

Meta Platforms

Following the Cambridge Analytica scandal, our focus turned to how the company could resolve its data privacy challenges and provide safeguarding policies that protect its users, amongst other issues. We also engaged on governance concerns.

Our engagement

In 2018, our engagement with Meta began in direct response to the Cambridge Analytica scandal. During a call with the company, it explained how it views data privacy and content management as an ongoing challenge, but one that it took seriously. We encouraged the company to more clearly outline the steps it would take to solve the issues, and for its quarterly reporting to include information on how it is improving data privacy.

We expanded the scope of engagement to governance where we expressed our concerns with the dual-class share structure and executive compensation, and encouraged the company to accelerate board refreshment including the appointment of an independent director with international expertise.

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In 2020, we attended the annual meeting to ask how the board can reassure investors that directors are sufficiently challenging the CEO and management to improve company performance as perceived by different stakeholders. The company did not answer our question.

We participated in a joint investor call organised by the Swedish National Pension Fund's Ethical Council, during which we commented on the company's draft human rights

Engagement objectives:



Environmental:

Sustainable business model



Governance:

Appoint two new independent directors
Adopt minimum shareholding requirements and robust clawback provisions



Strategy, risk & communication:

Quarterly reporting on privacy rights

Sustainable Development Goals:



policy. We suggested that it could be more proactive in explaining how it chooses its human rights due diligence targets and be more explicit in how it identifies salient issues.

In 2022, we published and shared with the company the EOS Digital Rights Principles¹, which outline our expectations on privacy rights, freedom of expression, and other human rights specific to digital products and services.

Our voting recommendations acknowledged some positive consideration of shareholder feedback while signaling our support for further changes at the company.

¹ EOS Digital Rights Principles | 2022



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Prior to the annual meeting, we had a virtual meeting with management to consider their views prior to issuing our voting recommendations. During the meeting, the company's key messages to investors highlighted the active role of its board, the increased level of shareholder engagement, and the continued focus on the metaverse. Our voting recommendations acknowledged some positive consideration of shareholder feedback while signaling our support for further changes at the company.

Changes at the company

In the aftermath of the Cambridge Analytica scandal, the company committed to investigating apps that had access to large amounts of data before its data policies changed in 2014, enhance restrictions on developers' access to large amounts of data, and make sure users understood which apps they have allowed access to their data.

The report falls short of the highest standard for user privacy rights in our view, which is a commitment to obtain user consent for collection, inference, sharing, and retention of their data.

In 2022, the company published its first freestanding human rights report. The report provides some helpful information on policies and procedures, for example, to enforce the community standards governing content on its platforms. The company enhanced its bullying and harassment policy, enacted prohibitions against certain mass harassment or brigading, and expanded its policies that prohibit veiled and implicit threats.

However, we remain concerned that the business model—which correlates higher revenue with higher quantities of clicks, likes, posts, and shares—contributes to the spread of problematic content on its platforms. The report falls short of the highest standard for user privacy rights in our view, which is a commitment to obtain user consent for collection, inference, sharing, and retention of their data.

On governance, the company appointed three new independent directors in 2020 and a fourth in 2022. However, we continue to question the board's effectiveness, given the continued presence of the dual-class share structure. Plus, executive compensation has not improved: quantum is excessive and there are no disclosed clawback policies, stock ownership guidelines, or holding period requirements for executives.



Next steps

Following the publication of the company's first human rights report, we would like the company to create videos and images describing its privacy policies and terms and conditions. We hope that future iterations of the report include a human rights impact assessment of the metaverse.

We continue to advocate for the company to strengthen policies and protections for children and young people, to not only prevent abuse and exploitation but to uphold the best interests of underage users.

We look forward to the opportunity for future engagement with the company on these issues.



Nick Pelosi
Engagement
EOS

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