

Investment Stewardship

Vote Bulletin: Meta Platforms, Inc.

Company	Meta Platforms Inc. (NASDAQ: META)
Market and Sector	United States, Communication Services
Meeting Date	25 May 2022
Key Resolutions ¹	<p>Item 4: Approve Recapitalization Plan for all Stock to Have One-vote per Share (Shareholder proposal)</p> <p>Item 8: Report on Community Standards Enforcement (Shareholder proposal)</p> <p>Item 10: Human Rights Impact Assessment (Shareholder proposal)</p> <p>Item 11: Child Sexual Exploitation Online (Shareholder proposal)</p>
Key Topics	Company impacts on people
Board Recommendation	The board recommended shareholders vote AGAINST items 4, 8, 10, and 11
BlackRock Vote	BlackRock voted FOR items 4, 8 and 10 and AGAINST item 11

Overview

Formerly known as Facebook Inc., Meta Platforms, Inc. (Meta) is a U.S. based company that “builds technologies that help people connect, find communities, and grow businesses.”² In October 2021, the company announced the introduction of Meta, a social technology company that brings together their full suite of applications and technologies under one new corporate structure.³ Meta employs over 70,000 people in more than 80 cities in the world.⁴

BlackRock Investment Stewardship (BIS) engages companies to reflect a long-term investor perspective and better understand how company leadership identifies and manages risks and opportunities – including environmental, social, and governance (ESG) factors – that we believe can impact their ability to deliver sustained financial performance for long-term investors like BlackRock’s clients.

BIS has a multi-year engagement history with Meta, where we have discussed a range of corporate governance and sustainable business matters that we believe contribute to the company’s ability to deliver the durable,

¹ Meta Platforms, Inc., “[Notice of 2022 Annual Meeting and Proxy Statement](#).”

² Meta Platforms, Inc., “[Who We Are](#).”

³ Meta Platforms, Inc., “[Introducing Meta: A Social Technology Company](#).” 28 October 2021.

⁴ Meta Platforms, Inc., “[Notice of 2022 Annual Meeting and Proxy Statement](#).” Page 28.

long-term shareholder returns on which our clients depend to meet their financial goals, including executive compensation, human capital management, business oversight and risk management, and the global energy transition.

Meta's 2022 annual general meeting (AGM) agenda included twelve shareholder proposals for consideration. Consistent with our fiduciary approach, BIS assesses shareholder proposals case-by-case, evaluating each proposal on its merit and with a singular focus on its implications for long-term value creation. While we may not agree with all aspects of a shareholder proponent's views or all facets of the proponent's supporting statement, we may still support proposals that address material business risks.

Generally, our support reflects our view that shareholders would benefit from more detailed information on how specific material business risks are identified, monitored, and managed to support a company's ability to deliver long-term financial returns. We are unlikely to support shareholder proposals that in our determination are overly prescriptive in nature, unduly constraining on management, or are focused on issues already appropriately addressed by the company's existing practices and disclosure.

Included below is a discussion of BIS's voting, on behalf of clients who have given us voting authority, on select shareholder proposals at Meta's 2022 AGM.

Rationale for BlackRock's vote

Item 4: Approve Recapitalization Plan for all Stock to Have One-vote per Share (FOR)

As noted in our [U.S. proxy voting guidelines](#), BIS believe that a "one vote for one share" capital structure for publicly traded companies is in the best financial interests of long-term shareholders.

The shareholder proposal requested that Meta's 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."⁵

BIS believes that shareholders should be entitled to voting rights in proportion to their economic interests. We believe that companies that look to add or that already have dual or multiple class share structures should review these structures on a regular basis, or as company circumstances change.

As discussed in our [Global Principles](#), effective voting rights are a fundamental right of share ownership. We believe that "one vote for one share" is a guiding principle that supports effective corporate governance. In principle, we disagree with the creation of a share class with equivalent economic exposure and preferential, differentiated voting rights. We also recognize there may be potential benefits of multi-class shares to newly public companies as they establish themselves; however, we believe that these structures should have a specified and limited duration. Accordingly, we supported this shareholder proposal as we believe it is in our clients' long-term financial interests to disband the multi-class stock structure.

