing child endangerment.

We understand the difficulty and complexity in identifying and measuring the prevalence of child endangerment on the Company's website. However, we also acknowledge the significant risks faced by the Company with regard to the dissemination of problematic content on the Company's platforms. These risks have been recognized by numerous child protection groups, law enforcement agencies, the FBI, national and international leaders, and the Company's CEO. Adding to the Company's reputational risk, the Senate Judiciary Committee has previously stated that the Company has been slow to cooperate with its requests for information, and the Company has released internal documents that appear to illustrate its inaction on child safety prevention measures.

Given the above, we do not believe that the Company has provided sufficient disclosure to demonstrate to shareholders that these risks will be managed by the Company, nor do we have any reason to be assured that the Company will act proactively, rather than reactively, as demonstrated by numerous controversies related to the distribution of high-risk content on its platform and messaging services. As such, we believe that the requested report and the adoption and reporting of targets will provide shareholders with valuable information, so they can better understand this sensitive issue in the context of the Company's efforts to minimize harmful content on its platforms. Moreover, we believe that this precatory proposal provides the Company sufficient latitude in implementation. Accordingly, we believe that adoption of this proposal could serve to mitigate regulatory and reputational risk and provide shareholders with sufficient context to understand how the Company is managing this issue.

We recommend that shareholders vote **FOR** this proposal.

# 10.00: SHAREHOLDER PROPOSAL REGARDING TRANSPARENCY REPORT ON DEEPFAKE IDENTIFYING SOFTWARE

FOR

<b>PROPOSAL REQUEST:</b>	That the Company prepare a transparency report on its use of deepfake identifying software to combat the risks of online child exploitation	<b>SHAREHOLDER PROPONENT:</b>	Bowyer Research, Inc. on behalf of a shareholder
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>	<b>FOR -</b> <ul style="list-style-type: none"> <li>Adoption of this proposal could better allow shareholders to gauge the Company's exposure to regulatory and reputational risks</li> </ul>		

<b>SASB MATERIALITY</b>	<b>PRIMARY SASB INDUSTRY:</b> Internet Media & Services
	<b>FINANCIALLY MATERIAL TOPICS:</b> <ul style="list-style-type: none"> <li>Environmental Footprint of Hardware Infrastructure</li> <li>Data Security</li> <li>Intellectual Property Protection &amp; Competitive Behavior</li> <li>Data Privacy, Advertising Standards &amp; Freedom of Expression</li> <li>Employee Recruitment, Inclusion &amp; Performance</li> </ul>

## GLASS LEWIS REASONING

- In light of the significant risks faced by the Company on account of deepfake materials being shared on its platforms, we believe that adoption of this proposal could serve to better allow shareholders to gauge the Company's exposure to regulatory and reputational risks and that production of the requested disclosure would serve their best interests.

## PROPOSAL SUMMARY

**Text of Resolution:** *Resolved: Shareholders request that Meta prepare a transparency report on the company's use of deepfake identifying software to combat the risks of online child exploitation. This report shall be made publicly available to the company's shareholders on the company's website, be prepared at a reasonable cost, and omit proprietary information, litigation strategy and legal compliance information.*

### Proponent's Perspective

- The Company is one of the largest social media companies in the world, with more than 3 billion users active across its various platforms, and as such, the Company has both an interest in, and responsibility to, address the growing risks created by its ongoing innovation in artificial intelligence ("AI");
- While AI has many benefits and advantages, it also presents unique challenges that the Company ought to address to avoid complicity in online victimization of children;
- Earlier this year, the Company made the decision to add "Made with AI" labels to political content that involved use of AI, which is laudable, but if the Company is willing to take tangible steps to curb broad social harms in the political arena, it should also be willing to take similar steps to curb the even more widespread social harm of online child abuse, harm that the Company's platforms, unfortunately, have become a breeding ground for;
- As per a report released in June 2024 from Thorn and the NCMEC, Instagram and Facebook were the top two sites named in threats of sextortion, with Instagram being the top site where sextortion materials were actually distributed;
- With the rise in use of deepfake materials comes an increasing likelihood that the child exploitation risk that follows will see a similar spike;
- The Company has, in other areas, taken similar risks of child exploitation seriously, given that the Company has made recent updates to its policies that further privatize child accounts and

### Board's Perspective

- The Company's Community Standards clearly prohibit content or activity that sexually exploits or endangers children, including deepfakes;
- The Company has invested in enhanced child safety tools and works closely with internal and external stakeholders to fight child sexual exploitation and improve policies and enforcement around online safety issues;
- In April 2024, the Company signed on to principles set by Thorn and All Tech is Human, along with Google, Microsoft, Amazon, OpenAI, and others, to address issues around AI-generated CSAM and child sexual exploitation material;
- The Company reports on actions it takes against child sexual exploitation, abuse, and nudity in its Transparency Center;
- The board provides oversight over the Company's efforts in this area primarily through the privacy and product compliance committee; and
- Given the Company's ongoing efforts to address this topic, the requested report is unnecessary and would not provide additional benefit to shareholders in light of its existing practice and disclosures regarding child safety.

- limit their exposure to explicit content, and the Company should extend that same scrutiny, if not more, to the potential for child abuse that deepfake media creates; and
- Failure to limit the spread of child sex abuse material carries significant legal and reputational price tags, as evidenced by recent class-action lawsuits against tech companies like Apple.

The proponent has filed an [exempt solicitation](#) urging support for this resolution

## THE PROPONENT

### **Bowyer Research**

[Bowyer Research](#) is an investment, macroeconomic forecasting, and corporate engagement and proxy consulting firm. The firm was founded by Jerry Bowyer, who is the former editor of the business channel of *The Christian Post* and the former host of Business in the Kingdom podcast on the Edifi Podcast network. With regard to its [principles](#) regarding proxy voting and engagement, Bowyer has developed guidelines that "are designed to appeal to investors who hold to a traditional understanding of the obligations of a company towards its shareholders--that is, a focus on shareholder capitalism as opposed to stakeholder capitalism-- and which are deeply skeptical about an ESG approach to corporate governance."

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, Bowyer Research submitted eight shareholder proposals that received 1.8% average support, with none of its proposals receiving majority support.

### DEEPFAKE RISKS

The proponent raises concerns regarding the risk of deepfakes generated through artificial intelligence ("AI") being used for child exploitation. The following is a broad overview of the risks associated with deepfakes.

With the emergence of AI technology, misinformation can now also be spread through chatbots that can generate false information or even deepfake photographs, videos, and audio recordings. Much of the attention devoted to the harms of deepfake material relates to pornographic material and "sextortion" cases, including materials involving children. Researchers noted in 2019 that 96% of the 14,000 deepfake videos online were pornographic, with other reports indicating that as many as 143,000 videos appearing on 40 of the most popular websites for faked videos had been viewed more than 4.2 billion times. The rapid increase in the creation of deepfakes, and especially those involving minors, has prompted responses from attorneys general in all 50 states, who asked Congress to strengthen their tools for fighting AI child sexual abuse images. Legislators around the country are also beginning to develop legislation to address the harms and repercussions of such AI-generated materials. This legislation has taken a wide range of approaches, including allowing victims to pursue civil lawsuits, criminalizing some conduct, and considering steps such as mandating digital watermarks to help trace images and content back to their producers (Frank Figliuzzi. " [A Loophole Makes It Hard to Punish These Despicable AI-Generated Nude Photos.](#)" *MSNBC*. November 7, 2023).

Concerns about the impact of AI-generated deepfakes on politics have been growing, as more fake videos featuring major political figures have begun to circulate on social media. For example, during the U.S. presidential primary election in June 2023, Ron DeSantis's campaign began using three images of Donald Trump embracing Dr. Anthony Fauci in a campaign video, which the agency Agence France-Presse first reported to be deepfake images. DeSantis did not respond, but Trump posted on social media criticizing the use of the AI images as unacceptable, after which the DeSantis campaign responded that they were obviously fake and intended to be humorous (Nicholas Nehamas. "[DeSantis Campaign Uses Apparently Fake Images to Attack Trump on Twitter.](#)" *The New York Times*. June 8, 2023).

Many political lawyers have expressed concerns that the lack of federal regulation regarding AI as well as insufficient campaign funds could leave many politicians and political groups unable to defend against targeted fake content. One factor complicating legal strategies to counter deepfakes is that such AI-generated false content is often very difficult to trace. In May 2023, the American Association of Political Consultants, a bipartisan board, unanimously agreed to condemn campaigns' use of generative deepfakes, and they also encouraged the media to refuse to carry or deliver ads using deepfakes. Additionally, the Federal Election Commission solicited public feedback in August 2023 on possible regulations to address deepfakes in political ads. There have also been a number of other regulatory and legislative responses to this issue. For example, Representative Yvette Clark of New York introduced a bill to require disclosure in AI-generated political ads, and several states have passed AI regulations. Nevertheless, legal experts say that necessary regulation will not likely catch up until a particularly bad deepfake creates a strong reaction, and it won't come before the 2024 election. Additionally, experts expressed concern regarding the impact of AI deepfakes on the ability of people to know the truth and on democracy, and they emphasized that foreign political actors could also utilize deepfakes against the U.S. (Tatyana Monnay. " [Deepfake Political Ads Are 'Wild West' for Campaign Lawyers.](#)" *Bloomberg Law*. September 5, 2023).

After Google stated that it would impose new labels on deceptive AI-generated political advertisements that could fake a candidate's voice or actions, U.S. regulators called on social media platforms Facebook, Instagram, and X to explain why they have not implemented similar measures. In October 2023, two members of Congress sent a letter to the CEOs of the Company and X expressing "serious concerns" about the emergence of AI-generated political ads on their platforms and asking each to explain any rules they're creating to curb the harms to free and fair elections. The letter to the executives warns that, particularly in light of the 2024 elections, "a lack of transparency about this type of content in political ads could lead to a dangerous deluge of election-related misinformation and disinformation across your platforms – where voters often turn to learn about candidates and issues" (Matt O'Brien. "[Meta and X Questioned By Lawmakers Over Lack of Rules Against AI-generated Political Deepfakes](#)." *AP News*. October 5, 2023).

### **Sexually Explicit Deepfakes**

The Company faced criticism in March 2024 after it ran ads promoting Perky AI, an app that could undress women with artificial intelligence. The ads showed how the Perky app could change a 16-year-old actress's outfit in a photo into AI-generated sexually explicit images. The ads appeared on Facebook, Instagram, and Messenger for most of February 2024. After being contacted by a news agency about the ads, the Company suspended the app's page, which, since September had run more than 260 different ads on the Company's platforms (Kate Tenbarge. "[Ads on Instagram and Facebook for a Deepfake App Undressed a Picture of 16-year-old Jenna Ortega](#)." *NBC News*. March 5, 2024).

The Company's oversight board has also reportedly considered the Company's response to two AI-generated images with sexually explicit content of female celebrities, amid a growing push for legislation regarding AI-generated deepfakes. The board withheld the names of the celebrities but explained that one nude image appeared to be a public figure in India, and the other image appeared to be a nude American public figure. The Company removed the image of the American woman but initially kept up the image of the Indian woman and did not remove it until the board selected it for review. The Company stated that it would implement the board's recommendations regarding the two cases (Katie Paul. "[Meta Oversight Board Reviews Handling of AI-Created Celebrity Porn](#)." *Reuters*. April 16, 2024).

For more information regarding the Company's management of issues related to child sex abuse material ("CSAM") and artificial intelligence, more broadly, please see our analysis of Proposals 9 and 11, respectively.

### **REGULATIONS REGARDING DEEPFAKES**

There have also been a number of state-level regulations introduced governing AI. For example, as of June 2023, nine states had enacted regulations relating to deepfake content, most often in the context of pornography and election influence, and four other states were pursuing similar bills. The first states to pass deep fake legislation include California, Texas, and Virginia, who passed bills in 2019, while Minnesota passed its deepfake law in May 2023 and Illinois is waiting for its governor to sign its new deepfake legislation. Many states are also amending their election codes to ban deepfake campaign ads within a specific time frame before an election. Yet another complication to creating legislation to address harmful deepfakes is that some experts have expressed concern that well-meaning legislation, if not carefully crafted, could have a detrimental effect on people's First Amendment rights. For example, the ACLU of Illinois at first opposed the pornographic deepfake bill developed in Illinois because the bill's sweeping provisions and immediate takedown clause could "chill or silence vast amounts of protected speech." In response, lawmakers have employed various amendments to change the bill to include deepfakes into the state's existing revenge porn statute, which the ACLU said was an improvement, though it still maintained some concern. California, on the other hand, included specific references to First Amendment protections in its bill. Any federal regulations on AI-generated deepfakes will likely face the same concerns regarding free speech, especially if they include broad language such as limiting exceptions to "legitimate public concern" (Isaiah Poritz. "[Deepfake Porn. Political Ads Push States to Curb Rampant AI Use](#)." *Bloomberg Law*. June 20, 2023).

As of April 2024, the EU had begun investigations of Facebook and Instagram regarding potential infringement of content moderation rules for suspected breaches of the Digital Services Act ("DSA"), including the Company's use of political ads. *Politico* reported in March 2024 that a Russian effort to influence the upcoming European Parliament election in June 2024 was thriving on Facebook despite the Company being told to clearly label its political ads and AI deepfakes ahead of the election. A French minister stated that the country was "overwhelmed with propaganda," and the European Commission requested that the Company provide information about election integrity. The European Commission also asked for more information on algorithms, deepfakes, and the Company's new ad-free subscription model. The Company stated it had "a well-established process for identifying and mitigating risks on [its] platforms" and that it looked forward to cooperating with the European Commission. The investigations made the Company the third company under DSA-related probes (Clothilde Goujard, Aoife White. "[Facebook and Instagram Face EU Probes in Content Crackdown](#)." *Politico*. April 29, 2024).

More recently, in April 2025, a bipartisan effort in the U.S. Congress approved the [Take It Down Act](#) to address the issue of revenge porn. The bill, introduced by Senator Ted Cruz and Senator Amy Klobuchar, makes it illegal to "knowingly

publish" or threaten to publish intimate images, including AI-generated deepfake images, without a person's consent. It also requires social media companies and websites to remove such material within 48 hours of notice from victims, and to take steps to delete duplicate content. Senator Cruz first introduced the bill because Snapchat refused for nearly a year to remove an AI-generated deepfake of a 14-year-old girl. The Company announced its support for the legislation, and stated that having "an intimate image -- real or AI-generated -- shared without consent can be devastating and Meta developed and backs many efforts to help prevent it." While some experts suggested that the bill is an important first step, others worry the bill's language is too broad and could lead to censorship of legitimate images and First Amendment issues (Barbara Ortutay. " [Take It Down Act, Addressing NonConsensual Deepfakes and 'Revenge Porn,' Passes. What Is It?](#)" *AP News*. April 29, 2025).

## GLASS LEWIS ANALYSIS

This proposal requests that the Company report on its use of deepfake identifying software to combat the risks of online child exploitation. As discussed in Proposal 9, a failure to manage issues related to online child exploitation, including via deepfakes, can present significant regulatory, legal and reputational risks. As such, we believe that the Company should ensure that its disclosure is sufficient to allow shareholders to understand how it is managing this issue.

Although we understand that the Company has provided some information concerning its approach to AI-generated deepfakes, we believe additional disclosure would help to provide shareholders with important context concerning how it is mitigating risks related to the potential dissemination of these materials. Moreover, as discussed in more detail in Proposal 9, we do not have any reason to be assured that the Company will act proactively, rather than reactively, with regard to this issue, as demonstrated by numerous controversies related to the distribution of high-risk content on its platform and messaging services. As such, we believe that additional disclosure could provide shareholders with valuable information, so they can better understand the Company's efforts to minimize harmful content on its platforms. Moreover, we believe that this precatory proposal provides the Company sufficient latitude in implementation.

In light of the above, we believe that adoption of this proposal could serve to better allow shareholders to gauge the Company's exposure to regulatory and reputational risk and that production of the requested disclosure would serve their best interests.

We recommend that shareholders vote **FOR** this proposal.



# 11.00: SHAREHOLDER PROPOSAL REGARDING REPORT ON RISKS OF AI DATA SOURCING

FOR

<b>PROPOSAL REQUEST:</b>	That the Company prepare a report assessing the risks presented by the unethical or improper usage of external data in AI training	<b>SHAREHOLDER PROPONENT:</b>	National Legal and Policy Center
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>FOR -</b>	<ul style="list-style-type: none"> <li>Additional disclosure will better allow shareholders to understand the Company's management of AI-related risks</li> </ul>		

<p><b>SASB MATERIALITY</b></p>	<b>PRIMARY SASB INDUSTRY:</b> Internet Media & Services
	<b>FINANCIALLY MATERIAL TOPICS:</b> <ul style="list-style-type: none"> <li>Environmental Footprint of Hardware Infrastructure</li> <li>Data Security</li> <li>Intellectual Property Protection &amp; Competitive Behavior</li> <li>Data Privacy, Advertising Standards &amp; Freedom of Expression</li> <li>Employee Recruitment, Inclusion &amp; Performance</li> </ul>

## GLASS LEWIS REASONING

- We believe that adoption of this proposal could provide shareholders with a better basis to allow them to assess the potential risks to the Company from its use of external data in the development and training of its AI technology.

## PROPOSAL SUMMARY

**Text of Resolution:** *Resolved: Shareholders request the Company to prepare a report, at reasonable cost, omitting proprietary or legally privileged information, to be published within one year of the Annual Meeting and updated annually thereafter, which assesses the risks to the Company's operations and finances, and to public welfare, presented by the real or potential unethical or improper usage of external data in the development, training, and deployment of its artificial intelligence offerings; what steps the Company takes to mitigate those risks; and how it measures the effectiveness of such efforts.*

### Proponent's Perspective

- The development of artificial intelligence ("AI") systems relies on vast amounts of data, and the public information available via the internet may not be enough for developers' proclivity for high-quality training data;
- Stakeholders are concerned that developers will draw from sources in an unethical or illegal manner;
- The Company has successfully integrated AI into its advertising business and social media products, and these features grow user engagement and increase advertising efficiency, further expanding the Company's data dominance;
- Unlike its large-scale competitors, the Company's primary AI models are open source, so rather than monetize its AI models itself, the Company's strategy is to use its AI models to further monetize its data empire, which includes hundreds of billions of publicly shared images and tens of billions of public videos;
- Given the Company's history of privacy violations and unethical data practices, shareholders and consumers should be concerned that the Company's data-driven AI strategy will create new opportunities for misconduct;
- The Company's past abuses include: (i) employing an updated privacy policy that now allows the Company to use a wide range of personal data for developing and improving its AI technologies, without explicit user consent, (ii) being subject to a record \$1.3 billion fine for breaching the EU's General Data Protection Regulation, and (iii) being accused by a coalition of European

### Board's Perspective

- The Company's privacy review process is designed to assess privacy risks that collecting, using, or sharing people's information may present, and to help determine what steps should be taken to mitigate any identified privacy risks, including through the development and use of artificial intelligence ("AI") models and tools;
- Generative AI models take a large amount of data to effectively train, so a combination of sources are used for training, including information that is publicly available online, licensed data, and information from the Company's products and services;
- For publicly available online information, the Company filters datasets to exclude certain websites that commonly share personal information;
- Publicly shared posts from Instagram and Facebook, including photos and text, are part of the data used to train the Company's generative AI models;
- The Company does not use the content of private messages with friends and family to train its AIs unless the user or someone in the chat chooses to share those messages with the Company's AIs;
- The Company is committed to being transparent about the legal bases that it uses for processing information and to following applicable laws regarding data usage;
- In the European region and the UK, the Company relies on the basis of legitimate interests to collect and process any personal

- consumer rights groups of collecting; and
- Prioritizing data ethics in the Company's AI development will help avoid harmful fiduciary and regulatory consequences.

The proponent has filed an [exempt solicitation](#) urging support for this resolution

information included in information publicly available on the internet and licensed sources to develop and improve AI at the Company;

- The Company works to identify potential privacy risks that involve the collection, use, or sharing of personal information and develop ways to reduce those risks to people's privacy;
- The Company is actively engaged with cross-industry and multi-stakeholder forums that are focused on addressing issues around advancing AI, including the usage of data; and
- The board's privacy and product compliance committee has responsibility for overseeing the Company's comprehensive privacy program and its product compliance, including in regard to the development of AI, and the committee regularly meets with senior members of management on AI at the Company, including regarding the use of data.

## THE PROPONENT

### ***The National Legal & Policy Center***

The proponent of this proposal is the National Legal & Policy Center ("NLPC"). The [NLPC describes](#) itself as a 501(c)(3) that "promotes ethics in public life through research, investigation, education, and legal action," and believes "the best way to promote ethics is to reduce the size of government." As NLPC is not an investor, it does not have AUM. Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, the NLPC submitted 23 shareholder proposals that received an average of 3.9% support, with none receiving majority shareholder support.

As part of the [corporate integrity project](#) on its website, the NLPC shares its concerns regarding "woke" corporate executives, for instance posting articles about inclusive content "[devaluing](#)" the Pixar franchise or about how the NLPC has [reported](#) Visa's chair and CEO to the SEC for ongoing "wokeness." The project also examines a supposed pushback against ESG initiatives, featuring pieces such as one describing [corporate America's anti-racism programs as racist](#) against white people and another promoting the NLPC's efforts to [nominate](#) a fossil-fuel-supporting director candidate to the board of Exxon Mobil Corporation. The NLPC has submitted other shareholder proposals that, upon first impression, appear to be consistent with environmental and social proposals that call for information or action on enhancing companies' approaches to environmental and social factors but, upon further review, appear to be designed to inhibit companies' actions in such areas.

