Harvard University

Corporation Committee on Shareholder Responsibility

Annual Report 2022-2023

CCSR Members (2022-2023)

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Corporation Committee on Shareholder Responsibility

Annual Report 2022-2023

Introduction

Since 1972, Harvard University has maintained a pair of committees that together play a central role in the University's consideration of matters of shareholder responsibility related to Harvard's investments in publicly traded companies: the Corporation Committee on Shareholder Responsibility (CCSR) and the Advisory Committee on Shareholder Responsibility (ACSR). The CCSR consists of several members of the Harvard Corporation. Acting on behalf of the President and Fellows, it oversees the consistent application of University policy with respect to shareholder responsibility, actively considering new circumstances or information that may suggest changes in policy or practice.

The ACSR is a twelve-member committee made up of Harvard faculty, students, and alumni. The ACSR has the responsibility to advise the CCSR on how Harvard should fulfill its fiduciary duty as a shareholder. This advice primarily takes two forms: first, the ACSR develops guidelines on topics relevant to investors when addressing shareholder resolutions (proxies), to be shared both with Harvard's external investment managers and the investing public; and second, the ACSR offers advice on specific shareholder resolutions directed at companies held directly in Harvard's portfolio.

While the University and Harvard Management Company (HMC) recognize that its external managers may not necessarily share Harvard's view on every issue, HMC expects its external managers to have a robust approach to stewardship and to make the kind of informed voting decisions on shareholder resolutions that Harvard seeks to achieve through the guidelines approved by the CCSR. Indeed, as one of a number of relevant considerations in assessing overall performance, HMC considers an external manager's stewardship practices in light of these guidelines. The University also makes the guidelines publicly available and through reports such as this one, so that other interested investors can make use of them as they see fit. Developing publicly available proxy guidelines is part of a larger set of activities intended to intensify Harvard's engagement with its external investment managers, with companies, and with other investors on issues of corporate social responsibility.

The ACSR is also responsible for reviewing individual shareholder resolutions raising issues of corporate social responsibility at the relatively few public companies in which Harvard directly owns shares, and to make recommendations to the CCSR, which is responsible for final decisions about how the University should vote on those resolutions. HMC has come to rely increasingly on pooled investments and commingled funds typically managed by outside investment firms, rather than directly owning stock in individual companies, as the means to achieve wide exposure to public equity markets.

The University's approach to proxy voting is to consider each resolution on a case-by-case basis in light of the ACSR's discussions, CCSR precedent on similar issues, and relevant proxy voting guidelines. The ACSR's analysis of proxy issues is supported by background material from Sustainable Investments Institute (Si2), a non-profit organization that provides institutional investors with impartial analyses of environmental and social issues and corporate responsibility concerns raised through the proxy process.

This report includes a description of the work of the ACSR and the CCSR during the past academic year regarding both the adoption of subject-specific proxy guidelines and the voting of proxies in public companies in which the University directly held shares. It also touches on HMC's investor engagement activities.

Overview of Key Developments in 2022-2023

The ACSR devoted the bulk of its discussions during the 2022-2023 academic year to developing and updating subject-specific proxy voting guidelines in four different subject-matter areas.

The ACSR undertook to develop and propose two new proxy guidelines:

- Environmental Issues: Carbon Offsets
- Climate Lobbying and Political Spending

The ACSR also deliberated on updates to four existing guidelines:

- Lobbying and Political Spending
- Environmental Issues: Methane Emissions and Reduction
- Technology and Media: Social Media Content Strategies and Policies
- Report on Renewable Energy Goals

The draft for the two new guidelines and the four updated drafts developed by the ACSR during the 2022-2023 academic year were then forwarded to the CCSR for review and approval. The guidelines approved by the CCSR were published on the University's shareholder responsibility website. In addition, they were made available to HMC's external managers, along with general guidance on how HMC intends such managers to take the guidelines into account while voting on relevant proxies. As mentioned above, Harvard not only issues the guidelines to its external managers but also releases them publicly, so that other institutional investors may, if interested, be informed by Harvard's approach to these issues. Appendix A of this report sets forth the full text of the new proxy guidelines and four updated proxy guidelines proposed by the ACSR and approved by the CCSR during the one-year period covered by the report.

The ACSR also considered 18 individual shareholder resolutions and provided voting recommendations to the CCSR. The text of these resolutions, and more detail on the reasoning supporting the ACSR's recommendations, as well as the CCSR's votes, appear in Appendix B of this report. The resolutions were presented to shareholders of Intel, Alphabet, and Meta Platforms, Inc.

Background and the Harvard Management Company

In recent years, the ACSR has discussed HMC's current and prospective engagement activities as an institutional investor with Kathryn Murtagh, Chief Compliance Officer and Managing Director of Sustainable Investing at HMC; Michael Cappucci, Managing Director for Compliance and Sustainable Investing at HMC; and Samantha McCafferty, Associate Director of Sustainable Investing at HMC. For example, in consultation with the CCSR, HMC participates in collaborative engagements that supplement its work with peers and investors to advance shared goals and to further its sustainable investing efforts. These initiatives include those organized by the PRI (Principles for Responsible Investment), CDP (formerly the Climate Disclosure Project), Ceres Investor Network, IFRS (the successor to the Sustainability Accounting Standards Board), and Climate Action 100+.

