PRESIDENT AND FELLOWS OF HARVARD COLLEGE
CORPORATION COMMITTEE ON SHAREHOLDER RESPONSIBILITY

Proxy Voting Guidelines for External Managers

Topic: **Technology and Media**
Subtopic: **Report on Social Media Content Strategies and Policies**
Approved: **March 1, 2021**

Description:

Resolutions on this topic ask social media companies to evaluate and report on strategies and policies (including enforcement of terms of service) that govern content, including the extent to which content may pose reputational, regulatory, or financial risks.

Topic background:

How social media companies govern problematic content, and dissemination of that content, on their platforms is an issue of increasing concern specifically with regard to the dissemination of misinformation and fake news, hate speech, the streaming and distribution of images of extreme violence or cruelty, and the facilitation of sexual abuse and distribution of child pornography. This concern has been driven by developments such as interference with elections through the generation and dissemination of fake news and misinformation, the role of social media in instigating violence against the Rohingya ethnic group in Myanmar starting in 2017[1], and the livestreaming on Facebook of the mass shootings in Christchurch, New Zealand in March 2019. The underlying digital means by which companies such as Google and Facebook manage content and recommend content to viewers – through AI-powered algorithms – has also come under increasing scrutiny. Reasons for concern about how algorithms recommend and prioritize content include the automatic propagation of various social biases, the apparent steering of users toward ever-more narrowly focused (and, in many instances, extreme) content, and the interplay, on the web, between the spread of information (and misinformation) and the ad-based monetization of content from obscure, unverifiable sources. Given these concerns, shareholders are seeking information from companies about their management of problematic media content and about the business risks of ineffective approaches to managing problematic media content, including reputational risk and possibly legal liability in some jurisdictions.

In light of these concerns about the social and business risks of problematic content, social media companies have experienced pressure on a variety of fronts – from the investor community, through shareholder resolutions and investor engagements, and by states and governments, through the Christchurch Call, a New Zealand-based initiative[2], and through hearings before the United States Congress, among other means. For example, following the controversy around Facebook and the dissemination of fake news during the 2016 U.S. presidential election, the German government pressured Facebook to implement a more proactive approach to content management in the run-up to elections in Germany in 2017 – pressure to which Facebook responded. Given the rapidly evolving state of norms and regulations regarding the responsibility of content platforms for the user-produced content they host, as well as the

seemingly episodic, reactive, and limited nature of some companies' response to concerns, we believe the issue merits close and careful attention by company management and by shareholders in social media companies.

Considerations for voting:

- We believe that reporting on content governance may usefully contribute to transparency and risk assessment in areas that are central to a company's business.
- We believe it is useful to shareholders for companies to report on their guiding principles for managing content and to elaborate upon how they operationalize those principles.
- Given concerns about social media's role in disseminating problematic content, and in light of legal, ethical, and technical challenges and questions about the responsibility for problematic content, shareholders should reasonably expect – from the standpoints of risk management and share value – that social media companies will grapple with and devise responses to known problems.
- In considering such proxies, we recommend noting whether a company's stated policies and practices appear to diverge. As an example, we view requests for companies to produce reports reviewing the efficacy of their enforcement of their terms of service related to content as modest and not intrusive. Understanding a company's approach to enforcing terms of service may help shed light on alignment between stated policies and company practices.

Illustrative examples of votes:

1. Vote <u>in support</u> of resolutions that ask a company to publish a report (at reasonable cost, omitting proprietary or legally privileged information) evaluating its strategies and policies on content governance, including the extent to which they address such issues as misinformation and fake news, hate speech, the streaming and distribution of images of extreme violence, and the facilitation of sexual abuse and distribution of child pornography, and the reputational, regulatory, and financial risks posed by content governance controversies.
2. Vote <u>against</u> resolutions that favor overly prescriptive approaches regarding particular types of content or speech on social media platforms.

Harvard offers broader general guidance on its recommended approach to considering shareholder resolutions in "Overview of Harvard University's Proxy Voting Guidelines for External Managers" (follow link to download full text). When determining votes on resolutions, we consider each resolution in light of this general guidance as well as in light of a resolution's specific request and contextual information about the relevant company and its approach to the issue.

---

[1] March 12, 2018, *U.N. investigators cite Facebook role in Myanmar crisis*, Reuters https://www.reuters.com/article/us-myanmar-rohingya-facebook/u-n-investigators-cite-facebook-role-in-myanmar-crisis-idUSKCN1GO2PN.[2] For more information please see https://www.christchurchcall.com/supporters.html