## GLASS LEWIS ANALYSIS

Glass Lewis believes that decisions regarding the formation of board committees and policies related thereto are typically best left to management and the board, absent a showing of egregious or illegal conduct that might threaten shareholder value. We view attention to and expertise on sustainability issues as positive attributes of a diverse board of directors, particularly at a widely known firm with global operations, such as the Company. However, we believe that the board is in the best position to determine and recommend which specialized committees are desirable in light of the Company's unique needs. Shareholders can hold board members accountable for their decisions on these issues through the election of directors.

In this case, the Company's products enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality and mixed reality headsets, augmented reality, and wearables. The Company's family of products includes apps such as Facebook, Instagram, Messenger, Threads, and WhatsApp (2024 10-K, pp.6-7). With regard to the topic of this proposal, the Company states that it is making significant investments in artificial intelligence initiatives, including generative artificial intelligence, to, among other things, recommend relevant content across its products through its AI-powered discovery engine, enhance its advertising tools and improve its ad delivery, targeting, and measurement capabilities, and to develop new products as well as new features for existing products (p.8). Given the size and scope of its operations, we would expect the board to ensure it affords appropriate levels of oversight to matters related to its use of artificial intelligence ("AI") and the potentially significant risks involved with the use of this dynamic technology.

## REGULATIONS GOVERNING AI AND DATA USAGE

In light of the rapid proliferation of AI and its potentially disruptive effects, it is unsurprising that regulators around the world have begun to address the use of these technologies. Below is a high-level discussion of the regulations concerning the use of AI.

### ***United States***

U.S. lawmakers and regulators have expressed increasing concern over the potential risks of generative AI as such



models become more advanced and widespread. For instance, in a May 2023 meeting at the White House, then-President Joe Biden and then-Vice President Kamala Harris pushed AI developers, including Alphabet, OpenAI, and Microsoft, to seriously consider concerns over the use of AI. They also pushed for developers to be more open about their products, the need for AI systems to be subjected to outside scrutiny, and the importance that those products be kept away from bad actors. The White House further pledged to release draft guidelines for government agencies' use of AI safeguards (David McCabe. " [White House Pushes Tech C.E.O.s to Limit Risks of A.I.](#)" *The New York Times*. May 4, 2023). Following the meeting, Microsoft, OpenAI, and five other companies engaged in AI development agreed to voluntary safeguards. The safeguards include security testing, in part by independent experts; research on bias and privacy concerns; information sharing about risks with governments and other organizations; development of tools to fight societal challenges like climate change; and transparency measures to identify AI-generated material (Michael D. Shear, Cecilia Kang, David E. Sanger. " [Pressured by Biden, A.I. Companies Agree to Guardrails on New Tools.](#)" *The New York Times*. July 21, 2023).

Despite these voluntary measures, Biden signed an executive order in October 2023 requiring AI developers to share their safety test results and other information with the government. The order also directed government agencies to create new standards to ensure AI tools are safe and secure before public release, required new guidance to label and watermark AI-generated content to help differentiate them from authentic interactions, and asked federal agencies to review the use of AI in the criminal justice system (Josh Boak, Matt O'Brien. " [Biden Wants to Move Fast on AI Safeguards and Signs an Executive Order to Address His Concerns.](#)" *Associated Press*. October 30, 2023). According to an EY [analysis](#), Biden's executive order represented a significant contribution to the subject of accountability in how AI is developed and deployed across companies. Moreover, given the breadth of recommendations and actions provided, the order was likely to have an effect on companies across all sectors of the economy. However, on January 21, 2025, President Donald Trump revoked Biden's executive order on addressing AI risks, claiming that the 2023 executive order hindered AI innovation (David Shepardson. " [Trump Revokes Biden Executive Order on Addressing AI Risks.](#)" *Reuters*. January 21, 2025).

The EO was not the first attempt the Biden administration had made to curb the potential adverse impacts of AI. A year prior, in October 2022, the White House Office of Science and Technology Policy published a set of guidelines to help guide the design, use, and deployment of AI, which includes five principles: (i) safe and effective systems; (ii) algorithmic discrimination protections; (iii) data privacy; (iv) notice and explanation; and (v) human alternatives, consideration, and fallback. The Blueprint for an AI Bill of Rights was intended to provide guidance whenever automated systems can meaningfully impact the public's rights, opportunities, or access to critical needs (Ellen Glover, updated by Hal Koss. " [AI Bill of Rights: What You Should Know.](#)" *Built In*. March 19, 2024).

AI developers have also attracted attention from the legislative and judicial branches. In September 2023, U.S. Senators Richard Blumenthal and Josh Hawley announced their plans to introduce a framework to regulate AI technology. The framework included requirements for the licensing and auditing of AI, the creation of an independent federal office to oversee the technology, liability for companies for privacy and civil rights violations, and requirements for data transparency and safety standards. The Senate also met with industry leaders, including from Microsoft and OpenAI, in a separate meeting on possible AI-related regulations (Cecilia Kang. " [2 Senators Propose Bipartisan Framework for A.I. Laws.](#)" *The New York Times*. September 7, 2023). Meanwhile, in a September 2023 letter, the attorneys general of all 50 U.S. states urged Congress to study how AI could be used in child exploitation. The letter further called on Congress to expand existing restrictions on child sexual abuse materials specifically to cover AI-generated images (Meg Kinnard. " [Prosecutors in All 50 States Urge Congress to Strengthen Tools to Fight AI Child Sexual Abuse Images.](#)" *Associated Press*. September 5, 2023).

Around the same time, U.S. Senators Ron Wyden and Cory Booker, along with Representative Yvette Clarke, [introduced](#) the [Algorithmic Accountability Act of 2023](#), to create new protections for people affected by AI systems that are impacting decisions affecting credit, housing, education and other high-impact uses. The bill applies to new generative AI systems used for critical decisions, as well as other AI and automated systems, and would obligate the FTC to require companies to perform impact assessments of their AI systems. It would also create a public repository at the FTC of these systems.

U.S. lawmakers also introduced the "Creating Resources for Every American to Experiment with Artificial Intelligence Act of 2023," or the [CREATE AI Act of 2023](#), which would statutorily [establish](#) the National AI Research Resource, a cloud computing resource to democratize the development and use of AI, currently a proof-of-concept pilot program under the direction of the [National Science Foundation](#). The legislation was sponsored by Rep. Anna Eshoo of California and includes 68 cosponsors. The bill is currently undergoing the legislative process and is identical to [S.2714](#), sponsored by Senator Martin Heinrich of New Mexico in July 2023.

Meanwhile, the Bipartisan Senate Artificial Intelligence Working Group released a [Roadmap for AI policy](#) in May 2024, aiming to support federal investment in AI while safeguarding the risks of technology. The AI Working Group encouraged the executive branch and the Senate Appropriations Committee to continue assessing how to handle ongoing needs for federal investments in AI, with the goal of reaching as soon as possible the spending level proposed by the National

Security Commission on Artificial Intelligence: at least \$32 billion per year for (non-defense) AI innovation (p.5).

The roadmap [identified](#) areas of consensus that the working group believed merit bipartisan consideration in the Senate in the 118th Congress and beyond and provided several proposals (p.4), such as:

- Increasing funding for AI innovation to maintain global competitiveness;
- Ensuring the enforcement of existing AI laws and addressing any unintended bias;
- Considering the impact AI will have on the U.S. workforce, including potential job displacement and demands to train workers;
- Addressing issues related to deepfakes, particularly with regard to election content and “nonconsensual intimate images”; and
- Mitigating threats of “potential long-term risk scenarios.”

(Barbara Sprunt. ["A Bipartisan Group of Senators Unveils a Plan to Tackle Artificial Intelligence."](#) *NPR*. May 15, 2024).

Additionally, the group [supported](#) a comprehensive federal data privacy law to protect personal information and that the legislation should address issues related to data minimization, data security, consumer data rights, consent and disclosure, and data brokers (p.14). To safeguard against AI risks, the working group encouraged companies to perform detailed testing and evaluation to understand the landscape of potential harms and not to release AI systems that cannot meet industry standards (p.16).

In July 2024, the National Institute of Standards and Technology ("NIST"), an organization under the U.S. Department of Commerce, [released](#) three final guidance documents to help improve the safety, security, and trustworthiness of AI systems. NIST had previously [launched](#) the [Trustworthy and Responsible AI Resource Center](#) on March 30, 2023, which facilitates implementation of, and international alignment with, the [AI Risk Management Framework](#).

Meanwhile, the U.S. Department of Commerce's Bureau of Industry and Security [released](#) a notice of proposed rulemaking in September 2024 outlining a new mandatory reporting requirement for AI developers and cloud providers to ensure the technologies are safe and can withstand cyberattacks (David Shepardson. ["US Proposes Requiring Reporting for Advanced AI. Cloud Providers."](#) *Reuters*. September 9, 2024). The regulatory push came as legislative action in Congress on AI had stalled (David Shepardson. ["US to Convene Global AI Safety Summit in November."](#) *Reuters*. September 18, 2024).

AI systems have come under regulatory scrutiny as well. In July 2023, the FTC opened an investigation into whether OpenAI's ChatGPT tool harmed consumers through its collection of data and publication of false information on individuals. As part of the investigation, the FTC asked OpenAI about its AI model training and its use of personal data, and demanded that the firm provide it with documents and details (Cecilia Kang, Cade Metz. ["F.T.C. Opens Investigation Into ChatGPT Maker Over Technology's Potential Harms."](#) *The New York Times*. July 13, 2023).

There have also been a number of state-level regulations introduced governing AI. For example, as of June 2023, nine states had enacted regulations relating to deepfake content, most often in the context of pornography and election influence, and four other states were pursuing similar bills. The first states to pass deep fake legislation include California, Texas, and Virginia, which passed bills in 2019, while Minnesota passed its deepfake law in May 2023 and Illinois signed new deepfake legislation in August 2024. Many states are also amending their election codes to ban deepfake campaign ads within a specific time frame before an election. Yet another complication to creating legislation to address harmful deepfakes is that some experts have expressed concern that well-meaning legislation, if not carefully crafted, could have a detrimental effect on people's First Amendment rights. For example, the ACLU of Illinois at first opposed the pornographic deepfake bill developed in Illinois because the bill's sweeping provisions and immediate takedown clause could "chill or silence vast amounts of protected speech." In response, lawmakers have employed various amendments to change the bill to include deepfakes into the state's existing revenge porn statute, which the ACLU said was an improvement, though it still maintained some concern. California, on the other hand, included specific references to First Amendment protections in its bill. Any federal regulations on AI-generated deepfakes will likely face the same concerns regarding free speech, especially if they include broad language such as limiting exceptions to "legitimate public concern" (Isaiah Poritz. ["Deepfake Porn, Political Ads Push States to Curb Rampant AI Use."](#) *Bloomberg Law*. June 20, 2023).

In the 2024 legislative session, at least 45 states, Puerto Rico, the Virgin Islands, and Washington D.C., [introduced](#) AI bills and 31 states, Puerto Rico, and the Virgin Islands adopted resolutions or enacted legislation.

## **Canada**

On September 27, 2023, the Canadian Minister of Innovation, Science and Industry announced Canada's [Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems](#) ("Voluntary Code"). Recognizing the proliferation of innovative AI systems capable of generating content, such as ChatGPT, DALL·E 2, and Midjourney, the code is a set of voluntary commitments intended to commit developers and managers of advanced generative systems to undertake actions to identify and mitigate related risks. The Voluntary Code is intended to apply to

advanced generative AI systems, but it acknowledges that several measures are broadly applicable to a range of high-impact AI systems.

In undertaking this voluntary commitment, developers and managers of advanced generative systems [commit](#) to working to achieve the following outcomes:

- Accountability: companies understand their role with regard to the systems they develop or manage, put in place appropriate risk management systems, and share information with other organizations as needed to avoid gaps;
- Safety: systems are subject to risk assessments, and mitigations needed to ensure safe operation are put in place prior to deployment;
- Fairness and Equity: potential impacts with regard to fairness and equity are assessed and addressed at different phases of development and deployment of the systems;
- Transparency: sufficient information is published to allow consumers to make informed decisions and for experts to evaluate whether risks have been adequately addressed;
- Human oversight and monitoring: system use is monitored after deployment, and updates are implemented as needed to address any risks that materialize; and
- Validity and robustness: systems operate as intended, are secure against cyberattacks, and their behaviour in response to the range of tasks or situations to which they are likely to be exposed is understood.

As such, the Voluntary Code of Conduct [requires](#) companies to implement appropriate risk management systems that are proportionate to the scale and impact of their activities. It also commits developers and managers to, among other measures, implement comprehensive risk management frameworks, including policies, procedures, and training to ensure staff understand their duties and the organization's risk management practices. Companies also commit to sharing information and best practices on risk management with other firms playing complementary roles in the ecosystem. In addition, developers at companies whose AI systems are available for public use commit to employing multiple lines of defense, which include conducting third-party audits, to ensure the safety of their AI systems prior to release.

In March 2025, the Canadian Minister of Innovation, Science and Industry [announced](#) a series of initiatives to support responsible and safe AI adoption, including:

- A refreshed membership for the [Advisory Council on Artificial Intelligence](#);
- The launch of the [Safe and Secure Artificial Intelligence Advisory Group](#) to advise the government on the risks associated with AI systems and ways to address them; and
- The publication of [a guide](#) for managers of AI systems to support the implementation of Canada's Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems.

At the time, six new organizations, including CIBC, Clir, Cofomo Inc., Intel Corporation, Jolera Inc. and PaymentEvolution, [signed](#) on to the Voluntary Code. The six companies joined 40 other signatories that have already adopted the pledge (Innovation, Science, and Economic Development Canada. "[Canada Moves Toward Safe and Responsible Artificial Intelligence](#)." *Cision Newswire*. March 6, 2025).

### **The European Artificial Intelligence Act**

After months of negotiations between different political groups, European lawmakers agreed on the EU AI Act, the world's first comprehensive set of rules governing AI technology, in May 2024 (Martin Coulter. "[Tech Giants Push to Dilute Europe's AI Act](#)." *Reuters*. September 20, 2024). The Act came into [effect](#) on August 1, 2024, introducing a framework across all EU countries, based on a forward-looking definition of AI and a risk-based approach:

- Minimal risk: most AI systems such as spam filters and AI-enabled video games face no obligation under the Act, but companies can voluntarily adopt additional codes of conduct;
- Specific transparency risk: systems like chatbots must clearly inform users that they are interacting with a machine, while certain AI-generated content must be labeled as such;
- High risk: high-risk AI systems such as AI-based medical software or AI systems used for recruitment must comply with strict requirements, including risk-mitigation systems, high-quality of data sets, clear user information, human oversight, etc.; and
- Unacceptable risk: for example, AI systems that allow "social scoring" by governments or companies are considered a clear threat to people's fundamental rights and are therefore banned.

Nevertheless, lawmakers still had to determine the accompanying codes of practice and the EU invited companies, researchers, and others to help in the drafting. The EU received almost 1,000 applications, with the largest tech companies encouraging a light-touch approach to the law's implementation. The code of practice would come into effect in late 2025 but would not be legally binding; rather, it would provide a compliance checklist to companies. The EU AI Act addresses a variety of AI issues, including data scraping practices that could potentially breach copyright. Companies would have to disclose "detailed summaries" of the data used to train models, potentially providing an avenue for legal recourse to creators whose work was used to train AI models. Some business leaders worried that the Act's requirements



could render companies' trade secrets vulnerable and criticized the EU for prioritizing regulation over innovation (Martin Coulter. "[Tech Giants Push to Dilute Europe's AI Act](#)." *Reuters*. September 20, 2024).

A new tool from Swiss startup LatticeFlow AI and partners ETH Zurich and Bulgaria's INSAIT tested generative-AI models like those from OpenAI and Meta, among others, across dozens of categories and in line with the new EU AI Act, which comes into effect in stages over the next two years. While the results showed that models developed by OpenAI, Meta, Mistral, Alibaba, and Anthropic all received average scores of 0.75 or above (out of scores between 0 and 1), some models demonstrated shortcomings in key areas. Regarding discriminatory output, OpenAI's GPT-3.5 Turbo scored a relatively low 0.46, and Alibaba Cloud's Qwen1.5 72B Chat scored only 0.37. When tested for prompt hijacking, a type of cyberattack using malicious prompts, Meta's Llama 2 13B Chat model scored 0.42 and Mistral's 8x7B Instruct scored 0.38. The LatticeFlow LLM checker would be extended to include further measures as they were introduced, and LatticeFlow stated that it would be freely available for developers to test their models' compliance online. The European Commission said it welcomed the study and evaluation platform as a first step in translating the EU AI Act into technical requirements. Companies failing to comply with the EU AI Act could face fines of 35 million euros or \$38 million (Martin Coulter. "[Exclusive: EU AI Act Checker Reveals Big Tech's Compliance Pitfalls](#)." *Reuters*. October 16, 2024).

### **Other International Regulations**

Meanwhile, both Israel and Japan quickly clarified their existing regulations pertaining to data, privacy, and copyright protections, both with language that enabled AI to train with copyrighted content. Responding more broadly, the United Arab Emirates has developed draft legislation, working groups on AI best practices, and sweeping proclamations regarding AI strategy. Still many other countries are opting for a wait-and-see approach, despite the array of warnings regarding the need for international cooperation on AI regulation and inspection, including a statement from OpenAI's CEO in May 2023 emphasizing the "existential risk" of AI technology (Mikhail Klimentov. "[From China to Brazil, Here's How AI Is Regulated Around the World](#)." *The Washington Post*. September 3, 2023).

For example, in Brazil, legislators have developed a 900-page draft of a bill that would require companies to conduct risk assessments before bringing a product to market, and it explicitly bans AI systems that deploy "subliminal" techniques or exploit users in ways that are harmful to their health or safety. It would also require a government database to publicize AI products determined to have "high risk" implementations and AI developers would be liable for damage caused by their AI systems. Similar to the EU AI Act, the Brazilian draft legislation categorizes different types of AI based on the risk they pose to society (Mikhail Klimentov. "[From China to Brazil, Here's How AI Is Regulated Around the World](#)." *The Washington Post*. September 3, 2023).

There have also been attempts to regulate AI within the UK. In March 2023, the UK government published an [AI policy paper](#) that outlined proposals for regulating the use of AI within the country, though it stated that it will refrain from regulating the British AI sector "in the short term" (Daria Mosolova. "[UK Will Refrain from Regulating AI 'In the Short Term'](#)." *Financial Times*. November 16, 2023). In the long-term, however, the UK government has signaled its [intent](#) to draft a central cross-economy AI risk register and update its AI regulation roadmap with indications of whether a government unit or independent body would be the most appropriate mechanism to deliver the central functions.

There is also potential regulatory momentum in China. In January 2024, the country issued draft guidelines for standardizing the AI industry, proposing the formation of more than 50 national and industry-wide standards by 2026 and stating its intention to participate in the formation of more than 20 international standards by the same time. China's industry ministry stated that the aim of 60% of the prospective standards should be serving "general key technologies and application development projects," and it has targeted more than 1,000 companies to adopt and advocate for the new standards (Josh Ye. "[China Issues Drafts Guidelines for Standardizing AI Industry](#)." *Reuters*. January 18, 2024). China has also created a draft bill regarding generative AI, with a translation indicating that developers would "bear responsibility" for outcry created by their AI. The draft bill would also hold developers liable if their use of training data infringed on someone else's intellectual property, and it also states that the design of AI services must lead to the generation of only "true and accurate" content (Mikhail Klimentov. "[From China to Brazil, Here's How AI Is Regulated Around the World](#)." *The Washington Post*. September 3, 2023).

There have also been multilateral attempts at regulating AI technologies. In May 2023, the U.S.-EU Trade and Technology Council stated in May 2023 their intention to develop a voluntary AI Code of Conduct as concerns grow about the risks AI poses to humanity ("[US, Europe Working on Voluntary AI Code of Conduct As Calls Grow For Regulation](#)." *AP News*. May 31, 2023). In late October 2023, leaders of the Group of Seven ("G7") economies (made up of Canada, France, Germany, Italy, Japan, Britain, the U.S., and the EU), agreed to the voluntary [code of conduct](#). The code includes 11 points and aims "to promote safe, secure, and trustworthy AI worldwide and provides voluntary guidance for actions by organizations developing the most advanced AI systems, including the most advanced foundation models and generative AI systems". The code urges companies to take appropriate measures to identify, evaluate, and mitigate risks throughout the AI life-cycle and to address incidents and patterns of misuse after AI products have been released on the market (Foo Yun Chee. "[Exclusive: G7 to Agree AI Code of Conduct For Companies](#)." *Reuters*. October 29, 2023).

## ETHICAL CONCERNS REGARDING AI DATA SOURCING

While there are seemingly innumerable benefits and uses of AI technology, many have also raised concerns regarding the potential ethical implications of the use of AI. In this case, the proponent has raised concerns regarding risks to the Company's operations and finances, and to public welfare, presented by the Company's unethical or improper usage of external data in the development, training, and deployment of its artificial intelligence offerings.

## CONCERNS REGARDING PRIVACY AND DATA USAGE

In recent years, a number of concerns have been raised regarding privacy and the data used to train AI models. For example, Apple has faced controversy as a result of creative content being used in generative AI systems. Specifically, in late 2023, Apple opened negotiations with major news and publishing organizations, seeking permission to use their material in Apple's development of generative AI systems. The news organizations contacted by Apple include Conde Nast, NBC News, and IAC, which owns *People* and *Better Homes and Gardens*, as part of efforts to secure multiyear deals worth at least \$50 million. However, several publishing executives were concerned that Apple's terms were too expansive and that the firm was vague about how it intended to apply generative AI to the news industry, posing a potential competitive risk given Apple's significant audience for news on its devices (Benjamin Mullin, Tripp Mickle. "[Apple Explores A.I. Deals With News Publishers](#)." *The New York Times*. December 22, 2023).

