

Report on Content Governance

WHEREAS: With more than 2 billion users, Facebook faces global controversy about Russia's reported election interference during the 2016 United States presidential election; rules that fail to distinguish hate speech from legitimate political expression, leading to the removal of legitimate user accounts; and the dissemination of violence through Facebook Live, broadcasting dozens of murders, suicides, and beatings.

Shareholders are concerned that Facebook's failure to have proactively addressed these issues poses significant regulatory, legal, and reputational risks to shareholder value.

We believe Facebook has an obligation to demonstrate how it manages content to prevent violations of its terms of service. Yet, disclosures have been inadequate. Content policies appear reactive, not proactive. As such, Facebook is embroiled in a string of controversies that have demonstrated the broad potential for misuse of its platform to spread lies, propaganda, and hate.

In May 2017, *Elle* outlined how the company's online platform perpetuates sexual harassment in an article entitled, "Why Facebook's Harassment Policies Fail to Protect Women." In September 2017, it was reported that Facebook enabled advertisers to seek out self-described anti-Semites. Within days, Facebook worked to block such targeted advertising. But only when confronted with a Congressional investigation did Facebook agree to address vulnerabilities that can be exploited for election interference and to make political ads more transparent.

In Europe, Germany enacted a law with fines of up to 50 million euros if social media platforms do not promptly remove posts containing unlawful content including hate speech. In May 2017, a U.K. parliamentary committee accused Facebook and other companies of "prioritizing profit over safety by continuing to host unlawful content." The U.K. government is considering regulating Facebook as a news organization.

Advertisers have raised alarms about fake user accounts. Some companies have reduced expenditures on digital advertising.

While Facebook has attempted to address these controversies, senior company personnel acknowledge ongoing challenges. Mark Zuckerberg, in a February 2017 letter, said, "In the last year, the complexity of the issues we've seen has outstripped our existing processes for governing the community."

RESOLVED: Shareholders request Facebook issue a report to shareholders, at reasonable cost, omitting proprietary or legally privileged information, reviewing the efficacy of its enforcement of its terms of service related to content policies and assessing the risks posed by content management controversies (including election interference, fake news, hate speech, sexual harassment, and violence) to the company's finances, operations and reputation.

SUPPORTING STATEMENT: Proponents recommend the report include an assessment of the scope of platform abuses and address related ethical concerns.