PROPOSAL SEVEN:

STOCKHOLDER PROPOSAL REGARDING POLITICAL ADVERTISING

Facebook
2020

Whereas, on an earnings call with investors in October, Mark Zuckerberg said of the Company's new policy on political ads, "from a business perspective, the controversy this creates far outweighs the very small percent of our business that these political ads make up. We estimate these ads from politicians will be less than 0.5% of our revenue next year... To put this in perspective, the Federal Trade Commission fine that these same critics said wouldn't be enough to change our incentives was more than 10 times bigger than this."

Whereas, this relaxation of standards subjects the company to material costs and risks in an environment of greater regulation and negative publicity which may even prove existential for the company. A recent European Court ruling regarding the defamation of an Austrian politician on Facebook decided European country courts have jurisdiction over Facebook's content internationally if it was found to be defamatory or otherwise illegal. While various anti-trust investigations against the company continue domestically, the threat of being broken up by legislators increases if the company is not seen as acting in good faith by regulating itself, particularly given the company's status as the world's largest social media platform.

Whereas, the Company has prided itself on promoting authenticity in encouraging real names and photos in profiles. Having "face" in the company name highlights this notion of transparent interactions, which has been a key aspect of the Company's success in the social media space, supported by costly procedures by the company to promote truthful content and accountability. These larger goals and the company's brand are undermined by this carve out.

Whereas, more than 200 Facebook employees signed a letter calling for holding political ads to the same standards as other advertising, stronger design measures to better distinguish political ads from other content, and restricting targeting for political ads. The employees also recommend imposing a silent period ahead of elections and imposing spending caps for politicians.

Whereas, democracy itself may be at stake in the targeted use of paid false and misleading political advertisements, there is also a larger threat to the company, raised by Senator Mark Warner's letter to the company, regarding whether the Company's license to operate will be at stake if the company's practices undermine free and fair elections by an informed electorate.

Resolved: Shareholders request that the Board of Directors, at a reasonable cost and excluding proprietary information, report on the controversy surrounding political advertising and posts on Facebook. Such report should evaluate the implications of the company's policies that may exempt politicians' posts and political advertisements from elements of platform rules such as the Company's Community Standards and its fact-checking process. Such report should assess the operational, reputational, and social license implications of the company policies, as well as the board's assessment of the concerns regarding the potential impact of those policies on democracy, public discourse, and civil and human rights.