Additionally, questions regarding training AI with copyrighted material without transparency, consent, and compensation for rights holders are relevant to the firm's interactions with audiobook distributor Findaway Voices, which was acquired by Spotify in June 2022. Narrators and authors were informed in early February 2023- the month after Apple began releasing audiobooks using synthetic voice technology- that their contracts with Findaway gave Apple the right to use audiobook files for machine learning training and models. Some of those affected said they were not clearly informed about the contractual clause. The firm eventually agreed to halt accessing the Findaway files, but only those of SAG-AFTRA members, and the union said they were still discussing concerns regarding the safe storage of the recordings and data, usage limitations, and appropriate compensation. Authors suggested that Findaway frequently prompted people to agree to updated contracts, such that, even though the machine learning clause allowed rights holders to opt out, many suspected they signed off on the clause without realizing it (Shubham Agarwal. "[Audiobook Narrators Fear Apple Used Their Voices to Train AI](#)." *WIRED*. February 14, 2023).

An investigation by *WIRED* found that several major tech companies, including Apple, Anthropic, Nvidia, and Salesforce, used video transcripts from educational and online learning channels on YouTube to train their AI models without permission. Some of the channels whose content was used included MIT, Harvard, and Khan Academy, but *The Wall Street Journal*, *NPR*, and the *BBC* also had their videos used to train AI. YouTube has rules against scraping content without permission, but a group called EleutherAI claimed to have created the dataset as part of a compilation that the nonprofit released called the Pile. While academics and developers made use of the dataset, which was openly accessible online and included material from not just YouTube but also the European Parliament and English Wikipedia, large technology companies themselves detailed in their research papers and posts how they used the Pile to train AI (Annie Gilbertson, Alex Reisner. "[Apple, Nvidia, Anthropic Used Thousands of Swiped YouTube Videos to Train AI](#)." *WIRED*. July 16, 2024).

### **Siri Eavesdropping Lawsuit**

Apple settled a proposed class action lawsuit in early 2025 involving claims that its voice-activated Siri assistant was violating users' privacy by recording private conversations when unintentionally activated and then disclosing those recordings to third parties, such as advertisers. Plaintiffs from a class period from September 17, 2014, to December 31, 2024, detailed receiving ads for places or products that they had mentioned in conversations, with one example involving a user receiving ads for a surgical treatment that he had discussed privately with his doctor. Class members, estimated in the tens of millions, could receive up to \$20 per Siri-enabled device. Though it denied wrongdoing, Apple settled the proposed class action lawsuit for \$95 million (Jonathan Stempel. "[Apple to Pay \\$95 million to Settle Siri Privacy Lawsuit](#)." *Reuters*. January 2, 2025). If the allegations against the firm are true, it may have violated federal wiretapping laws and other statutes designed to protect people's privacy ("[Apple's Siri Snooping Settlement Could Mean Money for Consumers. Here's What to Know](#)." *CBS News*. January 3, 2025). The settlement must still be approved by a judge, and lawyers have proposed a February 14, 2025, court date to review the terms of the settlement (Michael Liedtke. "[Apple to Pay \\$95 Million to Settle Lawsuit Accusing Siri of Eavesdropping](#)." *AP News*. January 2, 2025). Lawyers have asserted that Apple's behavior was so egregious that it could have been liable for \$1.5 billion in damages if it lost the case ("[Apple's Siri Snooping Settlement Could Mean Money for Consumers. Here's What to Know](#)." *CBS News*. January 3, 2025).

In response, Apple released a [statement](#) that:

*Apple has never used Siri data to build marketing profiles, never made it available for advertising, and never sold it to anyone for any purpose. We are constantly developing technologies to make Siri even more private, and will*

continue to do so.

Apple also explained how it ensures privacy with Siri through on-device processing, minimized data collection, and privacy protections with Private Cloud Compute.

Meanwhile, a similar lawsuit on behalf of users of Google's voice assistant is pending in a San Jose, California federal court (Jonathan Stempel. "[Apple to Pay \\$95 million to Settle Siri Privacy Lawsuit](#)." *Reuters*. January 2, 2025).

### **Privacy and Amazon's Use of Data and AI**

Concerns have also been raised concerning privacy and Amazon's use of data and AI. In July 2021, Luxembourg's National Commission for Data Protection fined the firm \$886.6m for allegedly breaking EU's General Data Protection Regulation, although Amazon asserted that there had been no data breach and that the fine was "without merit" (Theo Leggett. "[Amazon Hit with \\$886M Fine for Alleged Data Law Breach](#)." *BBC*. July 30, 2021). Earlier that year, three whistleblowers who were former high-level information security employees at Amazon (one from Europe and two from the U.S.) reported that the firm's efforts to protect user data were inadequate and exposed user data to potential breaches, theft, and exploitation. The former employees suggested that the firm prioritized growth over security and compliance, claiming that Amazon had little understanding of the data that it had, including where it was stored and who could access it. Additionally, all three whistleblowers claimed that they were "sidelined, dismissed or pushed out" of Amazon after attempting to alert senior leadership about the privacy and compliance failures (Vincent Manancourt. "' [Millions of People's Data Is at Risk](#).' -- Amazon Insiders Sound Alarm over Security." *Politico*. February 24, 2021).

In April 2022, a [report](#) from four universities (University of Washington, UC Davis, UC Irvine, and Northeastern University) found evidence that Amazon and third parties (including advertising and tracking services) were collecting data from interactions with Alexa through Echo smart speakers to direct targeted ads on the internet and on the firm's platforms. More specifically, data was shared with 41 advertising partners who would then use it to infer interests and target ads. The researchers also found that this type of data led to "30X higher ad bids from advertisers." In addition, the ten research scientists behind the report created an auditing framework to measure online advertising data collection, and concluded that there was "strong evidence that smart-speaker interactions are used for the purpose of targeting ads, and that this ad targeting implies significant data sharing across multiple parties." However, they clarified that the shared data was from processed transcripts and not from raw audio (Jennifer Pattison Tuohy. "[Researchers Find Amazon Uses Alexa Voice Data to Target You with Ads](#)." *The Verge*. April 28, 2022).

In addition, shortly after releasing its AI chatbot, Q, employees using the chatbot revealed that it could be susceptible to revealing confidential information, including the location of AWS data centers or unreleased features. The employees also warned that Q was "experiencing severe hallucinations" and generating inaccuracies such as bad legal advice. However, Amazon responded that it had not identified any security issues with the chatbot, and denied that Q had leaked confidential information (Lakshmi Varanasi. "[Amazon's AI Chatbot, Q, Might Be in the Throes of a Mental Health Crisis](#)." *Business Insider*. December 3, 2023).

More recently, Amazon announced in March 2025 that it would be ending its privacy feature that lets users of its Echo smart speaker prevent their voice commands from being sent to the firm's cloud. Amazon stated that it made the decision to "no longer support this feature" because it expands Alexa's capabilities with generative AI features that rely on cloud processing. The feature was only available on three devices, including the 4th generation Echo Dot, the Echo Show 10, and the Echo Show 15, and only if customers were in the U.S. with the language set to English, such that the firm said less than 0.03% of its customers used it. However, it clarified that people still had the option to prevent Alexa from saving voice recordings, and that those who had previously opted to use the "Do Not Send" feature would, as of March 28, be automatically opted into the "Don't save recordings" option. It also reiterated that the "Alexa experience is designed to protect [its] customers' privacy and keep their data secure, and that's not changing." The firm also stated that it was focusing on the privacy tools and controls that its customers use most and work well with generative AI experiences that rely on the processing power of Amazon's secure cloud (The Associated Press. "[Amazon Ends Little-Used Privacy Feature that Let Echo Users Opt Out of Sending Recordings to Company](#)." *AP News*. March 19, 2025).

### **Privacy and the Company's Use of Data and AI**

Concerns have also been raised with respect to privacy and the Company's use of data and AI. For example, the Company's roll-out of Meta AI in Europe faced regulatory delays due to concerns over data protection and privacy. While the Company introduced Meta AI in the U.S. in 2023, it faced several challenges in the EU because of stringent privacy and transparency rules. The Company had planned to launch its AI models in Europe in June 2024, but had to pause the release after Ireland's Data Protection Commission told the Company to delay its plan to harvest data from social media posts. It also faced backlash from an advocacy group which urged national privacy regulators to stop such use of social media content. As a result, the Company was not able to launch its AI models in Europe until March 2025. In April 2025, the Company stated that people in the EU who use its platforms, including Instagram and Facebook would begin to receive notifications explaining what type of data the Company will harvest. In addition, users would receive a link to a



form where they can object to their data being used for training purposes (Deborah Sophia. ["Meta to Use Public Posts, AI Interactions to Train Models in EU."](#) *Reuters*. April 14, 2025).

In response to the Company's roll-out of AI in Europe, the Dutch privacy regulator Autoriteit Persoonsgegevens ("AP") stated that it was "very concerned" about the plans of the Company and other large platforms to train their tools with user data. If European users did not object before May 27, 2025, the Company would automatically use their public data to train Meta AI. As a result, the AP warned Facebook and Instagram users that they should object if they do not want their public data used to train Meta AI. The Dutch authority also added that it was not certain whether the Company would be permitted to do what it planned to do and that it was questionable whether the Company's opt-out model meets the legal requirements. Further, the AP noted that other European supervisors were also in close consultation with the Irish supervisor about this issue. In addition, similar warnings were issued by the data protection regulator of the German state of Hamburg and the Belgian privacy authority (Cynthia Kroet. ["Dutch Privacy Regulator Latest to Warn Against Use of Meta AI."](#) *Euronews*. April 25, 2025).

While Europeans were able to opt out of the Company's mass-scraping of public photos and posts for AI training purposes, Australians were not given an opt-out option. In September 2024, an Australian parliamentary committee heard testimony from Company executives on why such an opt-out had not been extended to Australian users. Company executives responded that the data was only taken from public posts, not just private to people users have friended, and only from people over 18. However, the Company added that the European opt-out was established "in response to a very specific legal frame" and couldn't say whether such an option would be offered in Australia in the future. It also stated that even if a user set their account to private, the Company could still scrape any public posts from their account prior to when the user had set the account to private. (Josh Taylor. ["Meta's AI Is Scraping Users' Photos and Posts. Europeans Can Opt Out, But Australians Cannot."](#) *The Guardian*. September 10, 2024).

Further, in July 2024, the Brazilian National Data Protection Authority ("ANPD") suspended the Company's new privacy policy for the use of personal data for generative AI training. The ANPD also put on hold the processing of personal data across all Company products, including those of people who are not users of its platforms. Further, the regulator set a daily fine equal to \$8,836.58 in case of non-compliance, citing an "imminent risk of serious and irreparable or difficult-to-repair damage to the fundamental rights of affected holders." It also expected the Company to update its privacy policy and submit an official statement confirming that it had suspended its processing of personal data for AI training (Paula Arend Laier. ["Brazil Authority Suspends Meta's AI Privacy Policy, Seeks Adjustment."](#) *Reuters*. July 2, 2024). Several months later, the ANPD overturned its decision after the Company agreed to the aforementioned requests. The Company then announced that its users in Brazil would receive warnings by email as well as notifications on Facebook and Instagram about its intention to use their personal data for AI training and that they would be able to reject the use of their data for those purposes (Paula Arend Laier, Andre Romani. ["Meta to Inform Brazilians How It Uses Their Personal Data to Train AI."](#) *Reuters*. September 3, 2024).

More recently, the Company emailed owners of its Ray-Ban Meta smart glasses in April 2025 to inform them of two key changes to the privacy policy associated with its product. First, the Company stated that the Meta AI with camera use would always be enabled on the glasses unless users turned off the hands-free voice command functionality. However, a spokesperson for the Company clarified that photos and videos captured on the glasses would not be used by the Company for training unless users shared those images with Meta AI, cloud services, or a third-party product, in which case the policies of that product would apply. Additionally, the Company explained that it would no longer allow the owners of its smart glasses to opt out of having their voice recordings stored in the cloud, though they could still delete their recordings anytime in settings. Further, its voice privacy notice clarifies that voice transcripts and stored audio recordings "are otherwise stored for up to one year to help improve Meta's products." The Company also specified that if it detects that a voice interaction occurred accidentally, it will delete those recordings after a shorter 90-day window (Chris Welch. ["Meta Tightens Privacy Policy Around Ray-Ban Glasses to Boost AI Training."](#) *The Verge*. April 30, 2025).

## COMPANY DISCLOSURE AND PEER COMPARISON

### **Company Disclosure**

In March 2025, the Company [announced](#) that it would begin to roll out Meta AI across 41 European countries, including those in the EU and 21 overseas territories, starting in mid-March. It explained that the Company would begin with intelligent chat functions in six European languages, as the first step in its ongoing efforts to bring more intuitive AI to people in Europe. The following month, it [introduced](#) a new Meta AI app with Llama 4, which is designed around voice conversations with Meta AI inside a standalone app. The underlying model allows for more personal and relevant responses with a conversational tone. The app also integrates with other Meta AI features like image generation and editing. Moreover, the assistant gets to know a user's preferences, remembers context, is personalized for each user, and is also the companion app for the Company's AI glasses and is connected to meta.ai.

Further, in its response to this proposal, the Company states:

*We are actively engaged with cross-industry and multi-stakeholder forums that are focused on addressing issues around advancing AI, including the usage of data. Examples of these groups include the AI Alliance, a community of over 150 technology developers, researchers, industry leaders, and advocates who collaborate to advance safe, responsible AI rooted in open innovation; the Partnership on AI, a non-profit community of academic, civil society, industry, and media organizations creating solutions so that AI advances positive outcomes for people and society; and ML Commons, an AI engineering consortium, built on a philosophy of open collaboration to improve AI systems.*

The Company [discusses](#) safeguards and resources for Meta AI, and [addresses](#) Meta AI in its Privacy Center, including how generative AI models work, and the information used for AI at the Company. It explains that it uses information from: (i) users' public content (with manageable features); (ii) users' interactions with AI features (with options to see the details AI characters have saved about a user, as well as chat histories from a user's chats with AI, and information for resetting or correcting AI); and (iii) other types of information, with details on how the Company works with select partners to improve AI responses (it does not send personally identifying information) and [rights](#) related to how users' information is used.

The Company [explains](#) where it gets training information and clarifies that it does not use the content of private messages with friends and family to train its AIs unless a user or someone in the chat chooses to share those messages with its AIs. It also states that it does not specifically link personal information collected publicly from the internet to any Meta account. It then discusses privacy and generative AI, and asserts that it has a robust internal privacy review process that helps ensure the firm is using data at the Company responsibly for its products, including generative AI. It also discloses its [Privacy Policy](#).

It also [states](#) that a significant amount of information is needed to effectively train models, so it draws from publicly available and licensed sources, as well as information people have shared on its products, including interactions with AI. The Company acknowledges that it keeps training data for as long as it needs it on a case-by-case basis to ensure an AI model is operating appropriately, safely, and efficiently. It affirms that it may keep training data to protect the Company's or others' interests, or comply with legal obligations. However, the Company emphasizes that it is committed to being transparent about the legal bases that it uses for processing information, as it believes use of this information is in the legitimate interests of the Company, its users, and other people. For example, in the European Region and the UK, the Company relies on the basis of legitimate interests to collect and process any personal information included in the publicly available and licensed sources to develop and improve AI at the Company. In other jurisdictions where applicable, the Company relies on an adequate legal basis to collect and process this data.

However, it specifies that it uses the following [types of information](#):

- Public information, meaning publicly available sources on the internet like public blog posts or databases;
- Information from partners, including information that comes from selected partners, like search engines; and
- Licensed information, meaning content that someone else, like an author or publisher, holds the rights to and gives the Company permission to use.

Regarding [privacy and generative AI](#), the Company explains that it has a responsibility to protect people's privacy and has teams dedicated to this work for everything it builds. The Company further states that it has a robust internal privacy review process that helps ensure it is using data at the Company responsibly for its products, including generative AI. It adds that it works to identify potential privacy risks that involve the collection, use, or sharing of personal information and develops ways to reduce those risks to people's privacy. To do this work ethically and responsibly, the Company has 5 foundational values at the core of how it thinks about AI:

- Privacy and security;
- Fairness and inclusion;
- Robustness and safety;
- Transparency and control; and
- Governance and accountability

The Company maintains a [Privacy Center](#) which provides information on privacy checkups, private messaging, including generative AI. It also discusses [data and privacy](#) on its website, including its \$8 billion [investment](#) in privacy, and provides a recent [Privacy Policy Update](#) which applies to its [Meta Platforms Technologies Products](#).

Additionally, the Company provides its latest [Privacy Progress Update](#), which discusses: (i) how it offers privacy protections on its platforms; (ii) its technical privacy investments; (iii) privacy product outcomes; and (iv) its ongoing commitment to privacy. The Company affirms that it minimizes data collection and use by continuing to invest in privacy-enhancing technologies, and that, in 2024, it partnered with various experts via advisory groups and consulted with those groups on the privacy needs of six regions around the world. It also discusses its efforts to detect, investigate, and block patterns of behavior associated with anti-scraping, which is the automated collection of data from a website or

app and can be either authorized or unauthorized.

Finally, it discusses its internal privacy [expectations](#) that guide its privacy review process, which include:

- Purpose limitation: processing data only for a limited, clearly stated purpose that provides value to people;
- Data minimization: collecting and creating the minimum amount of data required to support clearly stated purposes;
- Data retention: keeping data for only as long as it is actually required to support clearly stated purposes;
- External data misuse: protecting data from abuse, accidental loss and access by unauthorized third parties;
- Transparency and control: communicating product behavior and data practices proactively, clearly and honestly, and whenever possible and appropriate, giving people control over the Company's practices;
- Data access and management: providing people with the ability to access and manage the data that the Company has collected or created about them;
- Fairness: building products that identify and mitigate risk for vulnerable populations, and ensuring that value is created for people; and
- Accountability: maintaining internal processes and technical controls across the Company's decisions, products, and practices.

Regarding oversight of these issues, the [audit and risk oversight committee](#) reviews with management, at least annually, (a) the Company's program for promoting and monitoring compliance with applicable legal and regulatory requirements, and (b) the Company's major legal and regulatory compliance risk exposures and the steps management has taken to monitor or mitigate such exposures. Further, the committee periodically reviews with the Company's management the status of its ESG program and strategy, and it reviews with management, at least annually, the Company's major ESG risk exposures and the steps management has taken to monitor or mitigate such exposures. The [privacy and product compliance committee](#) has the principal responsibility to assist the board with respect to privacy and data use matters. Such responsibilities include overseeing compliance with the comprehensive privacy program (the "Privacy Program") adopted by the Company in compliance with the FTC Order; the selection of an independent, third-party assessor to be selected by the Company to review the Company's privacy practices; the Assessor's biennial assessments of the Privacy Program; compliance with the EU's Digital Markets Act; and compliance with the General Data Protection Regulation and other applicable privacy and data use laws.

### **Peer Comparison**

To compare, **Amazon.com, Inc.** (NASDAQ: AMZN) states in its response to a similar proposal submitted at its 2025 AGM that:

*When it comes to training AI models, we adhere to industry best practices around data collection and design our products with the goal of respecting privacy rights and the rights of artists and content creators. We evaluate our needs for different types of training data and, when appropriate, enter into agreements for data and services to meet those needs. Additionally, our AI models and services go through rigorous security testing designed specifically for generative AI applications to verify they meet safeguards to protect data.*

Additionally, the firm states that the responsible development and use of AI has been a focus of regulators worldwide and, in 2025, the EU AI Act will require all developers of general-purpose AI models to publish reports on the data used for developing such models. It adds that this reporting will provide further transparency around the data used to develop and train AI models (2025 DEF 14A, p.59).

Amazon [discloses](#) information about how it protects customer privacy while making Alexa better, and explains that training Alexa with "customer data is incredibly important" because for Alexa to work well, the machine learning models that power Alexa need to be trained using a diverse, wide range of real-world customer data. It emphasizes that this is how the firm can ensure the service performs well for everyone, and under all kinds of acoustic conditions, at home or on the go. Additionally, it explains that training Alexa over time also helps Alexa accurately answer questions about events that happen once every several years, and quickly training Alexa with voice recordings also ensure accuracy on trending topics where there's less historical knowledge. It further notes that continuously training its machine learning models with customer data is the reason Alexa's understanding of customer requests has improved by an average of 37% over the past three years, across all languages.

It also [provides](#) programs to protect privacy and use data responsibly that don't require any action from the customer. In addition, when Amazon collects and uses customer data, it asserts that it keeps it secure and uses it responsibly. For example, the firm uses privacy-preserving methods to limit the amount and type of data that it uses in its natural language understanding modeling environment when training its machine learning models. In addition, it continues to invest in anonymization and synthetic data generation techniques to further protect customer privacy.

Additionally, Amazon [discusses](#) data minimization, such as moving more data processing directly onto users' devices, looking for ways to de-identify data sooner, and building and refining privacy-preserving machine learning models. The firm explains that it is also actively leveraging large, pre-trained models built from open-source data for few-shot and

zero-shot learning to reduce the need for customer data to develop deep learning models for conversational AI and related language understanding applications. It also states that it is developing algorithms that de-identify the data used in model training and enable Amazon's models to be robust against privacy attacks.

Regarding data that is collected by third parties and data stored outside Amazon's cloud, such as data stored on users' Echo or mobile devices, the firm [states](#) that such data may not be deleted. Additionally, users' deletion requests may not delete copies of data that have been de-identified and are no longer linked to a user or their account. It adds that if it has used a user's data to improve its services, it may continue to retain or use the systems trained on the user's data after the user's data has been deleted from the firm's data stores.