Item 8: Shareholder Proposal Regarding Report on Community Standards Enforcement (FOR)

BIS believes that inappropriate content poses a material risk to Meta's business model, as well as their reputation and ability to attract new users and advertisers, and thus to generate long-term value. While acknowledging the efforts the company has made to address these risks, we have concerns about the efficacy of Meta's current investments in content management. As a result, we believed that it was in our clients best financial interests to support this shareholder proposal.

The shareholder proposal requested the board to "prepare a report analyzing why the enforcement of Meta's 'Community Standards' [. . .] has proven ineffective at controlling the dissemination of user content that contains or promotes hate speech, disinformation, or content that incites violence and/or harm to public health

⁵ Meta Platforms, Inc., "[Notice of 2022 Annual Meeting and Proxy Statement](#)."

or personal safety.”⁶ The proponent requested that the report cover all of Meta’s main products – Facebook, Messenger, Instagram, and WhatsApp – as well as any other app with over 100 million users.

BIS notes that, as discussed in the proxy, Meta spent approximately \$5 billion on platform and content safety and security in 2021 and has more than 40,000 people working on safety and security issues, including more than 15,000 people who review content in more than 70 languages and 20 locations across the world.⁷ The company regularly publishes Transparency Reports which detail their progress and effectiveness in addressing many of the issues raised by the proponent, including violence and criminal behavior, safety, objectionable content, integrity and authenticity, respecting intellectual property, and content-related requests and decisions.⁸

We believe that more information on the processes, systems and plans in place to minimize harmful content would be beneficial to shareholders. Particularly as content on child endangerment and sexual exploitation across Meta’s platforms remains highly active, with approximately 16.5 million instances in Q1 2022. The platform also continues to experience a significant level of hate speech, misinformation and harassment.⁹ This content poses a material risk to the company’s business model, as well as their reputation and ability to attract new users and advertisers, and thus to generate long-term value.

Given the significant regulatory, operational and reputational risks that malicious content across Meta’s platforms could pose for the company, BIS believes Meta’s content management practices could be enhanced, as could the board’s oversight of these issues. We therefore believe it is in our clients’ interests for the company to publish a report on the effectiveness of the program to ensure the safety and security of platform content.

Item 10: Shareholder Proposal Regarding Report Human Rights Impact Assessment (FOR)

BIS supported this shareholder proposal because, in our assessment, shareholders would benefit from a third-party assessment of the human rights impacts of Meta’s advertising practices given the importance of advertising to the company’s ability to generate long-term financial returns.

This shareholder proposal asked Meta’s board to “publish an independent third-party Human Rights Impact Assessment (HRIA), examining the actual and potential human rights impacts of Facebook’s targeted advertising policies and practices throughout its business operations.”¹⁰

As discussed in our commentary, [Our approach to engagement with companies on their human rights impacts](#), we encourage companies to disclose how they integrate human rights considerations into their operations and risk management processes and identify the steps they are taking to address these issues. This encompasses how companies measure and assess the effectiveness of their human rights management and mitigation strategy, including due diligence processes, relevant metrics and targets, and the use of any third-party assurance providers. We recognize that exposure to human rights-related risks varies by company, industry, and geographic location. This is why we appreciate when companies implement processes to identify, manage, and prevent adverse human rights impacts that could expose them to material risks, and provide robust disclosures on these practices.

In apparent recognition of the company’s responsibility to manage human rights impacts, Meta has joined the United Nations Global Compact and adopted a corporate human rights policy which, among other elements,

⁶ Meta Platforms, Inc., “[Notice of 2022 Annual Meeting and Proxy Statement](#).” Page 74.

⁷ Meta Platforms, Inc., “[Notice of 2022 Annual Meeting and Proxy Statement](#).” Page 73.

⁸ Meta Platforms, Inc., “[Transparency Reports](#)”.

⁹ Meta Platforms, Inc., “[Child Endangerment: Nudity and Physical Abuse and Sexual Exploitation](#)”, “[Hate Speech](#)”, “[Misinformation](#)”, “[Bullying and Harassment](#)”.

¹⁰ Meta Platforms, Inc., “[Notice of 2022 Annual Meeting and Proxy Statement](#).” Page 78.

commits to human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPR).¹¹ The company publishes third-party human rights assessments on specific business segments through an independent Human Rights Impact Assessment (HRIA),¹² however, they have not publicly communicated plans to publish a comprehensive third-party human rights assessment for Facebook across their advertising platform. In our view, a third-party assessment would help investors and other stakeholders better understand how Facebook's advertising practices may create material business risks and would provide a wholistic view as to how the company is addressing and/or plans to address human rights impacts in their business model.