Further, the firm also [lists](#) the core dimensions of its responsible AI, which include privacy and security, and appropriately obtaining, using, and protecting data and models. It also discloses additional information regarding [Alexa, Echo Devices, and user privacy](#) on its website, and its Amazon Bedrock Guardrails also [address](#) safety, privacy, and truthfulness guardrails.

AWS also provides a [privacy notice](#), which discusses the types of information it collects and [presents](#) information on how it shares personal information. AWS also affirms that it participates in the EU-US Data Privacy Framework, UK Extension, and Swiss-US Data Privacy Framework, and it provides additional information for certain jurisdictions, as well as examples of information collected. Similarly, Amazon provides a [privacy notice](#), stating that it is not in the business of selling its customers' personal information to others. In addition, the firm maintains a privacy [webpage](#) and provides additional information about [protecting](#) user privacy, and additional [state-specific privacy disclosures](#).

Regarding oversight of this issue, Amazon states in its response to a similar proposal that the nominating and corporate governance committee charter specifically gives it responsibility for overseeing and monitoring risks related to its operations and engagement with customers, suppliers, and communities. In this capacity, the nominating and corporate governance committee, which includes directors with experience in emerging technologies and public policy, oversees and reviews aspects of the firm's technologies, products, and services. These reviews focus on the actual operation and use of Amazon technologies, potential concerns and misuse that could arise from these technologies, and its actions to resolve or mitigate those risks and concerns. For example, the nominating and corporate governance committee recently reviewed the firm's global approach to responsible AI development and AI governance. Similarly, the audit committee, which includes directors with experience in emerging technologies and risk management within large and evolving corporations, is responsible for overseeing Amazon's risk assessment and risk management policies. These committees regularly meet with, and receive updates from, management on the policies, practices, and initiatives relating to the use of technology, including AI, across the firm's operations (2025 DEF 14A, pp.59-60).

To further compare, **Alphabet Inc.** (NASDAQ: GOOGL) states in its [privacy policy](#) that Google uses information to improve its services and to develop new products, features, and technologies that benefit its users and the public. As such, it explains that it uses publicly available information to help train Google's AI models and build products and features like Google Translate, Gemini Apps, and Cloud AI capabilities.

As part of its [AI principles](#), the firm discusses incorporating privacy design principles into the development and use of its AI technologies. It states that it will give opportunity for notice and consent, encourage architectures with privacy safeguards, and provide appropriate transparency and control over the use of data. In a [blog post](#) about building guardrails for generative AI, Alphabet discloses that it has put strong [indemnification protections](#) on both training data [used](#) for generative AI models and the generated output for users of key Google Workspace and Google Cloud services. It clarifies that if customers are challenged on copyright grounds, the firm will assume responsibility for the potential legal risks involved. It also discusses protecting against unfair bias; red-teaming to help identify current and emergent risks, behaviors, and policy violations, enabling its teams to mitigate them; implementing generative AI [prohibited use](#) policies, and safeguarding teens. Regarding protecting consumers' information, the firm states that many of the privacy protections it has had in place for years apply to its generative AI tools too and, just like other types of activity data in a Google Account, Alphabet makes it easy to pause, save, or delete it at any time, including for Bard or Search. It further adds that if a consumer chooses to use the Workspace extensions in Bard, the user's content from Gmail, Docs, and Drive is not seen by human reviewers, used by Bard to show the consumer ads, or used to train the Bard model.

Regarding board oversight, the [audit and compliance committee](#) has responsibility for oversight of risks and exposures associated with data privacy and security, competition, legal, regulatory, compliance, civil and human rights, sustainability, and reputational risks. Alphabet also states that the board's oversight function of major risks and risk exposures, including those relating to or resulting from the firm's development and implementation of AI in its products and services, sits at the top of its risk management framework, and as set forth in Alphabet's Corporate Governance Guidelines, the board is ultimately responsible for covering strategic, financial, and execution risks and exposures associated with the firm's business strategy, production innovation, and policy and significant regulatory matters that may present material risk to its financial performance, operations, plans, prospects, or reputation. Further, it adds that the board's skills and expertise,



including deep technical expertise in computer science, facilitate oversight of a highly complex global business, and the full board meetings have regularly and extensively covered AI issues. The audit committee and senior management provide the board with reports and updates regarding issues and risk exposures regarding AI development, and these discussions ensure that the board is fully involved in the oversight of Alphabet's business strategies and plans as they relate to AI (2024 DEF 14A, p.94).

---

### Summary

#### Peer Comparison

Overall, we find the Company and its peers to all provide relatively commensurate disclosure concerning their usage of external data in the development and training of their AI offerings, and their measures to mitigate associated risks.

#### Analyst Note

In its response to this proposal, the Company emphasizes that it is committed to staying transparent as generative AI continues to evolve. The Company recently updated its Privacy Policy and published a Privacy Progress Update that discloses its internal privacy expectations that guide its privacy review process. It also discloses the types of information it uses to train its AI models and asserts that it is committed to being transparent about the legal bases that it uses for processing information, regardless of jurisdiction. Nevertheless, privacy and security concerns have been raised by regulators in several countries, including Europe, Australia, and Brazil, among others.

## RECOMMENDATION

The Company's investment in and use of AI technologies presents a significant growth opportunity for the Company. However, alongside this opportunity also comes significant risks. The Company faces a variety of legal, regulatory and reputational risks on account of this issue, some of which stem from the usage of external data in the development and training of its AI offerings, the topic of this resolution.

We acknowledge that the Company provides some information concerning this issue. For example, in its response to this proposal, the Company explains that its privacy review process is designed to assess privacy risks that collecting, using, or sharing people's information may present, and to help determine what steps should be taken to mitigate any identified privacy risks, including through the development and use of AI models and tools. It also distinguishes between the approach it takes in European regions and the UK compared to other jurisdictions. Additionally, as discussed in Proposal 14, the Company addresses user privacy in relation to its targeted advertising practices and affirms that its privacy work is underpinned by governance structures that foster accountability for privacy at every level, and that it has external oversight by an independent, third-party assessor.

While recognizing these disclosures, we also note that this is a fast-moving issue, and the Company has been quickly developing its capabilities in this area of its business. As such, we believe that additional disclosure on the specific issues raised by this proposal could allow shareholders a better understanding of how it is ensuring it is mitigating risks associated with data sourcing. Further, such disclosure could provide customers additional assurance that their personal data is not being used in a manner that compromises their privacy and security. Moreover, Apple has recently settled a \$95 million class action lawsuit claiming its voice-activated Siri assistance violated users' privacy, and a similar lawsuit on behalf of users of Google's voice assistant is pending in a San Jose, California federal court. Both cases demonstrate that the Company could face similar risks on account of its new voice-activated Meta AI app (a user's Meta AI assistant). Further, as discussed above, privacy and security concerns have been raised by regulators in several countries, including Europe, Australia, and Brazil, over the Company's mass-scraping of personal information for AI training purposes. In light of these issues, the requested report could serve as a means to encourage the Company to ensure that its future disclosures are robust and provide a solid context for shareholders to allow them to assess the potential risks to the Company from its use of external data in the development and training of its AI projects and implementation. Accordingly, we believe that shareholders should vote in favor of this proposal at this time.

We recommend that shareholders vote **FOR** this proposal.

## 12.00: SHAREHOLDER PROPOSAL REGARDING TRANSITION PLAN AND RENEWABLE ENERGY

AGAINST

<b>PROPOSAL REQUEST:</b>	That the Company disclose a transition plan that results in new renewable energy capacity to achieve emissions reductions equal to energy demand	<b>SHAREHOLDER PROPONENT:</b>	As You Sow on behalf of Myra K. Young and James McRitchie
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>AGAINST</b> - Not in the best interests of shareholders			

### SASB MATERIALITY

**PRIMARY SASB INDUSTRY:** Internet Media & Services

**FINANCIALLY MATERIAL TOPICS:**

- Environmental Footprint of Hardware Infrastructure
- Data Security
- Intellectual Property Protection & Competitive Behavior
- Data Privacy, Advertising Standards & Freedom of Expression
- Employee Recruitment, Inclusion & Performance

## GLASS LEWIS REASONING

- We believe that the Company's existing disclosures adequately address the issues raised by the proponent and provide a sufficient basis for shareholders to understand how the Company is managing climate-related issues.

## PROPOSAL SUMMARY

**Text of Resolution:** *Resolved: Shareholders request that Meta disclose a transition plan that results in new renewable energy capacity, or other actions that achieve actual emissions reductions at least equivalent to the energy demand associated with its expanded data center operations.*

### Proponent's Perspective

- The Company is rapidly growing its data center footprint to support expanded artificial intelligence operations, and this expansion has caused its use to increase by 200% and its total GHG emissions to double since 2019;
- To maintain its carbon neutrality claims, the Company purchases renewable energy certificates ("RECs"), but RECs are an insufficient decarbonization tool as they do not generally result in new renewable energy capacity;
- The Company's plan to offset its high-carbon energy use by purchasing RECs is problematic, as they simply reallocate existing clean energy from the grid without adding new renewable capacity and without achieving meaningful emissions reductions;
- In Louisiana, where the Company's record-breaking data center is to be built, local utility Entergy plans to build three methane gas-powered combustion turbines to meet demand;
- While the Company states that it will purchase RECs and fund a solar project to offset the new fossil fuels being brought online, it has not provided a timeline, raising concerns about prolonged fossil fuel use to power the data center;
- In Nebraska, the Company's energy demands have delayed the retirement of a coal plant, a decision that will increase emissions and leave residents exposed to continuing health risks;
- Shareholders are concerned that the Company lacks a plan to reduce reliance on fossil fuels for its data centers;
- The Company's peer Alphabet has committed to 24/7 carbon-free energy on every grid where it operates, which will result in more carbon-free energy on the electrical grid and an overall decrease in emissions; and
- By adopting an energy procurement strategy that results in actual emission reductions, the Company can reduce climate-related

### Board's Perspective

- As of 2020, the Company's global operations reached net zero emissions and it matched 100% of its electricity use with clean and renewable energy;
- The Company has continued to match its electricity consumption with 100% new clean and renewable energy projects for the last four years at a pace consistent with its load growth;
- The Company's data center design and operation integrate energy efficiency and sustainability considerations, with all data centers achieving gold LEED standards since 2009, providing a framework for healthy, efficient, and cost-saving green buildings, with a key aspect of the LEED rating system being its emphasis on energy efficiency and renewable energy;
- As the Company continues to innovate and grow, it is planning for its data center energy needs while simultaneously contributing to a reliable grid, and it continues to look for innovative ways to enable additional clean and efficient energy resources;
- The Company's efforts do not simply involve purchasing renewable energy certificates ("RECs") to offset emissions;
- A fundamental tenet of the Company's approach to clean and renewable energy is the concept of additionality, or partnering with utilities and renewable energy developers to add new projects to the grid;
- The Company prioritizes contracting with clean and renewable energy projects that deliver the greatest possible decarbonization benefits to the grid in line with its work as part of the Emissions First Partnership;
- In some markets, clean energy procurement is limited, but the Company strives to support quality, long-term projects and less than 5% of its reported 2023 renewable energy purchases were



risks and ensure that it is actively contributing to the decarbonization trajectory of the regions in which it operates.

As You Sow has filed an [exempt solicitation](#) urging support for this resolution.

from short-term unbundled RECs purchases; and

- The board's audit and risk oversight committee receives regular updates on key sustainability priorities as well as the overall net zero and sustainability program strategy, which includes the Company's energy efficiency and renewable energy work, and the committee has the opportunity to engage with management on the programs and policies supporting the Company's strategy, as well as transition risks, including steps taken to monitor and mitigate exposures.

## THE PROPONENT

### As You Sow

As You Sow is a non-profit advocacy organization that "harness[es] shareholder power to create lasting change by protecting human rights, reducing toxic waste, and aligning investments with values." As You Sow is not an investor, and, therefore, does not have any assets under management, but uses investors' holdings to file [shareholder proposals](#) to "drive companies toward a sustainable future." It [states](#) that, since 1992, it has "utilized shareholder advocacy to increase corporate responsibility on a broad range of environmental and social issues." Areas of focus for As You Sow include [ocean plastics](#), [toxic chocolate](#), the climate and social impacts of [retirement funds](#), [climate change](#), [executive compensation](#), and [antibiotics and factory farms](#), among others.

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, As You Sow submitted 36 shareholder proposals that received an average of 18.1% support, with none of these proposals receiving majority shareholder support.

### Myra K. Young

The proponent of this proposal is Myra K. Young. Based on information from companies that disclosed their proponents, during the first half of 2024, Young submitted eight shareholder proposals that received an average of 23.8% support, with none of these proposals receiving majority support. Young is a long-time [investor](#) and shareholder activist, generally focusing on corporate governance-related shareholder proposals. Her husband, James McRitchie, is also a long-time investor and shareholder activist.

### James McRitchie

[James McRitchie](#) is a shareholder activist with "decades of experience in management analysis, consulting, as an executive, regulator, and legislative advocate, as well as being a director on several corporate boards." In 1995, McRitchie founded [corpgov.net](#) in order to "provide news, commentary, and a network for those interested in transforming an arcane subject, discussed at a snail's pace in academia and by a few dozen practitioners, to a more practical discipline where knowledge is shared and put into practice by investors and corporations at closer to the speed of light."

Based on information from companies that disclosed their proponents, during the first half of 2024, McRitchie submitted ten shareholder proposals that received an average of 31.3% support, with two of these proposals receiving majority support. Although McRitchie tends to focus his proposals on governance-related issues, in recent years, he has broadened his scope and has submitted proposals on a variety of environmental and social issues.

## GLASS LEWIS ANALYSIS

Glass Lewis believes that decisions regarding the formation of board committees and policies related thereto are typically best left to management and the board, absent a showing of egregious or illegal conduct that might threaten shareholder value. We view attention to and expertise on sustainability issues as positive attributes of a diverse board of directors, particularly at a widely known firm with global operations, such as the Company. However, we believe that the board is in the best position to determine and recommend which specialized committees are desirable in light of the Company's unique needs. Shareholders can hold board members accountable for their decisions on these issues through the election of directors.

In this case, the Company's products enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality and mixed reality headsets, augmented reality, and wearables. The Company's family of products includes apps such as Facebook, Instagram, Messenger, Threads, and WhatsApp (2024 10-K, pp.6-7). The Company has designed and built its own data centers and key portions of its technical infrastructure through which the Company serves its products, and it plans to continue to significantly expand the size of its infrastructure primarily through data centers and other projects (p.28). It has offices in more than 90 cities across North America, Europe, the Middle East, Africa, Asia-Pacific, and Latin America, and it owns 27 data center locations globally and also leases some data centers at selected locations (p.50). Given the nature and scope of the Company's operations, it could be subject to significant risks with respect to both climate change and the regulatory implications or investor pressures that come as a

result of climate change.

## DATA CENTER ENERGY USAGE

As part of its rationale for this proposal, the proponent states that the Company is rapidly growing its data center footprint to support expanded artificial intelligence operations, which has caused the Company's electricity use to increase by 200% and its total GHG emissions to double since 2019.

[Data centers](#) are generally used to house servers, storage systems, networking equipment, cooling and environmental control, uninterruptible power supply batteries and backup power generators, and other infrastructure related to AI model training and deployment. AI capabilities have quickly [accelerated](#), due to falling computation costs, a surge in data availability, and technical breakthroughs. Moreover, in the past few years, AI has shifted from an academic pursuit to a commercial industry with trillions of dollars in market capitalization and venture capital. For example, the market capitalization of AI-related firms in the S&P 500 has grown by around \$12 trillion since 2022. However, AI technology requires significant amounts of energy, with the typical AI-focused data center consuming as much electricity as 100,000 households, with some requiring up to 20 times that much.

### **Global Energy Demand for AI Data Centers**

Data centers are relatively new actors in the global energy system. However, in 2024, electricity consumption from data centers was [estimated](#) to equal about 415 terawatt hours ("TWh") or about 1.5% of global electricity consumption, marking a 12% per year increase over the last five years.

Because the rise in the use of AI is [accelerating](#) the [deployment](#) of high-performance accelerated servers, leading to greater power density in data centers, understanding the place and scale of accelerator adoption is critical, given that it will be a key determinant of future electricity demand. Moreover, there is substantial uncertainty both about data center consumption today and in the future, and while the technology sector moves quickly and a data center can be operational in two to three years, the broader energy system requires longer lead times to schedule and build infrastructure, which often requires extensive planning, long build times, and high upfront investment. In addition, data centers tend to concentrate in specific locations, making their integration into the grid potentially more challenging.

The IEA provides four [scenarios](#) (Base, Lift-Off, High Efficiency, and Headwinds) forecasting global electricity demand associated with data centers, with each scenario forecasting an increase in electricity demand, though the Headwinds scenario, which imagines slower than expected AI adoption, only increases to less than 2% in 2035. The agency [concludes](#) that data center electricity consumption is set to more than double to around 945 TWh by 2030, with the U.S. accounting for by far the largest share, followed by China. In fact, in December 2024, the U.S. Department of Energy ("DOE") [released a report](#) forecasting that domestic energy usage from data centers would double or triple by 2028. For example, data centers consumed about 4.4% of total U.S. electricity in 2023, and that amount was expected to grow to 6.7-12% of total U.S. electricity by 2028.

### **Concerns Regarding Data Center Energy Demand at the Company**

Despite initial plans to turn off two coal-burning generators in Omaha, Nebraska, the Omaha Public Power District switched course and now plans to burn coal in North Omaha through 2026 to support electricity demand from data centers owned by the Company and Google. According to the Omaha Public Power District, two-thirds of the projected growth in demand in the Omaha region is attributable to data centers. The Company's Omaha data center alone used nearly as much energy as the North Omaha coal units produced in 2023, according to Company and federal energy disclosures, which is enough electricity to power more than half the homes in Omaha. However, Google's electricity use in the Omaha area is even greater, with data showing Google using more total electricity in Nebraska than anywhere in the U.S. Both the Company and Google stated that every watt of power they use for their data centers is matched with purchases of clean energy elsewhere on the regional power grid. However, experts and activists contend that the tech companies aren't doing enough to ensure real projects are being built that bring new solar and wind power to the grid (Evan Halper. "[A Utility Promised to Stop Burning Coal. Then Google and Meta Came to Town.](#)" *The Washington Post*. October 12, 2024).

Meanwhile, in early December 2024, the Company announced that it would be building a \$10 billion data center in northeast Louisiana, and that Entergy Corporation would construct three new natural gas power plants to meet the energy demand required by the new data center. Supporters of the initiative stated that the proposed data center would transform the rural area, but environmentalists voiced concerns regarding the new power plants. In a press release, the Company pledged to "match its electricity use with 100% clean and renewable energy" to add at least 1,500 megawatts of renewable energy to the grid, and give up to \$1 million a year to Entergy's low-income ratepayer support program. The Company also stated that it would disclose its energy use for the facility annually, while Entergy explained that its plants would have the potential to run on 100% hydrogen and use carbon capture technology (Drew Hutchinson. "[Meta's Planned Louisiana Data Center Fuels Pollution Worries \(1\).](#)" *Bloomberg Law*. December 10, 2024).

## RENEWABLE ENERGY CERTIFICATES

The proponent also raises concerns over the Company's use of renewable energy certificates ("RECs"). Specifically, the proponent claims that the Company's use of RECs are an insufficient decarbonization tool since they do not generally result in new renewable energy capacity, leaving the Company's data centers reliant on high-carbon energy. As such, the proponent alleges that this reliance exposes the Company to risks, including accusations of greenwashing, regulatory scrutiny, litigation, and potential restrictions on its license to operate in certain localities.

According to the U.S. Environmental Protection Agency ("EPA"), a [renewable energy certificate](#) ("REC") is a market-based instrument that represents the property rights to the environmental, social, and other non-power attributes of renewable electricity generation. They are issued when one megawatt-hour ("MWh") of electricity is generated and delivered to the electricity grid from a renewable energy source. The EPA also states that RECs play an important role in accounting, tracking, and assigning ownership to renewable electricity generation and use. Whether electricity comes from resources on- or off-site, on a shared grid, RECs are the instrument that electricity consumers must use to substantiate renewable electricity use claims. In terms of their legal basis, RECs are supported by several different levels of government, regional electricity transmission authorities, nongovernmental organizations, trade associations, and U.S. case law.

Despite being widely used, RECs have been criticized by some experts who say that they are a way for companies to appear to be investing in sustainable energy for little cost without actually decreasing their emissions. Further, renewable energy developers may struggle to establish reliable customers over a long period of time, especially given how plentiful renewable credits have become. For example, a company could buy renewable credits one year and then decide not to the following year, which makes it difficult for a renewable developer to rely on them as a source of revenue. In addition, there is evidence that RECs are enabling companies to inflate their green credentials. A recent study of 115 companies showed that without the use of renewable credits, they had only reduced their electricity-related emissions by 10%, not sufficient to reach the goals of the Paris Agreement. However, when renewable credits were taken into consideration, the companies appeared to have cut their carbon pollution by an average of 31% (Shannon Osaka, Hailey Haymond.

" [Buying Renewable Energy Doesn't Mean What You Think](#)." *The Washington Post*. June 21, 2023).

Currently, the Greenhouse Gas Protocol is examining proposals to improve the impact of renewable energy, such as the "24/7 clean power" approach, which has been endorsed by Google and Microsoft. This approach more closely ties the credits companies purchase to the electricity they actually use. In this system, companies would be required to purchase credits for each hour that they operate and on their own grid. As such, a company in West Virginia could not buy renewables in Texas. Other solutions include requiring companies to track the actual emissions avoided by any purchase of green power or to report the emissions of the electricity used in their areas of operation (Shannon Osaka, Hailey Haymond. " [Buying Renewable Energy Doesn't Mean What You Think](#)." *The Washington Post*. June 21, 2023).

## THE COMPANY'S DATA CENTER RISKS

In the Company's most recent 10-K, it acknowledges that its business is dependent on its ability to maintain and scale its technical infrastructure, and any significant disruption to the Company's products and services could damage its reputation, result in a potential loss of users and engagement, and adversely affect its financial results. In addition, as the amount and types of information shared on the Company's products continue to grow and evolve, as the usage patterns of its global community continue to evolve, and as its internal operational demands continue to grow, especially with the deployment of artificial intelligence ("AI") technologies, the Company affirms that it will need an increasing amount of technical infrastructure, including network capacity, computing power, and related energy requirements, to continue to satisfy its needs. It adds that, although it is making significant investments in its technical infrastructure, it is possible that the Company may fail to continue to effectively scale and grow its technical infrastructure to accommodate these increased demands or achieve its business objectives, which may adversely affect its user engagement and advertising revenue. The Company also acknowledges that it has experienced, and could experience in the future, difficulties in building and operating key portions of its technical infrastructure. It explains that it has designed and built its own data centers and key portions of its technical infrastructure through which the Company serves its products, and it plans to continue to significantly expand the size of its infrastructure, primarily through data centers and other projects. It emphasizes that the infrastructure expansion it is undertaking is complex and involves projects in multiple locations around the world, including in developing regions that expose the Company to increased risks relating to anti-corruption compliance, trade compliance, and political challenges, among others (2024 10-K, p.28). It adds that it has changed, suspended, and terminated certain of these projects as a result of various factors, and may continue to do so in the future (p.29).

Further, the Company states that its financial results in any given quarter can be influenced by numerous factors, many of which the Company is unable to predict or are outside of its control, including: (i) costs related to its data centers and technical infrastructure as well as other costs relating to its AI initiatives; (ii) charges associated with impairment or abandonment of any assets on its balance sheet, including as a result of changes to its data center assets; and (iii) its

ability to obtain equipment, components, and labor for its data centers and other technical infrastructure in a timely and cost-effective manner, among others (p.26).

## COMPANY AND PEER DISCLOSURE

In its response to this proposal, the Company states:

*Our efforts do not simply involve purchasing renewable energy certificates (RECs) to offset emissions. Rather, a fundamental tenet of our approach to clean and renewable energy is the concept of additionality – partnering with utilities and renewable energy developers to add new projects to the grid. We have long-standing experience bringing new renewable energy to the grid and supporting projects that would otherwise not have been built. Our role in the enablement of these projects is offtaker – when developers construct and operate new projects, we purchase the renewable energy that is produced. We also prioritize contracting with clean and renewable energy projects that deliver the greatest possible decarbonization benefits to the grid in line with our work as part of the Emissions First Partnership. We have contracted for over 15 GW of new clean and renewable energy across the globe over the last decade.*

It further [addresses](#) the role of RECs, explaining that, like many companies with renewable energy goals, it receives RECs from the projects it enables. It states that RECs are essential tracking mechanisms that allow the Company to maintain a ledger of what clean energy was actually produced each year from its renewable energy projects across different states and countries. It adds that in many of the states in which the Company buys renewable energy, it is not the only buyer, as utilities, other corporations, public entities like cities, universities, and school districts also utilize RECs to track the delivery of clean electricity. The Company also explains that it uses the ledger at the end of the year to compare these RECs to how much electricity was consumed at all of its offices, data centers, and other buildings, and align with the best practices for voluntary corporate renewable energy buyers. Further, it consults with third-party auditors who review and confirm that its energy accounting is accurate.

While the majority of the Company's renewable energy portfolio is contracted through long-term agreements like power purchase agreements and green tariffs, the Company [emphasizes](#) that in some markets (particularly outside the U.S.) clean energy procurement options are more limited. In these instances, the Company looks for opportunities to structure long-term agreements in a way that supports the deployment of new renewable energy projects, in accordance with guidance from industry organizations and standard-setting bodies like RE100 and Greenhouse Gas Protocol. The Company further states that it strives to support quality, long-term projects, and only a small percentage (less than 5% of its reported 2023 renewable energy purchases) of its renewable energy is from short-term unbundled REC purchases.

Further discussing its [approach to renewable energy](#), the Company states that it has maintained net zero emissions in its global operations since 2020, and to achieve this it has reduced its emissions 94% from a 2017 baseline, primarily by matching 100% of the electricity use of its data centers and offices with renewable energy and addressing the remaining emissions with projects that remove carbon from the atmosphere. The Company also [addresses](#) accelerating the transition to renewable energy, stating that it operates one of the world's largest corporate renewable energy portfolios, with over 11,700 megawatts ("MW") contracted globally and over 6,700 MW online in the U.S., making it the largest corporate buyer in the U.S. in 2023. It then affirms that it continues matching its electricity use with renewable energy by adding new wind and solar projects to local grids, including those where its data centers are located. Further, in its response to this proposal, the Company asserts that it has continued to match its electricity consumption with 100% new clean and renewable energy projects for the last four years at a pace consistent with its load growth, and over the last decade, and that over the last decade, the Company has contracted for over 15 GW of new clean and renewable energy across the globe (2025 DEF 14A, p.88).

It also maintains a [webpage](#) dedicated to its data centers, and states that its data centers' electricity use is matched with 100% renewable energy and the Company focuses on water conservation and restoration. It also provides a data center impact map, and affirms that it is committed to making a positive impact in the places where it operates. The Company further discusses its data centers in its 2024 [Sustainability Report](#), stating that it designs and operates some of the most sustainable data centers in the industry, but they still account for the highest percentage of the firm's energy and water use. It explains that the firm approaches data center sustainability from the ground up, from design and construction to operations, by prioritizing energy efficiency, renewable energy, water stewardship, and responsible management of the end of life of the Company's equipment. It discloses that, in 2023, 91% of data center construction waste was recycled (p.39). It also emphasizes that in 2023, eight buildings at its data centers earned the LEED Gold Certification, and that to date, it has 42 LEED gold data center buildings, totaling nearly 28 million square feet (p.40).

Additionally, the Company [addresses](#) designing data centers with AI in mind, and states that building and delivering world-class AI capabilities is critical to the firm's near-term product and business success and long-term vision for the metaverse. To enable transformative AI experiences such as those based on generative AI, the Company explains that it has invested in creating scalable infrastructure to support its needs today, and for years to come. For example, it has been building and deploying world-class infrastructure since it broke ground with its first data center in 2010, and that its



next-generation data center will support the Company's current products while enabling future generations of AI hardware. It adds that its vision blends high-performance and power-efficient computing with a mix of custom hardware solutions specific to the unique needs of the firm's environment. Built with efficiency, flexibility, and sustainability in mind, the Company states that this new data center is an AI-optimized design, featuring denser racks to support large-scale AI clusters, along with future liquid-cooled AI hardware and network infrastructure. It notes that the design requires a smaller footprint to provide similar compute capacity to previous data center designs, improving delivery time and cost efficiency. In addition, its newest AI-optimized data centers currently under construction will feature dry-cooling technology. The Company explains that dry cooling uses air as the cooling medium, minimizing water usage, making it the most efficient cooling technology for these geographic locations (p.42).

It also [discusses](#) data center circularity, and discloses that it leverages the principles of circularity to limit the use of new materials in product development and construction, help us minimize and prevent waste and avoid upstream emissions. To enable greater circularity within its supply chain, the Company focuses on eliminating the use of hazardous substances and prioritizing the responsible reuse and recycling of electronic equipment. It also prioritizes the use of post-consumer recycled plastics and recycled metal in its hardware to enable a more circular supply chain, and thus, reduce the embedded carbon in its hardware. Meta emphasizes that avoiding emissions in its upstream supply chain means using less, where possible, and to achieve this, it is investing in systems that will extend the life of its hardware and reuse as many components as possible in its data center hardware (p.43).

Finally, the Company discusses its [Data Center Community Action Grants](#), which is one of the ways the firm gives back to communities where it has an operational data center. Since 2011, the Company has [provided](#) more than \$40 million in direct funding to schools and nonprofits in communities where it has a data center (p.44). It also discusses supporting climate resilience and being water positive in 2030 (pp.46-48).

Regarding board oversight, the [audit and risk oversight committee](#) assists the board in overseeing risks related to ESG. Specifically, the committee reviews with management, at least annually, the major ESG risk exposures and the steps management has taken to monitor or mitigate such exposures, in coordination with the other committees of the board as appropriate. In addition, the audit and risk oversight committee periodically reviews with management the status of the Company's ESG program and strategy. Further, the committee receives regular updates on key sustainability priorities as well as the overall net zero and sustainability program strategy, which includes the Company's energy efficiency and renewable energy work. It also has the opportunity to engage with management on the programs and policies supporting the Company's strategy, as well as transition risks, including steps taken to monitor and mitigate exposures (2025 DEF 14A, p.89).

To compare, **Amazon.com, Inc.** (NASDAQ: AMZN) shares its [Climate Pledge](#) to reach net zero carbon across its global operations by 2040, which states that the firm reached its goal to match 100% of the electricity it uses across its operations with renewable energy in 2023, seven years early, as well as that it has 24,000 electric delivery vehicles on the road globally.

The firm provides information on progress related to its carbon footprint in its most recent [Sustainability Report](#), stating that in 2023 it reduced its absolute carbon emissions by 3% and that its carbon intensity decreased for the fifth consecutive year, down to 13% from 2022 to 2023 (p.11 ). Additionally, it discusses carbon-free energy and highlights that it reached its goal of matching 100% of the electricity consumed by its global operations with renewable energy in 2023, seven years ahead of its 2030 target (pp.12,24). It also discusses data centers powered with renewable energy and states that its energy supply from utilities, combined with renewable energy it procures globally, means that 100% of the electricity consumed by 22 AWS data center regions is matched with renewable energy sources, an increase from 19 regions in 2022 (p.26).

Additionally, Amazon [discusses](#) six ways AWS innovates to increase efficiency and reduce the carbon footprint of AI workloads on its website, including: (i) designing data center infrastructure to increase efficiency; (ii) improving how it cools its facilities; (iii) transitioning to carbon-free energy sources; (iv) developing purpose-built silicon for AI workloads; (v) using more sustainable construction practices; and (vi) enabling efficient data storage and replication strategies.

Regarding purpose-built silicon for AI workloads, the firm [states](#) that it has developed purpose-built silicon like AWS Trainium chip and AWS Inferentia chips to achieve significantly higher throughput than comparable accelerated compute instances, enabling AWS to efficiently execute AI models at scale, reducing the carbon footprint for similar workloads, and enhancing performance per watt of power consumption. Moreover, in December 2024, Amazon [announced](#) its new data center components to support AI innovation and further improve energy efficiency, explaining that its new set of flexible data center components would support the next generation of generative AI innovation and provide 12% more compute power while improving availability and efficiency. It discusses upgrades for energy efficiency and sustainability, including a more efficient cooling system to reduce mechanical energy consumption, the reduction of embodied carbon in the concrete of data center shells, and the capability for backup generators to run on renewable diesel.

The firm further [discusses](#) increasing the use of free-air cooling systems that cool servers with outside air at its data



centers, which avoids the need for energy-intensive compressor-based cooling systems throughout much of the year (p.19). It also addresses its water and energy efficiency practices and discusses its commitment to being water positive by 2030, including in relation to data centers (pp.40-43).

Amazon also details its use of lower-carbon materials, [stating](#) that it is working to reduce embodied carbon in its infrastructure by increasing the use of lower-carbon materials in the firm's buildings, such as lower-carbon steel, lower-carbon concrete, and mass timber, a lower-carbon structural wood product that can replace concrete and steel in building construction. It adds that in 2023, AWS built 36 data centers with lower-carbon concrete, up from 16 in 2022, and AWS also tested a low-carbon, performance-based hydraulic cement which achieved a 64% reduction in embodied carbon compared to the industry average. It also states that in January 2024, AWS updated its design standards to require the use of concrete with 35% less embodied carbon than the industry average in new data centers around the world. Amazon further explains that by incorporating higher-strength steel into its data center structural designs, AWS has reduced steel content by 70 tons for each two-story data center and 137 tons for each three-story data center, decreasing emissions by 63 and 124 metric tons of CO<sub>2</sub>e, respectively. It notes that in 2023, AWS built 31 data centers with lower-carbon steel, up from 10 in 2022 (p.19).

Regarding oversight, the [nominating and corporate governance committee](#) oversees and monitors the firm's environmental and sustainability policies and initiatives, including its progress on The Climate Pledge, and risks related to the firm's operations, supply chain, and customer engagement.

To further compare, **Alphabet Inc.** (NASDAQ: GOOGL) maintains a [webpage](#) dedicated to its data centers, which are in 11 countries and 29 locations worldwide. It [explains](#) that a Google-owned and -operated data center is, on average, approximately 1.8 times as energy efficient as a typical enterprise data center. It adds that, in 2023, the average annual power usage effectiveness for its data centers was 1.10 compared with the industry average of 1.58, meaning that its data centers used about 5.8 times less overhead energy for every unit of IT equipment energy. It notes that last year, the firm introduced a [water risk framework](#) to further identify climate-conscious [cooling solutions](#) that consider carbon-free energy availability, watershed health, and future water needs. It also affirms that it sees its growing infrastructure as an opportunity to drive the innovations and investments needed to power a low-carbon economy (p.3).

Alphabet maintains a [goal](#) to operate carbon-free energy, 24 hours a day, 7 days a week, 365 days a year, by 2030. It also [states](#) that data centers are a key part of Google's journey toward net zero carbon, and that it is actively working on ways to reduce the amount of GHG emissions from its data center construction by reducing the quantity of materials required to build its data centers as well as using more sustainable materials such as green concrete and renewable diesel in construction activity. However, it [acknowledges](#) that, in 2023, its total GHG emissions increased 13% year-over-year, primarily driven by increased data center energy consumption and supply chain emissions (p.4). It further discusses its progress summary, stating that it maintained a global average of approximately 64% carbon-free energy across its data centers and offices from 2022 to 2023, despite growth in electricity demand over this period. Nevertheless, it discloses that its total GHG emissions were 14.3 million tCO<sub>2</sub> e, representing a 13% year-over-year increase and a 48% increase compared to its 2019 target base year, primarily due to increases in data center energy consumption and supply chain emissions (p.7).

The firm also [discusses](#) responsibly managing the resource consumption of AI, stating that while AI offers new solutions for climate action, it also has its own environmental impact. It then discusses Google's impact, and discloses that based on the most recent estimates as of 2022, global data center electricity consumption is 240-340 TWh, or around 1%-1.3% of global electricity demand. Using these estimates as a proxy for 2023, Google's data center consumption of more than 24 TWh in 2023 translates to approximately 7%-10% of global data center electricity consumption and approximately 0.1% of global electricity demand. It then states that while data centers consume electricity and contribute to emissions, cloud and hyperscale data centers collectively represent only an estimated 0.1%-0.2% of global GHG emissions, based on the most recent global estimates as of 2022. It affirms that, in 2023, its total data center electricity consumption grew 17%, despite maintaining a 100% global renewable energy match. It adds that as Google's infrastructure continues to power the digital transition, it expects this trend to continue in the future, but the firm sees its growing infrastructure as an opportunity to drive the innovations and investments needed to power a low-carbon economy (p.12).

Additionally, it [states](#) that overall, total GHG emissions increased by 13%, highlighting the challenge of reducing emissions while compute intensity increases and the firm grows its technical infrastructure investment to support the AI transition. It further states:

*Predicting the future environmental impact of AI is complex and evolving, and our historical trends likely don't fully capture AI's future trajectory. As we deeply integrate AI across our product portfolio, the distinction between AI and other workloads will not be meaningful. So, we're focusing on data center-wide metrics since they include the overall resource consumption (and hence, the environmental impact) of AI.*

*AI is at an inflection point and many factors will influence its ultimate impact—including the extent of AI adoption, our ability to mitigate its footprint, and the pace of continued innovation and efficiency. Additionally, system-level*

*changes are needed to address challenges such as grid decarbonization, evolving regulations, hard-to-decarbonize industries, and the availability of carbon-free energy. While we remain optimistic about AI's potential to drive positive change, we're also clear-eyed about its potential environmental impact and the collaborative effort required to navigate this evolving landscape.*

It also affirms that it is committed to responsibly managing the environmental impact of AI by deploying three major strategies: model optimization, efficient infrastructure, and emissions reductions (p.12).

Finally, oversight of environmental sustainability primarily resides with the [audit and compliance committee](#) of Alphabet's board, which reviews and discusses with management the firm's risk exposures, including those related to environmental sustainability, which can include climate-related issues, and the steps that the firm takes to detect, monitor, and actively manage such exposures. The Chief Sustainability Officer keeps the audit and compliance committee apprised of climate-related issues, and raises these issues on an as-needed basis. Climate-related issues may also be added to the agenda for meetings of the full board on an as-needed basis (pp.24-25).

Summary	
GRI/SASB-Indicated Sustainability Disclosure	<a href="#">GRI and SASB</a>
Peer Comparison	Overall, we find the Company and its peers have provided relatively commensurate disclosure concerning their efforts to reduce the carbon footprint of AI as well as how they are managing the environmental impact of their data centers.
Analyst Note	The Company provides robust climate disclosures and maintains explicit board-level oversight of climate. It also affirms that it continues matching its electricity use with renewable energy by adding new wind and solar projects to local grids, including those where its data centers are located.

## RECOMMENDATION

Glass Lewis believes that investors should take a look at proposals such as this on a case-by-case basis in order to determine if the requested report will clearly serve their interests. In this case, the proponent requests that the Company disclose a transition plan that results in new renewable energy capacity, or other actions that achieve actual emissions reductions at least equivalent to the energy demand associated with its expanded data center operations . We understand how the use of this rapidly developing and highly emitting technology could present challenges to the execution of the Company's climate plans, particularly given that many of them were developed prior to the full integration of AI in many aspects of its operations.

For example, the proponent appears to take issue with the Company's use of renewable energy credits in order to offset some of its emissions. However, in situations such as this, we believe that companies should be afforded some latitude in how they deliver on their broader climate plans. There will likely be more advancements in AI and in energy technology in the coming years. We, therefore, believe that the Company will need to remain flexible with respect to some aspects of its plans in order to stay responsive to changing market conditions and technological developments.

We understand that, alongside the Company being responsive to these developments, shareholders also require sufficient information to allow them to assess how the Company is managing and mitigating climate-related risks, including those related to its data center operations. However, we believe that the Company has demonstrated responsiveness to these issues and that it has provided robust disclosures concerning how it currently intends to execute on its climate commitments. As this issue continues to develop and as the Company further integrates new technologies into its operations, we expect the Company to further develop both its climate plans and its disclosures of those plans. At this time, however, we believe that the Company's existing disclosures adequately address the issues raised by the proponent and provide a sufficient basis for shareholders to understand how the Company is managing these issues. As such, we are unconvinced that the additional disclosure requested by this proposal would meaningfully benefit shareholders at this time.

We recommend that shareholders vote **AGAINST** this proposal.

# 13.00: SHAREHOLDER PROPOSAL REGARDING ASSESSMENT OF INVESTMENTS IN BITCOIN

AGAINST

<b>PROPOSAL REQUEST:</b>	That the board conduct an assessment to determine if adding Bitcoin to the Company's treasury is in shareholders' best interests	<b>SHAREHOLDER PROPONENT:</b>	Ethan Peck on behalf of IP 2006 GRAT Robert Peck Descendants Trust
<b>BINDING/ADVISORY:</b>	Precatory		
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>			
<b>AGAINST</b> - Not in the best interests of shareholders			

## SASB MATERIALITY

**PRIMARY SASB INDUSTRY:** Internet Media & Services

**FINANCIALLY MATERIAL TOPICS:**

- Environmental Footprint of Hardware Infrastructure
- Data Security
- Intellectual Property Protection & Competitive Behavior
- Data Privacy, Advertising Standards & Freedom of Expression
- Employee Recruitment, Inclusion & Performance

## GLASS LEWIS REASONING

- We believe that management and the board typically have more and better information about the Company and its operations and are, therefore, in the best position to make decisions regarding the Company's investment strategies, absent egregious behavior or disregard of shareholder interests.

## PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders request that the Board conduct an assessment to determine if adding Bitcoin to the Company's treasury is in the best interests of shareholders.*

### Proponent's Perspective

- As of September 30, 2024, the Company has \$256 billion in total assets, \$72 billion of which is cash, cash equivalents, and marketable securities, including U.S. government bonds and corporate bonds;
- Since cash is consistently being debased and bond yields are lower than the true inflation rate, 28% of the Company's total assets are consistently diminishing shareholder value simply by sitting on the balance sheet;
- The Company should, and perhaps has a fiduciary duty to, consider replacing some, or some percentage, of its assets with assets that appreciate more than bonds, even if those assets are more volatile short-term;
- Due to its verifiable fixed supply, Bitcoin is the most inflation-resistant store of value available, which is especially true compared to other liquid assets;
- As of December 20, 2024, the price of Bitcoin increased by 124% over the previous year, outperforming bonds by roughly 119% on average, and over the past five years, the price of Bitcoin increased by 1,265%, outperforming bonds by roughly 1,262% on average;
- The Company's second-largest institutional shareholder, BlackRock, advised that a 2% Bitcoin allocation is reasonable, and the reasoning behind that allocation holds true for the Company's assets;
- Corporate and institutional Bitcoin adoption is becoming more commonplace and proving to be an effective strategy; and
- At minimum, the Company should evaluate the benefits of exchanging some, even just a few percent, of its cash and bonds for Bitcoin.