Item 11: Child Sexual Exploitation Online (AGAINST)

BIS did not support this shareholder proposal because Meta recently published an independent report that addresses the potential human rights impacts associated with end-to-end encryption, in our view meeting the proponent's request.

This shareholder proposal asked Meta's board to "issue a report by February 2023 assessing the risk of increased sexual exploitation of children as the Company develops and offers additional privacy tools such as end-to-end encryption. The report should address potential adverse impacts to children (18 years and younger) and to the company's reputation or social license [and] assess the impact of limits to detection technologies and strategies."¹³

In addition to the company's existing Transparency Reports, which discuss their progress and effectiveness in addressing the types of issues raised in the proponent's statement,¹⁴ as mentioned, Meta in April 2022 published an independent HRIA discussing the risks and opportunities stemming from their plans to expand end-to-end encryption (E2EE) across Messenger and Instagram DMs.^{15 16} The HRIA was independently led and written by Business for Social Responsibility (BSR), a non-profit human rights and sustainability consulting firm.¹⁷ Accordingly, BIS did not support this shareholder proposal given that Meta's recently commissioned and published report, in our view, provided the information the proponent sought.

¹¹ See the United Nations Global Compact, "[Guiding Principles for Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework](#)", 2011

¹² For example, see Meta Platforms, Inc., "[Meta's Expansion of End-to-End Encryption](#)".

¹³ Meta Platforms, Inc. "[Notice of 2022 Annual Meeting and Proxy Statement](#)." Page 80.

¹⁴ Meta Platforms, Inc., "[Transparency Reports](#)".

¹⁵ Meta Platforms, Inc., "[Meta Response: End-to-end Encryption Human Rights Impact Assessment](#)". April 2022. And BSR, "[Human Rights Impact Assessment: Meta's Expansion of End-to-End Encryption](#)", 2022.

¹⁶ As background, in March 2019, Meta (then Facebook) announced plans to deploy E2EE by default across its Messenger and Instagram DM messaging services, building on its existing implementation of E2EE in WhatsApp since 2016. This effort would require a complete re-architecting of Messenger and Instagram DM services over a number of years; as of publication in April 2022, Meta plans to complete this transition sometime in 2023.

¹⁷ According to the [report](#), "The assessment was undertaken between October 2019 and September 2021; it identifies and prioritizes potential human rights impacts associated with Meta's expansion of end-to-end encryption, considers how closely Meta is connected to these impacts, and makes recommendations for Meta to better identify, avoid, prevent, and mitigate adverse impacts. The assessment was informed by an analysis of the complex political and regulatory context in which this transition is taking place."

About BlackRock Investment Stewardship (BIS)

Our clients depend on BlackRock to help them achieve their investment goals. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and ultimately individual investors, among others. Consistent with BlackRock's fiduciary duty as an asset manager, BIS' purpose is to support companies which we invest for our clients in their efforts to create long term durable financial performance.

BIS serves as an important link between our clients and the companies they invest in – and the trust our clients place in us gives us a great responsibility to advocate on their behalf. That is why we are interested in hearing from companies about their strategies for navigating the challenges and capturing the opportunities they face. As we are long-term investors on behalf of our clients, the business and governance decisions that companies make will have a direct impact on our clients' investment outcomes and financial well-being.

We look to boards and executive management to demonstrate that they are taking into consideration the interests of long-term shareholders and other stakeholders. Our, often multi-year, dialogue with the leaders of these companies provides us the opportunity to improve our understanding of, and provide feedback on, the governance and sustainability (ESG) risks and opportunities that are material to their businesses and thus to their ability to generate long-term returns for our clients. For those clients who have given us authority, we vote proxies in their best long-term financial interests, in line with our public [voting guidelines](#) and informed by our analysis of company disclosures and, where relevant, our engagements.¹⁸

To support investors' assessment, it is helpful when companies provide timely, accurate, and comprehensive disclosure on all material governance and business matters, including sustainability-related issues. This transparency allows shareholders to better understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or we believe the approach taken may be inconsistent with sustainable, long-term value creation, we will engage with a company and/or vote in a manner that signals our concerns.

We are committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and through disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting, disclosing and explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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¹⁸ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.