### Board's Perspective

- The Company utilizes a thorough decision-making process that considers many types of investable assets;
- The audit and risk oversight committee provides oversight over the Company's treasury policies, and the Company's primary goals are to preserve capital and provide liquidity;
- To support the Company's ongoing operations, working capital, and capital expenditure needs, management comprehensively reviews a wide and diverse range of investable assets, including those that offer diversification and risk mitigation, on an ongoing basis;
- As part of its review process, the Company assesses the volatility of potential assets and seeks to invest in those which provide a balanced mix of stability and long-term return to support the Company's financial sustainability; and
- While the Company is not opining on the merits of cryptocurrency investments compared to other assets, the requested assessment is unnecessary given the Company's existing processes to manage its corporate treasury.

## GLASS LEWIS ANALYSIS

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders. However, while the board and management are responsible for making these business decisions, we also believe that it is important that shareholders be provided with sufficient information to allow them to gauge the effectiveness and rigor of the management and oversight of key issues.

### BACKGROUND

This proposal requests that the Company undertake an assessment to determine whether adding Bitcoin to the Company's treasury is in the best interests of shareholders. [Bitcoin](#) was the world's first digital currency, conceptualized in the early 1980s but not launched as a usable digital currency until 2009, when Satoshi Nakamoto, a pseudonym whose true identity has never been verified, launched Bitcoin in January of that year. Nakamoto also introduced the blockchain system, the backbone of the cryptocurrency market. [Cryptocurrency](#) is made usable through blockchain technology, which is a digital ledger of transactions replicated and distributed across a network of computer systems, securing the information. Though some countries (such as China, India, and Saudi Arabia) have banned cryptocurrency mining and trading, many other countries have fully embraced it. For example, the U.S. Securities and Exchange Commission ("SEC") approved 11 spot Bitcoin exchange-traded funds in January 2024, and in July 2024 gave final approval for spot Ether ETFs to start trading, adding legitimacy to the asset class (Julie Pinkerton. " [The History of Bitcoin](#)." *U.S. News and World Report*. October 23, 2024).

The two most widely used cryptocurrencies are Bitcoin and Ether. When combined, both currencies account for about 70% of the cryptocurrency global market cap and more than half of all trading volume as of May 31, 2024 (Amy C. Arnott, CFA. " [How to Use Bitcoin in Your Portfolio](#)." Morningstar. June 4, 2024). Despite its growing popularity, Bitcoin has exhibited notable volatility since it entered the markets in 2009, an issue noted by both the Company and the proponent. While it was being championed as the best investment of the year in 2013 by *Forbes*, a year later, *Bloomberg* countered that it was the worst investment in 2014. Further, controversy ensued when FTX, the leading cryptocurrency exchange by trading volume, declared bankruptcy in late 2022 as panicked customers created an \$8 billion liquidity shortfall (Julie Pinkerton. " [The History of Bitcoin](#)." *U.S. News and World Report*. October 23, 2024).

An important feature of Bitcoin, unlike traditional currencies such as the dollar or pound, is that it is not controlled by centralized financial institutions. While this feature is appealing to some investors, it leaves the digital currency vulnerable to extreme volatility. Another unique feature of Bitcoin is that there is not an infinite supply of bitcoins, unlike other digital currencies. For example, the amount of Bitcoin that can be mined by "miners" (who validate the blockchain transactions and are then paid in cryptocurrency) is capped at 21 million, with most bitcoins already in circulation. As a result, approximately every four years, once the Bitcoin blockchain achieves a certain size, the amount rewarded to "miners" decreases by half. Although this extends the supply of Bitcoin, not all investors may be satisfied with smaller returns for mining, especially given the significant amount of energy required to update the blockchain (Brandon Drenon, Joe Tidy, Liv McMahon. " [What is Bitcoin? Key Cryptocurrency Terms and What They Mean](#)." *BBC*. April 23, 2024).

Asset management firms like BlackRock have [explored](#) Bitcoin as a unique diversifier. BlackRock and Fidelity Investments both launched Bitcoin ETFs on January 11, 2024, representing a watershed moment for cryptocurrency. BlackRock's [iShares Bitcoin Trust ETF](#) and the [Fidelity® Wise Origin® Bitcoin Fund](#) both make Bitcoin more accessible to investors (Katie Greifeld, Sidhartha Shukla. " [BlackRock's \\$20 Billion ETF Is Now the World's Largest Bitcoin Fund](#)." *Bloomberg*. May 29, 2024). According to BlackRock, Bitcoin [appeals](#) to investors due to its detachment from traditional risk and return drivers.

However, according to a February 2024 [survey](#) from the Pew Research Center, 63% of Americans have little to no confidence that current methods of investing in, trading, or using cryptocurrency are safe and reliable. It further noted that the number of Americans who have used cryptocurrency has not grown in the past three years. Since 2021, only 17% of U.S. adults say they have ever invested in, traded, or used a cryptocurrency. Additionally, among those who are familiar with but have not invested in cryptocurrency, 82% say they are not very or not at all confident in it, compared to 39% among those who have invested in cryptocurrency.

Without wider acceptance of Bitcoin as a currency, some contend that its value appears to mostly hinge on market sentiment and speculation, rather than intrinsic value, which makes it a risky asset. As such, some have argued that Bitcoin's frequent price fluctuations have undermined its reliability as a store of value or as a hedge against inflation, at



least in the short-term (Mike Winters. " [Bitcoin's Dizzying Price Movements Make it a Risky Investment. Say Investing Experts: 'It's Pure, Unadulterated Speculation'.](#)" *CNBC*. August 8, 2024). Morningstar recommends holding cryptocurrency for at least ten years, based on how long it usually takes to recover from a drawdown. Morningstar also notes that Bitcoin, Ether, and other cryptocurrencies have become less valuable as portfolio diversifiers because their correlations with other major asset classes have steadily risen in recent years. As a result, it has found that there is no guarantee that adding a cryptocurrency will improve a portfolio's risk-adjusted returns (Amy C. Arnott, CFA. "[How to Use Bitcoin in Your Portfolio.](#)" Morningstar. June 4, 2024).

In March 2025, President Trump [signed](#) an executive order to establish the Strategic Bitcoin Reserve, which would consolidate all the Bitcoin seized through criminal or civil forfeiture to hold as a reserve asset by the U.S. Department of the Treasury. Proponents of the action stated the reserve would hedge against financial instability, and that Bitcoin could help pay down the U.S. national debt, while opponents emphasized that Bitcoin is too speculative and volatile, making the reserve a risky approach to the country's financial future. At the time of Trump's order, the reserve was estimated to be worth \$17 billion (Allison Morrow. "[A Non-Crypto Person's Guide to the 'Bitcoin Strategic Reserve'.](#)" *CNN Business*. March 8, 2025). The Strategic Bitcoin Reserve is expected to hold five types of cryptocurrency: Bitcoin, Ether, XRP, Solana, and Cardano, and its creation followed an executive order from Trump on January 23, 2025, to [establish](#) a Working Group on Digital Asset Markets (Juliana Kim. "[4 Things to Know About Trump's Plan for a 'Crypto Strategic Reserve'.](#)" *NPR*. March 4, 2025).

## RECOMMENDATION

Glass Lewis believes that a well-functioning, informed board of directors should receive reasonable deference (though not complete deference) from shareholders on matters such as its investment strategies. Such a board is often in the best position, with more information and experts at its disposal, to assess a company's investment needs in relation to its operational plans, growth prospects and strategic alternatives. On proposals such as the present one, which ask shareholders to assert their judgment in place of the judgment of the board, we believe the burden is on the shareholder proponents to clearly demonstrate that the directors' judgment is incorrect and that the proposals, despite management opposition, will yield an increase in shareholder value. In the absence of some credible indication that the board has exercised poor judgment in its company oversight functions, we do not believe shareholders should substitute their judgment regarding the Company's investment strategies. Rather, shareholders should use their influence to push for a governance structure that protects shareholders and can hold directors accountable through a vote on the election of directors.

Moreover, it appears that, to an extent, the Company has already fulfilled the request of this proposal, which requests that the board "conduct an assessment to determine if adding Bitcoin to the Company's treasury is in the best interests of shareholders." Specifically, in response to this resolution, the Company states that:

*To support our ongoing operations, working capital, and capital expenditure needs, management comprehensively reviews a wide and diverse range of investable assets, including those that offer diversification and risk mitigation, on an ongoing basis. As part of this process, we assess the volatility of potential assets and seek to invest in those which provide a balanced mix of stability and long-term return to support our financial sustainability.*

*While we are not opining on the merits of cryptocurrency investments compared to other assets, we believe the requested assessment is unnecessary given our existing processes to manage our corporate treasury.*

Ultimately, we have no reason to suspect that the Company would not make investments in Bitcoin should it determine that it was in the best long-term interests of shareholders. As such, we do not find a clear showing by the proponents that shareholders should, in this instance, supplant the judgment of the board and management team or that adoption of this proposal will clearly lead to an increase in shareholder value. Accordingly, we are not convinced that adoption of this proposal is warranted at this time.

We recommend that shareholders vote **AGAINST** this proposal.



# 14.00: SHAREHOLDER PROPOSAL REGARDING TRANSPARENCY REPORT ON DATA COLLECTION AND ADVERTISING PRACTICES

FOR

<b>PROPOSAL REQUEST:</b>	That the Company transparently report on its data collection and advertising practices, as below	<b>SHAREHOLDER PROPONENT:</b>	Tulipshare Capital LLC on behalf of Tulipshare Fund 1 LP
<b>BINDING/ADVISORY:</b>	Precatory	<b>REQUIRED TO APPROVE:</b>	Majority of votes cast
<b>PRIOR YEAR VOTE RESULT (FOR):</b>	N/A		
<b>RECOMMENDATIONS, CONCERNS &amp; SUMMARY OF REASONING:</b>	<b>FOR -</b> <ul style="list-style-type: none"> <li>Additional disclosure could provide shareholders with a better basis to understand risks</li> </ul>		

<b>SASB MATERIALITY</b>	<b>PRIMARY SASB INDUSTRY:</b> Internet Media & Services
	<b>FINANCIALLY MATERIAL TOPICS:</b> <ul style="list-style-type: none"> <li>• Environmental Footprint of Hardware Infrastructure</li> <li>• Data Security</li> <li>• Intellectual Property Protection &amp; Competitive Behavior</li> <li>• Data Privacy, Advertising Standards &amp; Freedom of Expression</li> <li>• Employee Recruitment, Inclusion &amp; Performance</li> </ul>

## GLASS LEWIS REASONING

- Given recent fines, rulings, and investigations by regulators and the legislative attempts at exposing internet platforms to more liability on account of user privacy and advertising on their websites, we believe that shareholders would be served by additional disclosure of how the Company is managing the issues raised by this proposal.

## PROPOSAL SUMMARY

**Text of Resolution:** *RESOLVED: Shareholders request that the Board publish a publicly accessible report—prepared at reasonable expense, excluding proprietary information—providing tangible, comprehensive transparency regarding Meta's data collection and advertising practices, with a specific focus on improving disclosure of the following issues:*

1. Detailed Breakdown of Data Collection, Sharing, Retention
2. Improved User Consent Mechanisms
3. Use of Data for Ad Targeting
4. Impact Assessments/Audits on User Privacy and Business
5. Details on Cross-Platform Data Integration

### Proponent's Perspective

- The Company has improved transparency and user control regarding data collection and targeted advertising practices, but reputational, financial, and legal risks persist as regulators and shareholders scrutinize the Company's practices, urging for more robust measures to protect user privacy and comprehensive disclosure of data collection/retention;
- A recent study analyzing privacy policies of over 5,000 apps determined that the Company's apps were the most privacy-invasive, with Instagram and Facebook tying for first place as "most invasive" (and with Meta Business Suite and Messenger tying for third place) due to the apps' collection of 32 types of user data, including sensitive information with a significant portion of the data being tracked and linked to individual users;
- The Company incurs substantial harm due to privacy violations, impacting financial performance and signaling potential future liabilities;
- The Company was fined by U.S. and UK regulators and recently agreed to a \$31.85 million settlement with Australian regulators over the Cambridge Analytica scandal;

### Board's Perspective

- The Company's privacy work is underpinned by governance structures that foster accountability for privacy at every level, led by its CEO and chief privacy officer, product, with board oversight led by the privacy and product compliance committee;
- The Company continues to invest in protecting people's data as systems, technology, and expectations evolve;
- The Company has external oversight by an independent, third-party assessor;
- The Company leverages its Privacy Risk Management program process to identify risk themes, enhance its privacy program, and prepare for future compliance initiatives;
- Central to the Company's development process is privacy review, in which it assesses how data will be used and protected as a part of new or updated technologies, programs, and practice;
- The Company's Privacy Center contains guides and controls related to common privacy topics, including a dedicated module on ad preferences, which provides users with more information about how the Company uses data to show relevant ads and allows them to set their preferences;

- Shareholders sued the Company for SEC filings treating the risk of unauthorized use of user data as a hypothetical when the Company already knew Cambridge Analytica accessed information on 30 million users;
- The Company was fined €1.2 billion for breaching the General Data Protection Regulation by illegally transferring EU users' data;
- Meta Pixel has opened avenues for privacy and healthcare litigation;
- The Company's Privacy Policy does not fully detail the extent/specifics concerning the exact nature/granularity of data collected across all platforms, particularly concerning user interactions, device information, geolocation, biometric data, identified and deidentified data (including photos, videos, audio), offline conversions, and off-platform activities; and
- Though the Company states that it obtains user consent for data collection and processing, specific methods by which consent is obtained, how users are informed about data practices, options for users to manage/withdraw consent, cross-platform data integration, and how artificial intelligence/algorithms process user data to create targeted advertisements (including criteria/data used) are not thoroughly detailed, raising concerns about the adequacy of informed consent and the ability to opt-out of specific data collection practices.
- The Privacy Policy includes links and resources where people can learn more about the privacy topics that interest them, and it has a dedicated section regarding how the Company shares information with third parties;
- The Company is committed to giving users control over their privacy and protecting their information, which is why it has built tools to help users secure their information and make their own privacy choices, while adhering to stringent industry standards for privacy and protecting their personal data;
- The Company offers controls relating to audience-based advertising and the use of activity data from other apps and websites to personalize ads, as well as the ability for users to access and download their information it uses for ads and to hide ads from particular advertisers;
- The Company recently published its annual Privacy Progress Update in January 2025, detailing how the Company addresses privacy risks, privacy product outcomes, technical privacy investments, and its ongoing commitment to privacy; and
- The Company remains committed to transparency on these topics.

## THE PROPONENT

### ***Tulipshare Limited***

Tulipshare, founded in 2021, is an investment platform where users (generally retail investors) are able to "[pledge](#) their shares" and demonstrate an interest in a variety of its campaigns. Tulipshare is not an investor, and, therefore, has no AUM. It explains that through strategic meetings with company boards and their ESG or legal teams, it actively advocates for change and drive conversations that go beyond tradition ESG considerations. Tulipshare states that it [seeks](#) to "help like-minded investors use their money to push for stronger environmental and social commitments, using corporate governance to create positive ethical impact, ensuring the companies [it invests its] money in are being responsibly managed by accountable leadership."

Based on the disclosure provided by companies concerning the identity of proponents, during the first half of 2024, Tulipshare submitted three shareholder proposals that received 21.3% support (excluding abstentions and broker non-votes), with no proposals receiving majority support.

## GLASS LEWIS ANALYSIS

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders.

## REGULATIONS GOVERNING PLATFORM CONTENT AND ADVERTISING

For a number of years, regulators and legislators have attempted to govern what content online platforms display and advertise. For example, in 2021, a bipartisan group of U.S. Congressional representatives presented the Filter Bubble Transparency Act, which would require internet platforms to offer versions of their services not driven by personal data algorithms. The group planned to continue collaborating on tech and antitrust issues moving forward (Ashley Gold. "[Exclusive: New Bipartisan Bill Takes Aim at Algorithms](#)." *Axios*. November 9, 2021).

More recently, the European Parliament and EU member states reached a deal on the Digital Services Act ("DSA"), a landmark piece of legislation that aims to address illegal and harmful content online by requiring platforms to remove it quickly. Under this new bill, tech companies will be required under the DSA to implement new procedures designed to remove illegal material such as hate speech, incitement to terrorism, and child sexual abuse. Additionally, the DSA includes measures compelling tech firms to be more transparent concerning how their algorithms recommend content, and to require large online platforms and search engines to take certain measures in the event of a crisis, such as Russia's invasion of Ukraine. The DSA will also limit how digital companies target users with online ads, effectively stopping them from targeting users with algorithms using data based on gender, race, or religion, and prohibiting targeting children with ads. The DSA will also prohibit deceptive tactics designed to push people toward specific products and services. Failure to comply with the law may result in fines of up to 6% of companies' global annual revenues, which for the Company, could result in a penalty as high as \$7 billion based on its 2021 sales figures. The DSA is now subject to formal EU approval, and is expected to take effect as early as 2024 (Ryan Browne. "[EU Agrees on Landmark Law Aimed](#)

[At Forcing Big Tech Firms to Tackle Illegal Content.](#) "CNBC. April 22, 2022).

Europe also passed its [Digital Markets Act](#), which was scheduled to come into force in November 2022 and whose aim was to apply new rules to the ten "core platform services," including the Company. Companies deemed gatekeepers, meaning those with an annual turnover of more than €7.5 billion in the EU or a market capitalization of €75 billion and serving more than 45 million monthly European end users and 10,000 yearly business customers for the previous three years, would be forced to comply with practices to ensure an open online environment that is fair for businesses and consumers. So if strictly enforced, some companies would have to install third-party apps and app stores and allow third parties to interoperate with their services. Gatekeepers would also be banned from prioritizing their own services by using data from their platform business to compete on their own platform. Experts explained that the legislation would not be enforceable in part until at least early May 2023, and not in full until mid-2024 (Harry Guinness. " [Europe's Big New Digital Markets Act Could Help Hold Tech Giants Accountable.](#)" *Popular Science*. October 31, 2022).

A number of states have recently passed data privacy laws that could have an impact on tech companies' use of targeted advertising. For example, the [California Consumer Privacy Act of 2018](#) provides certain privacy rights for consumers, such as the right to know about the personal information a business collects about them and how it is used and shared, the right to delete personal information collected from them, and the right to opt-out of the sale of their personal information. Additionally, the [Virginia Consumer Data Protection Act](#) gives consumers the right to submit a request to access and correct inaccuracies within, and delete personal data that has been obtained about them, among other things. The act will go into effect in January 2023. Colorado recently passed a similar measure, while several other states, including New Jersey, New York, Washington, Minnesota, and Oklahoma, have or have had privacy bills under consideration.

Other countries also maintain data privacy regulations. For example, the General Data Protection Regulation ("GDPR"), adopted in 2016, aims to align data privacy laws across the European Union's member countries and to provide greater protection and rights for individuals. Additionally, the GDPR alters how businesses and organizations can handle the information of those who interact with them, potentially imposing large fines and reputational damage for those found in breach of the rules. Smaller offenses can result in fines of up to €10 million or 2% of a firm's global turnover, while the largest GDPR breaches can incur fines of up to €20 million or 4% of a firm's global turnover (Matt Burgess. " [What Is GDPR? The Summary Guide to GDPR Compliance in the UK.](#)" *Wired*. March 24, 2020).

## PRIVACY AND ADVERTISING CONTROVERSIES

### ***Racial & Gender Discrimination***

The Company has been criticized for allowing advertisers to use its targeting tools to show housing or employment ads only to white people. For example, in 2018, the National Fair Housing Alliance and affiliated groups filed a lawsuit against the Company, alleging that its actions are a violation of the Fair Housing Act, which prohibits the publishing of housing ads that indicate preferences or limitations based on race, religion, handicaps, familial status, or national origin (Charles V. Bagli. " [Facebook Vowed to End Discriminatory Housing Ads. Suit Says It Didn't.](#)" *New York Times*. March 27, 2018). The Company also settled a lawsuit with the ACLU over its advertising practices. As part of that settlement, the Company agreed to pay approximately \$5 million to cover legal fees and other costs as well as to [overhaul](#) its ad targeting for housing, credit, and employment ads so they can't be used to discriminate on the basis of race and ethnicity, gender, and other legally protected categories in the U.S., including national origin and sexual orientation (" [Facebook Overhauls Ad Targeting to Prevent Discrimination in Housing, Credit and Employment.](#)" *Associated Press*. March 19, 2019). Further, HUD filed a civil complaint against the Company, seeking damages for any person harmed by the Company's targeted advertising policies. HUD estimated the number of affected users could be millions. HUD is asking for unspecified monetary damages and "the maximum civil penalty" for each violation of housing laws. An expanded inquiry toward Twitter and Google is also pending (Sara Salinas. " [Trump Administration Charges Facebook with 'Discriminatory' Housing Advertising Practices.](#)" *CNBC*. March 28, 2019).

Further, a study by researchers from Northeastern University, the University of Southern California, and Upturn, a nonprofit, found that the Company's algorithms may lead to discriminatory ad delivery based on gender and ethnic stereotypes. "Ad delivery" refers to how algorithms decide who should see an ad. In this case, the researchers said "skewed" ad delivery occurred on the Company's platform "due to market and financial optimization effects as well as the platform's own predictions about the 'relevance' of ads to different groups of users," as well as an advertiser's budget and the content of the ads. Further, they said there is significant skew along gender and racial lines in ads to employment and housing, even if an advertiser selects neutral targeting categories. In a statement, the Company said it has made changes to its ad platform to limit discrimination. (Megan Graham. " [Facebook Delivers Ads Based on Race and Gender Stereotypes. Researchers Discover.](#)" *CNBC*. April 4, 2019).

In August 2020, the Company dropped its racial ad targeting option, announcing in a business blog post that it was making changes to "multicultural affinity" segments to help streamline the ad targeting options available to buyers, who funnel in the majority of its annual revenue. The post detailed updates made to a tool that critics have linked to

discriminatory ad practices (Jason Murdock. [Facebook Racial Ad Targeting Options Quietly Dropped After Years of Criticism](#)." *Newsweek*. September 1, 2020).

Based on tests run in late 2020, a study led by the University of Southern California researchers found that the Company's systems were more likely to present job ads to users if their gender identity reflected the concentration of that gender in a particular position or industry. The study further noted that the Company's algorithms appear to produce skewed outcomes even if an employer intended to reach a demographically balanced audience (Jeff Horwitz. ["Facebook Algorithm Shows Gender Bias in Job Ads. Study Finds."](#) *The Wall Street Journal*. April 9, 2021).

### **International Data Transfers**

Ireland's Data Protection Commission announced in May 2023 that the EU had fined the Company \$1.3 billion, a record fine, under the GDPR for transferring European users' data to the U.S. In January of the same year, the Company was fined €390 million because it made accepting personalized ads a condition for using Facebook (Adam Satariano. ["Meta Fined \\$1.3 Billion for Violating E.U. Data Privacy Rules."](#) *The New York Times*. May 22, 2023).

### **Allegations of Privacy Violations**

The Company has faced a number of allegations and fines concerning the privacy rights of its users. For example, the Company and TikTok currently face a proposed class action lawsuit over allegedly collecting customers' personal health information from the online pharmacy Hey Favor Inc. without consent, according to a federal court ruling. The suit claims the Company and TikTok violated California privacy law after Favor shared sensitive information with third-party providers of online tracking tools, despite Favor's guarantee that it didn't sell or market collected personal information (Christopher Brown. ["Meta, TikTok Take Loss in Pixel Lawsuit Over Health Info Sharing."](#) *Bloomberg Law*. January 18, 2024).

Further, in 2024, eight different EU consumer groups from the Czech Republic, Denmark, France, Greece, Norway, Slovakia, Slovenia, and Spain requested that regulators take action against the Company after complaints that it breached privacy rules by collecting user data for targeted ads. The deputy director general of the European Consumer Organization stated that the Company's practices were infringing on people's fundamental rights and also criticized the Company's new ad-free subscription service, which critics said made users pay for their privacy (Foo Yun Chee. ["Meta Targeted in Privacy Complaints by EU Consumer Groups."](#) *Reuters*. February 29, 2024).

The EU has made other complaints regarding the Company's (as well as other technology companies') paid services, which the European Commission said could violate the Digital Markets Act ("DMA"). Specifically, the Commission stated that Apple's and Alphabet's fee structures went against the law's "free of charge" requirement and that the Company should offer a free alternative to its no-ad subscription service. The Commission anticipated that the investigations would be complete within a year, and if found to be in violation, the tech companies could face large fines (Foo Yun Chee, Bart H. Meijer. ["Apple, Google, Meta Targeted in EU's First Digital Markets Act Probes."](#) *Reuters*. March 25, 2024). Around the same time, the European Data Protection Board ("EDPB") requested that the Company, as well as other large online platforms, offer users a free option without targeted advertising. The EDPB's opinion came after it was asked by privacy regulators in the Netherlands, Norway, and Germany to look into consent or pay models used by large online platforms such as the Company (Foo Yun Chee. ["Meta Should Give Users Free Option Without Targeted Ads, EU Privacy Watchdog Says."](#) *Reuters*. April 17, 2024).

In November 2023, the EDPB announced that, under GDPR, the Company could not collect user data for targeted ads. The Company had previously argued that its data practices were justifiable under GDPR because it entered into a contract with users when they agreed to its terms of service. In addition, the Company stated that its practices were justifiable because it had a "legitimate interest" in processing user data for business activities. Under the GDPR, the Company must cite one of several legal justifications in order to collect its users' personal data for the purpose of advertising (Brian Fung. ["EU Clamps Down on Meta's Use of Personal Data for Targeted Ads."](#) *CNN*. November 1, 2023).

Specific information collected by the Company could also present potential risks. In April 2024, the EU Court of Justice's advocate general stated in a non-binding opinion that public information on sexual orientation should not be processed for targeted advertising and should be safeguarded from it. The opinion came after Austria's supreme court asked for guidance on how to apply GDPR. A lawyer in the case stated that there would be a chilling effect on free speech if users lost their rights to published information. In response, a Company spokesperson emphasized that it "does not use sensitive data that users provide to [it] to personalize ads." The court further explained in the opinion that judges should assess the proportionality in how long the Company holds onto personal data for targeted ads, as the GDPR bans the "processing of personal data for the purposes of targeted advertising without restriction as to time." Regulators are also examining how the Company tracks users' internet browsing and smartphone apps for the purpose of targeted advertising (Samuel Stolton. ["Meta Gets EU Warning Over Use of Sexual Orientation Data."](#) *Bloomberg*. April 25, 2024).

The Company is also still facing ramifications as a result of the 2016 Cambridge Analytica scandal. For example, in November 2024, the U.S. Supreme Court had difficulty determining what companies are required to disclose about past events when warning shareholders about future risks, as it dealt with a case over the unauthorized misuse of Facebook



user data. Several of the court's justices were concerned that permitting the 2016 multi-billion-dollar shareholder lawsuit against the Company, regarding Cambridge Analytica, could dramatically expand business liability and possibly lead to over-disclosure. Given the potential implications for both companies and shareholders, the Supreme Court was considering whether to leave the issue up to the SEC to clarify its regulations (Kimberly Strawbridge Robinson. "[Meta Investor Suit Over Proper Disclosure Troubles Supreme Court \(1\)](#)." *Bloomberg Law*. November 6, 2024). Later that month, the court dismissed the Company's appeal, meaning that it must face the multi-billion-dollar lawsuit which accuses the Company of misleading shareholders about the data-harvesting scandal involving Cambridge Analytica (Greg Stohr. "[Meta Must Face Investor Suit After Supreme Court Drops Case \(2\)](#)." *Bloomberg Law*. November 22, 2024).

In addition, the Company has recently agreed to pay \$31.85 million in a settlement with Australia's privacy regulator, the Office of the Australian Information Commissioner over the Cambridge Analytica scandal. The Commissioner's office claimed that the Company was disclosing some users' personal information to Facebook's personality quiz app, This Is Your Digital Life, as part of a broader scandal. The breaches were first reported by *The Guardian* in 2018, and Facebook received fines in the U.S. and the UK in 2019, and the Australian regulator had been involved in litigation with the Company over the matter since 2020. The Commissioner's office specifically claimed that the personal data of 311,127 Australian Facebook users was "exposed to the risk of being disclosed" to Cambridge Analytica for profiling purposes. Following the settlement, the Commissioner said it represented "the largest ever payment dedicated to addressing concerns about the privacy of individuals in Australia." The Company responded that it had reached the settlement on a no-admission basis (Rishav Chatterjee, Kaye Byron. "[Facebook-Parent Meta Settles with Australia's Privacy Watchdog Over Cambridge Analytica Lawsuit](#)." *Reuters*. December 17, 2024).

## COMPANY DISCLOSURE

Regarding advertising, the Company [provides](#) a comprehensive, searchable database of ads currently running on its social media platforms. It also discloses its [advertising standards](#) and states that each ad is reviewed against its policies. Moreover, the Company's ad-reviewing system relies primarily on automated tools to check ads against its policies and is typically completed within 24 hours. Ads may be reviewed multiple times, including after they are live. The Company states that if a violation is found at any point in the ad review process, the ad will be rejected, and the business account or its assets may be restricted. Regarding targeting, the Company states that advertisers must not use targeting options to discriminate against, harass, provoke, or disparage users or to engage in predatory advertising practices. Further, it states that if advertisers target their ads to custom audiences, they must comply with the applicable terms when creating an audience. The Company also discloses its [branded content](#), including that for [Facebook](#) and [Instagram](#), and its [developer](#) policies.

Further, the Company [announced](#) in January 2024 that in order to comply with the DMA, people using Instagram and Facebook in the EU, European Economic Area ("EEA"), and Switzerland would be offered more choices about how they can use the Company's services and features. The Company explains that for people who have already chosen to connect their Instagram and Facebook accounts, they will be able to choose either:

- To continue to connect their accounts through the Company's Accounts Center so that their information will be used across their Instagram and Facebook accounts; or
- To manage their Instagram and Facebook accounts separately so that their information is no longer used across accounts.

The Company [provides](#) further details on how it will use information differently depending on the choices people make, including for Facebook Messenger, Facebook Marketplace, Facebook Gaming, and ads. Regarding ads, it states that people in the EU, EEA and Switzerland also have the ability to use Instagram and Facebook for free with ads, or [subscribe](#) to stop seeing ads. It also [states](#) that if people subscribe to stop seeing ads, their information will not be used for ads, and it affirms that this choice rolled out in November 2023. The Company also emphasizes that it is investing significant resources to offer users those choices and to ensure its ongoing compliance.

It [provides](#) its 2022 [Human Rights Report](#), which discusses the Company's ads in relation to the right to public participation, to vote, and to be elected (pp.26-27). Specifically regarding claims that the Company uses highly personal user data for targeted advertising, the Company states that, in consultation with civil rights experts, policymakers, and other stakeholders, it rolled out changes to improve user control over ads, and it removed ad targeting options that relate to topics that people may perceive as sensitive (p.17). It further states that it collaborated with the U.S. Department of Justice to develop and launch the Variance Reduction System ("VRS"), a new technology that will help distribute certain ads on its apps in a more equitable way. It launched VRS in the U.S. for housing ads and will expand it to employment and credit ads (p.18). It also discusses its more restrictive ad policies for minors (p.25). In addition, it discusses international ads, stating that in Brazil, it expanded transparency policies beyond political ads to advertising on Facebook and Instagram in Brazil on social issues such as economics, safety, and education. It notes that the Company rejected 135,000 ad submissions from domestic and foreign sources that included Brazil in their targeting (pp.28-29). The Company also provides an [Ads About Social Issues, Elections or Politics Policy](#), as well as information



regarding [understanding and adjusting your ad experience](#).

The Company provides its [Privacy Center](#) with information on ad education and [ad transparency](#), including different factors contributing to why users see specific ads and options to see more ads that users like. Additionally, the Company discloses a [Privacy Progress Update](#), which states that in 2024, it partnered with various experts via advisory groups, which it expanded in 2024, and it consulted with those groups on the privacy needs of six regions around the world, as well as monetization and ads, among other topics.

In its response to this proposal, the Company states that its privacy work is underpinned by governance structures that foster accountability for privacy at every level, led by its CEO and chief privacy officer, product, with board oversight led by the privacy and product compliance committee. It notes that as of the end of 2024, it had more than 3,000 people on product, engineering, and operations teams focused primarily on privacy across the Company, and that it continues to invest in protecting people's data as systems, technology, and expectations evolve. The Company also explains that it has external oversight by an independent, third-party assessor and that it leverages its Privacy Risk Management program process to identify risk themes, enhance its privacy program, and prepare for future compliance initiatives. It also emphasizes that central to its development process is privacy review, in which it assesses how data will be used and protected as a part of new or updated technologies, programs, and practices (2025 DEF 14A, p.92).

For information concerning the risks associated with the Company's policies and practices pertaining to its AI data use and privacy, please see our analysis of Proposal 11.

Regarding oversight of these issues, the [audit and risk oversight committee](#) reviews with management, at least annually, (a) the Company's program for promoting and monitoring compliance with applicable legal and regulatory requirements, and (b) the Company's major legal and regulatory compliance risk exposures and the steps management has taken to monitor or mitigate such exposures. Further, the committee periodically reviews with the Company's management the status of its ESG program and strategy, and it reviews with management, at least annually, the Company's major ESG risk exposures and the steps management has taken to monitor or mitigate such exposures. The [privacy and product compliance committee](#) has the principal responsibility to assist the board with respect to privacy and data use matters. Such responsibilities include overseeing compliance with the comprehensive privacy program (the "Privacy Program") adopted by the Company in compliance with the FTC Order; the selection of an independent, third-party assessor to be selected by the Company to review the Company's privacy practices; the Assessor's biennial assessments of the Privacy Program; compliance with the EU's Digital Markets Act; and compliance with the General Data Protection Regulation and other applicable privacy and data use laws.

---

### Summary

#### Analyst Note

The Company recently published its Privacy Progress Update detailing how it addresses privacy risks, privacy product outcomes, technical privacy investments, and its ongoing commitment to privacy. It also affirms that the Company consulted with various experts in 2024 on the privacy needs of six regions around the world. However, the Company does not appear to comprehensively provide the specific disclosures requested by this proposal. Given the salience of this issue, providing accessible disclosure concerning the issues raised by this proposal would provide shareholders a better basis for gauging the Company's exposure to risks related to data collection and advertising and how it is managing these risks.

## RECOMMENDATION

Glass Lewis recommends that shareholders take a close look at proposals such as this to determine whether the actions requested of the Company will clearly lead to the enhancement or protection of shareholder value. Glass Lewis believes that directors who are conscientiously exercising their fiduciary duties will typically have more and better information about the Company and its situation than shareholders. Those directors are also charged with making business decisions and overseeing management. Our default view, therefore, is that the board and management, absent a suspicion of illegal or unethical conduct, will make decisions that are in the best interests of shareholders.

In this case, the proposal requests that the Company transparently report on its data collection and advertising practices, with a specific focus on improving disclosure of the following issues: (i) detailed breakdown of data collection, sharing, retention; (ii) improved user consent mechanisms; (iii) use of data for ad targeting; (iv) impact assessments/audits on user privacy and business; and (v) details on cross-platform data integration. We recognize that the Company does provide some disclosure broadly concerning these matters. However, we believe that the information requested by this proposal would better allow shareholders to gauge the Company's exposure to and its management of risks related to its data collection and advertising practices and policies.

Understanding these risks can be critical for investors given the financial saliency of these matters. As noted above, the

Company is facing several investigations regarding its practices pertaining to its targeted ads and new subscription service, especially regarding compliance with the EU's GDPR and DMA. It also recently agreed to pay \$31.85 million in a settlement with Australia's privacy regulator over the Cambridge Analytica scandal, and still faces a multi-billion-dollar lawsuit which accuses the Company of misleading shareholders about data-harvesting involving Cambridge Analytica. Moreover, as privacy and data collection laws strengthen in various jurisdictions, the Company could continue to be exposed to legal and regulatory risks on account of these practices if they are not appropriately managed.

Further, we also believe that the Company's management of data collection and advertising practices could have significant reputational impacts on the Company as well. Given the Company's preeminent role in the social media landscape, the Company has an especially important role in ensuring its users' data privacy on its platform, including with its advertising policies. As has been seen at the Company and elsewhere, allowing for violations of user privacy on its platforms or via its advertising could lead users to leave its platforms, which could have a significant adverse impact on shareholders.

Given the above, we believe that the disclosure requested by this proposal is appropriate and would benefit shareholders by allowing them a better understanding of how the Company is ensuring that shareholders' interests are safeguarded when handling data collection and advertising. The Company has faced and continues to face financial harm on account of its management of these issues. We, therefore, believe that shareholders should be granted a thorough understanding of the Company's exposure to these matters. In our view, adoption of the requested disclosure would go some of the way in providing such an understanding. As a result, we believe that support for this proposal is warranted at this time.

We recommend that shareholders vote **FOR** this proposal.

## COMPETITORS / PEER COMPARISON

	META PLATFORMS, INC.	ALPHABET INC.	AMAZON.COM, INC.	APPLE INC.
<b>Company Data (MCD)</b>				
Ticker	META	GOOGL	AMZN	AAPL
Closing Price	\$597.02	\$164.03	\$189.98	\$205.35
Shares Outstanding (mm)	2,514.3	12,135.0	10,616.4	14,939.3
Market Capitalization (mm)	\$1,501,103.7	\$2,000,221.1	\$2,016,894.6	\$3,067,071.9
Enterprise Value (mm)	\$1,521,872.7	\$2,005,455.1	\$2,108,640.6	\$3,137,095.9
Latest Filing (Fiscal Period End Date)	03/31/25	03/31/25	03/31/25	03/29/25
<b>Financial Strength (LTM)</b>				
Current Ratio	2.7x	1.8x	1.0x	0.8x
Debt-Equity Ratio	0.27x	0.08x	0.52x	1.47x
<b>Profitability &amp; Margin Analysis (LTM)</b>				
Revenue (mm)	\$170,360.0	\$359,713.0	\$650,313.0	\$400,366.0
Gross Profit Margin	81.8%	58.6%	49.2%	46.6%
Operating Income Margin	42.2%	33.2%	11.0%	31.8%
Net Income Margin	39.1%	30.9%	10.1%	24.3%
Return on Equity	39.8%	34.8%	25.2%	138.0%
Return on Assets	17.9%	16.9%	7.6%	23.8%
<b>Valuation Multiples (LTM)</b>				
Price/Earnings Ratio	23.3x	18.3x	31.0x	32.1x
Total Enterprise Value/Revenue	8.9x	5.6x	3.2x	7.8x
Total Enterprise Value/EBIT	21.2x	16.8x	29.4x	24.6x
<b>Growth Rate* (LTM)</b>				
5 Year Revenue Growth Rate	18.4%	16.6%	17.0%	8.4%
5 Year EPS Growth Rate	28.6%	29.3%	42.4%	15.0%
<b>Stock Performance (MCD)</b>				
1 Year Stock Performance	32.1%	-1.9%	2.0%	12.0%
3 Year Stock Performance	186.6%	40.8%	63.2%	31.0%
5 Year Stock Performance	188.3%	143.2%	63.9%	176.0%

Source: Capital IQ

MCD (Market Close Date): Calculations are based on the period ending on the market close date, 05/05/25.

LTM (Last Twelve Months): Calculations are based on the twelve-month period ending with the Latest Filing.

\*Growth rates are calculated based on a compound annual growth rate method.

A dash ("-") indicates a datapoint is either not available or not meaningful.

# VOTE RESULTS FROM LAST ANNUAL MEETING MAY 29, 2024

Source: 8-K (sec.gov) dated May 31, 2024

## RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect Peggy Alford	81.58%	18.42%	0.00%	Withhold
1.2	Elect Marc L. Andreessen	85.27%	14.73%	0.00%	Withhold
1.3	Elect John Arnold	99.87%	0.13%	0.00%	For
1.4	Elect Andrew W. Houston	85.80%	14.20%	0.00%	Withhold
1.5	Elect Nancy Killefer	98.98%	1.02%	0.00%	For
1.6	Elect Robert M. Kimmitt	97.58%	2.42%	0.00%	For
1.7	Elect Hock E. Tan	97.73%	2.27%	0.00%	Withhold
1.8	Elect Tracey T. Travis	97.11%	2.89%	0.00%	Withhold
1.9	Elect Tony Xu	87.05%	12.95%	0.00%	For
1.10	Elect Mark Zuckerberg	92.87%	7.13%	0.00%	For
2.0	Ratification of Auditor	98.62%	1.36%	0.02%	For
3.0	Amendment to Certificate of Incorporation to Limit the Liability of Certain Officers	84.79%	15.19%	0.03%	Against
4.0	Amendment to the 2012 Equity Incentive Plan	72.08%	27.85%	0.07%	Against

## SHAREHOLDER PROPOSALS\*

NO.	PROPOSAL	FOR	AGAINST	GLC REC
5.0	Shareholder Proposal Regarding Recapitalization	26.28%	73.72%	For
6.0	Shareholder Proposal Regarding Report on AI Misinformation and Disinformation	16.73%	83.27%	For
7.0	Shareholder Proposal Regarding Disclosure of Vote Results by Share Class	17.13%	82.87%	For
8.0	Shareholder Proposal Regarding Report on Human Rights Risks in Non-U.S. Markets	5.48%	94.52%	For
9.0	Shareholder Proposal Regarding Allowing Lead Independent Director to Set Agenda	17.69%	82.31%	For
10.0	Shareholder Proposal Regarding Human Rights Impact Assessment of AI Used in Targeted Advertising	14.45%	85.55%	For
11.0	Shareholder Proposal Regarding Targets and Report on Child Safety Impacts	18.46%	81.54%	For
12.0	Shareholder Proposal Regarding Report and Advisory Vote on Minimum Age for Social Media	0.31%	99.69%	Against
13.0	Shareholder Proposal Regarding Report on Prohibiting Political Advertising and Restoring Enhanced Actions	3.05%	96.95%	Against
14.0	Shareholder Proposal Regarding Lobbying Activity Alignment with Net Zero Emissions Commitment	8.25%	91.75%	Against

\*Abstentions excluded from shareholder proposal calculations.

# APPENDIX

## GLASS LEWIS PEERS VS PEERS DISCLOSED BY COMPANY

GLASS LEWIS	META
Alphabet Inc.* Amazon.com, Inc.* Apple Inc.* AT&T Inc.* Charter Communications, Inc. Cisco Systems, Inc.* Comcast Corporation* Intel Corporation International Business Machines Corporation Microsoft Corporation* Oracle Corporation Salesforce, Inc.* The Walt Disney Company* Verizon Communications Inc.* Visa Inc.	Netflix, Inc PayPal Holdings, Inc Uber Technologies, Inc
*ALSO DISCLOSED BY META	

## QUESTIONS

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to [www.glasslewis.com/public-company-overview/](http://www.glasslewis.com/public-company-overview/) for information and contact directions.

## DISCLAIMERS

© 2025 Glass, Lewis & Co., and/or its affiliates. All Rights Reserved.

This Proxy Paper report is intended to provide research, data and analysis of proxy voting issues and, therefore, is not and should not be relied upon as investment advice. Glass Lewis analyzes the issues presented for shareholder vote and makes recommendations as to how institutional shareholders should vote their proxies, without commenting on the investment merits of the securities issued by the subject companies. Therefore, none of Glass Lewis' proxy vote recommendations should be construed as a recommendation to invest in, purchase, or sell any securities or other property. Moreover, Glass Lewis' proxy vote recommendations are solely statements of opinion, and not statements of fact, on matters that are, by their nature, judgmental. Glass Lewis research, analyses and recommendations are made as of a certain point in time and may be revised based on additional information or for any other reason at any time.

The information contained in this Proxy Paper report is based on publicly available information. While Glass Lewis exercises reasonable care to ensure that all information included in this Proxy Paper report is accurate and is obtained from sources believed to be reliable, no representations or warranties express or implied, are made as to the accuracy or completeness of any information included herein. Such information may differ from public disclosures made by the subject company. In addition, third-party content attributed to another source, including, but not limited to, content provided by a vendor or partner with whom Glass Lewis has a business relationship, as well as any [Report Feedback Statement](#) or Partner Insights attached to this Proxy Paper report, are the statements of those parties and shall not be attributed to Glass Lewis. Neither Glass Lewis nor any of its affiliates or third-party content providers shall be liable for any losses or damages arising from or in connection with the information contained herein, or the use of, or inability to use, any such information.

This Proxy Paper report is intended to serve as a complementary source of information and analysis for subscribers in making their own voting decisions and therefore should not be relied on by subscribers as the sole determinant in making voting decisions. Glass Lewis expects its subscribers to possess sufficient experience and knowledge to make their own decisions entirely independent of any information contained in this Proxy Paper report. Subscribers are ultimately and solely responsible for making their own voting decisions, including, but not limited to, ensuring that such decisions comply with all agreements, codes, duties, laws, ordinances, regulations, and other obligations applicable to such subscriber.

All information contained in this Proxy Paper report is protected by law, including, but not limited to, copyright law, and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without Glass Lewis' express prior written consent.

This report should be read and understood in the context of other information Glass Lewis makes available concerning, among other things, its research philosophy, approach, [methodologies](#), sources of information, and [conflict management, avoidance and disclosure policies and procedures](#), which information is incorporated herein by reference. Glass Lewis recommends all clients and any other consumer of this Proxy Paper report carefully and periodically evaluate such information, which is available at: <http://www.glasslewis.com>.



## PARTNER INSIGHTS

The pages following this appendix are included with this Proxy Paper report for informational purposes only. They contain data and insights produced by Glass Lewis' strategic business partners and none of the information included therein is a factor in Glass Lewis' analyses or vote recommendations.

### **About ESG Book**

ESG Book is a global leader in sustainability data and technology. Launched in 2018, the company offers a wide range of sustainability-related data, scoring, and technology products that are used by many of the world's leading investors and companies. Covering over 35,000 companies, ESG Book's product offering includes ESG raw data, company-level and portfolio-level scores and ratings, analytics tools, and a SaaS data management and disclosure platform. ESG Book's solutions cover the full spectrum of sustainable investing including ESG, climate, net-zero, regulatory, and impact products. Read more on: [www.esgbook.com](http://www.esgbook.com).

# SUSTAINALYTICS ESG PROFILE

## ESG Risk Rating

Negligible Low Med **High** Severe

All data and ratings provided by:

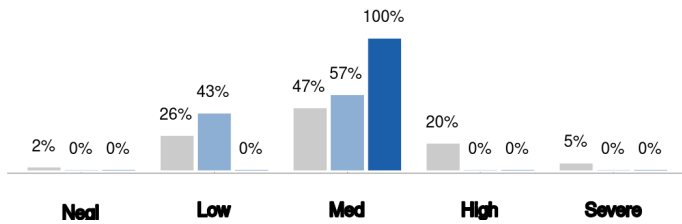


Data Received On: **May 07, 2025**

## Rating Overview

The company is at high risk of experiencing material financial impacts from ESG factors, due to its medium exposure and average management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk. The company is noted for its strong stakeholder governance performance, which is reducing its overall risk. Despite its management policies and programmes, the company has experienced a high level of controversies.

## ESG Risk Rating Distribution



## Relative Performance

	Rank*	Percentile*
Global Universe	11160 of 14631	77th
Software & Services (Industry Group)	935 of 940	99th
Internet Software and Services (Subindustry)	210 of 213	99th

\* 1<sup>st</sup> = lowest risk

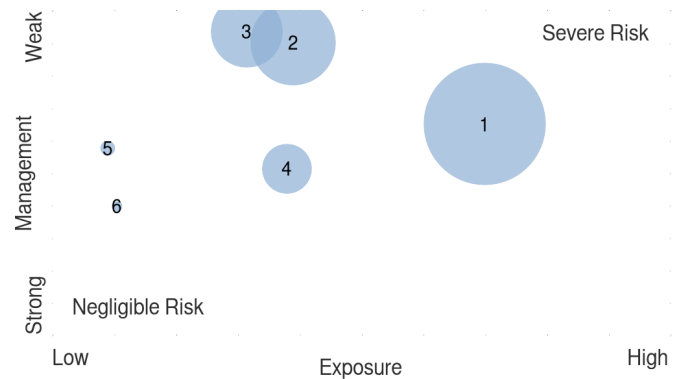
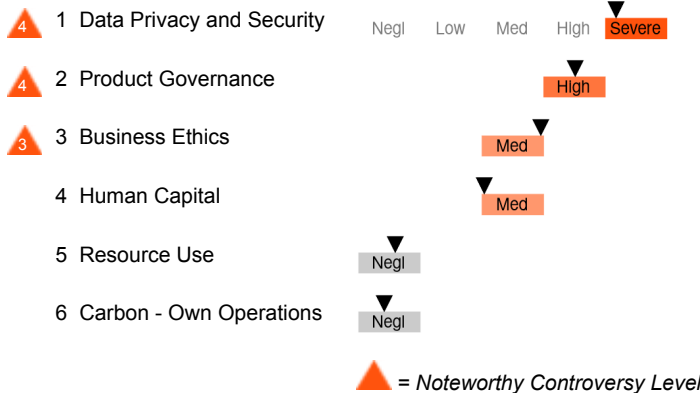
## Exposure to ESG Risk

Low Medium **High**

## Management of ESG Risk

Strong **Average** Weak

## Top Material Issues



## Risk Details

Exposure		
Company Exposure		The company's sensitivity or vulnerability to ESG risks.
Management		
Manageable Risk		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk		Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap		Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk		Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
ESG Risk Rating		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.
Overall Unmanaged Risk		

## NOTEWORTHY CONTROVERSIES

### SEVERE

The Event has a severe impact on the environment and society, posing serious business risks to the company. This category represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

- No severe controversies

### HIGH

The Event has a high impact on the environment and society, posing high business risks to the company. This rating level represents systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents.

- Data Privacy and Security
- Quality and Safety

### SIGNIFICANT

The Event has a significant impact on the environment and society, posing significant business risks to the company. This rating level represents evidence of structural problems in the company due to recurrence of incidents and inadequate implementation of management systems or the lack of.

- Accounting and Taxation
- Anti-Competitive Practices
- Media Ethics

## NO PRODUCT INVOLVEMENT



Alcoholic Beverages



Oil Sands



Arctic Drilling



Genetically Modified Plants & Seeds



Pesticides



Adult Entertainment



Gambling



Tobacco



Controversial Weapons



Thermal Coal

\* Range values represent the percentage of the Company's revenue. N/A is shown where Sustainalytics captures only whether or not the Company is involved in the product.

## DISCLAIMER

Copyright © 2025 Sustainalytics. All rights reserved.

Sustainalytics' environmental, social and governance ("ESG") data points and information contained in the ESG profile or reflected herein are proprietary of Sustainalytics and/or its third parties suppliers (Third Party Data), intended for internal, non-commercial use, and may not be copied, distributed or used in any way, including via citation, unless otherwise explicitly agreed in writing. They are provided for informational purposes only and (1) do not constitute investment advice; (2) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (3) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness.

These are based on information made available by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics nor any of its third-party suppliers accept any liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website.

For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

This ESG profile is presented for informational purposes and is not a factor in Glass Lewis' analyses or vote recommendations.

All data and ratings provided by:



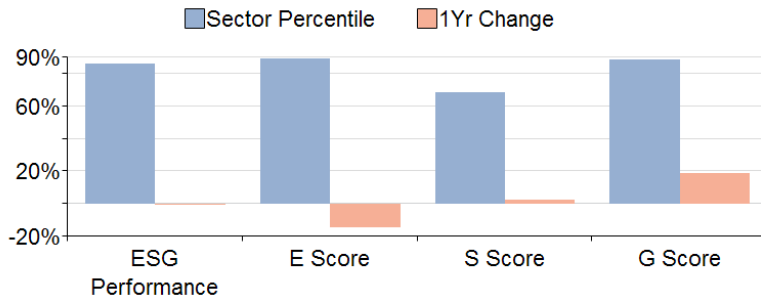
**SUSTAINALYTICS**

<https://www.sustainalytics.com/>

# ESG BOOK PROFILE

## Summary of ESG Performance Score

All data and ratings provided by:



**esgbook**

[www.esgbook.com](http://www.esgbook.com)

<b>Country:</b>	United States
<b>Sector:</b>	Technology Services
<b>Industry:</b>	Internet Software/Services
<b>Data Received:</b>	2025-03-04

## ESG Performance Score Details

The ESG Performance Score provides investors and corporates with a systematic and comprehensive sustainability assessment of corporate entities. The score measures company performance relative to salient sustainability issues across the spectrum of environmental, social and governance. The score is driven by a sector-specific scoring model that emphasises financially material issues, where the definition of financial materiality is inspired by the Sustainability Accounting Standards Board (SASB). For more detail please see the [ESG Performance Score methodology here](#).

ESG Performance Score		Environmental	Social	Governance
<b>Absolute Score</b>	58.3	<b>Score</b> 59.4	<b>Score</b> 55.9	<b>Score</b> 61.3
<b>Sector Percentile</b>	86.5%	Weight	33.0%	44.3%
<b>1 Year Change</b>	-0.8%	Sector Percentile	89.4%	68.9%
<b>2 Year Change</b>	-14.3%	1 Year Change	-14.4%	2.5%
<b>3 Year Change</b>	-17.4%			18.7%

## Risk Score Details

The Risk Score provided by ESG Book assesses company exposures relative to universal principles of corporate conduct defined by the UN's Global Compact. The score is accompanied by a transparent methodology and full data disclosure, enabling users to comprehend performance drivers, explain score changes, and explore associated raw data. Tailored for both investors and corporates, it serves as a universe selection tool for investors identifying companies more exposed to critical sustainability issues, while corporates can use it to assess their exposures, conduct peer comparisons, and pinpoint disclosure gaps. For more detail please see the [risk score methodology user guide here](#).

Risk Score		Human Rights	Labour Rights	Environment	Anti-corruption
<b>Absolute Score</b>	61.4	<b>Score</b> 57.8	<b>Score</b> 62.6	<b>Score</b> 57.3	<b>Score</b> 67.9
<b>Sector Percentile</b>	92.2%	Weight	25.0%	25.0%	25.0%
<b>1 Year Change</b>	-9.8%	Sector Percentile	92.4%	83.0%	87.0%
<b>2 Year Change</b>	3.7%	1 Year Change	-7.0%	-23.9%	-12.0%
<b>3 Year Change</b>	4.3%				8.4%

## Business Involvements - Over a 5% Revenue Threshold

ESG Book has not found any business involvements for the Company that exceed a 5% revenue threshold.

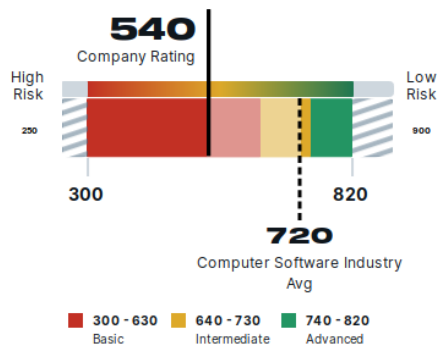
© ESG Book GmbH 2025 (together with its branch and subsidiary companies, "ESG Book") is a limited liability company organized under the laws of Germany, with registered number HRB 113087 in the commercial register of the court of Frankfurt am Main, and having its seat and head office at Zeppelinallee 15, 60325 Frankfurt am Main, Germany. All rights reserved. The "ESG Book Profile" is provided "as is" and does not constitute investment advice or a solicitation or an offer to buy any security or instrument or to participate in investment services. ESG Book makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and accepts no liability for any loss, of whatever kind, howsoever arising, in relation thereto. ESG Book shall not be responsible for any reliance or decisions made based on information contained within the ESG Book Profile. This ESG Book Profile is presented for informational purposes and is not a factor in Glass Lewis' analyses or vote recommendations.

# BITSIGHT CYBERSECURITY RATING PROFILE

## Meta Corporation

COMPARATIVE INDUSTRY:  
Computer Software

### Bitsight Security Rating



### Risk of Ransomware

This company is **6.4x more vulnerable to ransomware** than companies rated 750+



Source: [Link to Research](#)

### Risk of Security Incidents

This company is **3.2x more vulnerable to security incidents** than companies rated 750+



Source: [Link to Research](#)

## What is a BitSight Security Rating?

BitSight Security Ratings are a measurement of a company's security performance over time. BitSight Security Ratings are generated through the analysis of externally observable data, leveraging BitSight's proprietary techniques to identify the scope of a company's entire digital footprint. BitSight continuously measures security performance based on evidence of compromised systems, diligence, user behavior, and data breaches to provide an objective, evidence-based measure of performance. This data-driven approach requires no cooperation from the rated company. The Rating is representative of the cybersecurity performance of an entire company, including its subsidiaries, business units, and geographic locations.

## EXECUTIVE REPORT

All data and ratings provided by:

Data Received on: **May 6, 2025**

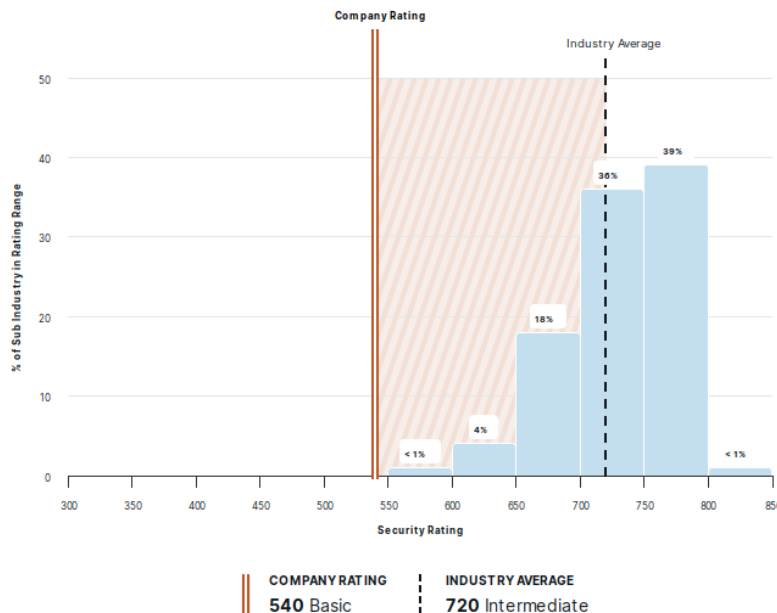
**BITSIGHT**

## PEER ANALYTICS

This compares a company against its industry:

TOTAL COMPANIES  
**37,801**

INDUSTRY RATING  
**Bottom 1% of the industry**

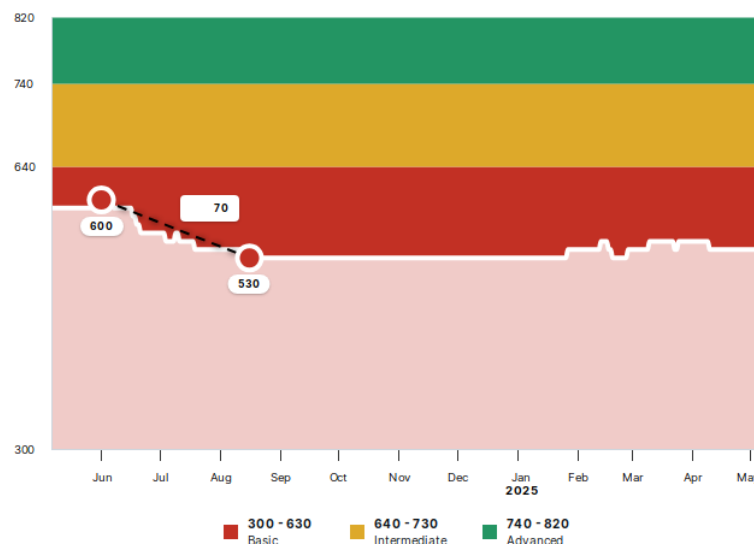


## PERFORMANCE OVER THE LAST 12 MONTHS

This rating change graph includes all rating changes events, including but not limited to, publicly disclosed security events.

HIGHEST  
**600** on Jun 01, 2024

LOWEST  
**530** on Aug 16, 2024

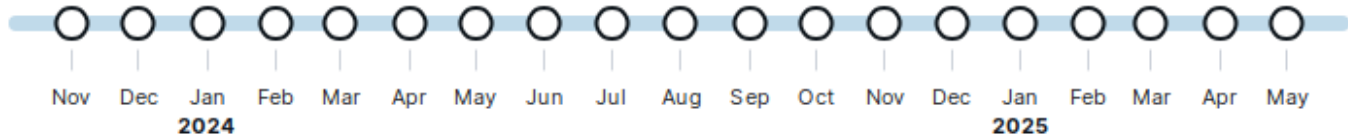




## PUBLICLY DISCLOSED SECURITY INCIDENTS THE LAST 18 MONTHS

Security incidents are publicly disclosed events of unauthorized access, often involving data loss or theft. These events are graded based on several factors, including the number of data records lost or exposed.

### No incidents in the last 18 months



## ADDITIONAL INFORMATION

### Security Rating Overview

BitSight Security Ratings are a measurement of a company's security performance over time. BitSight Security Ratings are generated through the analysis of externally observable data, leveraging BitSight's proprietary techniques to identify the scope of a company's entire digital footprint. BitSight continuously measures security performance based on evidence of compromised systems, diligence, user behavior, and data breaches to provide an objective, evidence-based measure of performance. This data-driven approach requires no cooperation from the rated company. The Rating is representative of the cybersecurity performance of an entire company, including its subsidiaries, business units, and geographic locations.

In some cases, a company may designate one or more subsidiaries, business units or locations as representative of the company's overall digital footprint. In these cases, BitSight flags those companies in its reports as a Primary Rating, meaning that the company has undertaken this optional step in further articulating its digital footprint.

Companies often use Primary Ratings to exclude parts of their digital infrastructure that may not be useful in describing their cyber risk and resulting security posture. As examples, Primary Ratings often exclude guest wireless networks, security test environments, or networks used for customer hosting. BitSight does not validate Primary Ratings or whether the digital assets organizations exclude in creating Primary Ratings are properly excluded, nor does it validate the predictive quality of Primary Ratings. Go to [this web page](#) for more information about Primary Ratings.

BitSight rates companies on a scale of 250 to 900, with 250 being the lowest measure of security performance and 900 being the highest. A portion of the upper and lower edge of this range is currently reserved for future use. The effective range as of this report's generation is 300-820. Go to [this web page](#) to learn more about how BitSight security ratings are calculated.

### Rating Algorithm Update (RAU)

BitSight periodically makes improvements to its ratings algorithm. These updates often include new observation capabilities, enhancements to reflect the rapidly changing threat landscape, and adjustments to further increase quality and correlation with business outcomes. BitSight's Rating and Methodology Governance Board governs these changes so that they adhere to BitSight's principles and policies. BitSight also has a Policy Review Board which reviews and arbitrates customer disputes associated with its ratings. More information about the Policy Review Board and its cases can be found [here](#). Additionally, BitSight provides a preview of ratings algorithm changes customers (and what the likely impact will be) well before they affect the live ratings, inviting comments and feedback on these changes.

### Publicly Disclosed Security Incidents

The Security Incidents risk vector involves a broad range of events related to the unauthorized access of a company's data. BitSight collects information from a large number of verifiable sources such as news organizations and regulatory reports obtained via Freedom of Information Act requests or local analogs. This risk vector only impacts BitSight Security Ratings if a confirmed incident occurs. For more information about publicly disclosed security incidents and how BitSight ratings are calculated, [please go here](#).

### Disclaimer

© 2025 Bitsight Technologies, Inc. (together with its majority owned subsidiaries, "Bitsight"). All rights reserved. This report and all the data contained herein (the "Information") is the proprietary information of Bitsight. Information is provided on an "as is" basis, for an organization's internal use and informational purposes only, and does not constitute investment or financial advice, nor recommendations to purchase, sell, or hold particular securities. Bitsight hereby disclaims any and all warranties whatsoever, including, but not limited to, any warranties of merchantability or fitness for a particular purpose with respect to the Information. Bitsight shall not be responsible for any reliance or decisions made based upon Information, and to the extent permitted by law, shall not be liable for any direct, indirect, incidental, consequential, special, or punitive damages associated therewith. Except as otherwise permitted in an applicable underlying agreement, this report may not be reproduced in whole or in part by any means of reproduction.