In April 2020,[1] following a recommendation from the CCSR, the Harvard Corporation

[1] April 21, 2020, message from President Lawrence Bacow's on climate change, https://www.harvard.edu/president/news/2020/message-from-president-bacow-on-climate-change/.

instructed HMC to set the Harvard endowment on a path to achieve net-zero greenhouse gas emissions across the portfolio by 2050—a first among U.S. university endowments and a decision that adheres to the timeline set by the Paris Agreement. Since the announcement, HMC has issued three Climate Reports. HMC's inaugural Climate Report was released in February 2021 and described initial progress toward meeting this goal. The following fall, on September 9, 2021, President Bacow released an update on Harvard's action on climate change, which included HMC's pledge to render its own operations greenhouse gas neutral by June 30, 2022.[2] A few months later, following President Bacow's update, HMC's second annual Climate Report was released in February 2022. The report provided an update on active and urgent progress on several initiatives, including achieving carbon neutral operations, investing in climate transition, collaborative engagements, fossil fuel exposures, improving data access, and developing appropriate methodologies. The third climate report, released in February 2023, offered updates on several of the key initiatives previously mentioned, additionally highlighting HMC's plan to measure portfolio emissions. Further information on HMC's annual Climate Reports and approach to sustainable investing for the long-term appears on the HMC website.

Conclusion

The CCSR thanks the members of the ACSR for their substantial work, thoughtful deliberations, and generous time commitment during the 2022-2023 academic year. The CCSR extends particular gratitude to the ACSR Chair, Guhan Subramanian, Joseph Flom Professor of Law and Business at the Harvard Law School and the Douglas Weaver Professor of Business Law at the Harvard Business School, for his leadership and dedication as ACSR chair. The CCSR relies heavily upon the ACSR for its careful and insightful deliberations on proposed proxy voting guidelines, as well as its continuing recommendations on how Harvard should cast its votes on individual shareholder resolutions facing companies whose shares are directly owned by HMC. The ACSR's close attention to the issues raised by shareholder resolutions strengthens the quality of Harvard's exercise of its responsibilities as an investor.

[2] September 9, 2021, message from President Lawrence Bacow, Climate Change: Update on Harvard Action, https://www.harvard.edu/president/news/2021/climate-change-update-on-harvard-action/.

Appendix A

Proxy Voting Guidelines for External Managers

Topic: **Environmental Issues**
Subtopic: **Carbon Offsets**
Approved: **January 19, 2023**

Description:

Resolutions that request a company disclose how carbon offsetting is part of their corporate climate strategy or planned to meet greenhouse gas (GHG) reduction targets. Resolutions may ask a company to disclose details about the carbon credits used.

Topic background:

Corporations are participating in the voluntary carbon market to meet climate-related commitments. This includes the buying and selling of carbon credits to offset or reduce a company's net GHG emissions. The voluntary market[1] has grown rapidly since 2020, and with it, concern around some methods for generating carbon offsets and how they are used by companies to achieve corporate GHG reduction targets.

Carbon offsetting can have an important role in supporting economic activity that confronts the climate crisis, for example by supporting the transition to renewable energy or removing carbon from the atmosphere. The Intergovernmental Panel on Climate Change (IPCC) pathways that limit global warming to 1.5 degrees Celsius incorporate some carbon dioxide removal (CDR) use.[2] Although at the company level, poor management or lack of transparency around the use of offsetting may result in business risks such as litigation and reputation damage. Improper use of carbon credits across the economy can delay climate action and increase the systemic risks of climate change. Creditable company carbon offset programs should seek durability, proven additionality and carbon accounting, and methods that do not harm surrounding ecosystems or communities. To assess the quality of a company's offset program and level of reliance to achieve climate-related commitments, shareholders require the appropriate level of transparency and reporting from companies.

There are different types of activities that can generate carbon offsets or credits and have meaningfully different effects on atmospheric GHGs. Generally, all carbon offsetting happens outside of a company's value chain. There are two main types of carbon credits – emissions avoidance/reductions and carbon CDR. Emissions avoidance/reductions include offsets generated from switching to renewable energy, reducing GHG emissions through application of new technologies, efficiency improvements, and avoiding destruction or conversion of ecosystems. CDR removes GHGs from the atmosphere and includes offsets from afforestation/reforestation, direct air capture and storage, and biomass carbon removal and storage. The former type of carbon offsets has received the most scrutiny from company stakeholders, and in some instances, there is lack of evidence that the emissions

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[1] The voluntary carbon market is different from the compliance carbon market. In the compliance carbon market regulated entities purchase and surrender offsets or allowances to meet targets enforced by regulation such as through cap-and-trade programs.
[2] For more information see the IPCC, *Special Report: Global Warming of 1.5°C*, *Chapter 2 – Mitigation pathways compatible with 1.5°C in the context of sustainable development.*

reductions would have not happened otherwise.[3]

Considerations for voting:

- If a company is already using carbon credits or offsetting as part of their climate strategy, does the reporting provide sufficient disclosure on how carbon offsets are a part of their overall climate strategy and details about the carbon credits being used?[4]
    - Important components of disclosure include how a company is managing carbon credits, third-party verification, the type(s), and volume of offsets retired or surrendered. There are emerging frameworks such as the Voluntary Carbon Markets Integrity Initiative that seek to provide guidance for net-zero aligned participation in the voluntary carbon market.
- Given existing standards around net-zero pledges, it is helpful to understand whether a company has communicated that carbon offsetting will be used only for residual (unabated) emissions and the percentage they plan to neutralize with carbon dioxide removals.
- Is the company using carbon offsets to delay climate action and/or increase their long-term climate transition risk? Is the use of offsets in place of taking meaningful steps to address climate risk in their operations?
- All reports should be prepared at reasonable cost and omit proprietary information.

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that request a company provide robust annual disclosure of its forward-looking offsetting strategy and any use of carbon credits.
2. Vote in support of shareholder resolutions that request a company disclose its use of carbon credits, including type of credits, verification, timing, and whether carbon credits are intended to substitute for emissions reductions beyond current goals.
3. Vote in support of shareholder resolutions that request a company disclose the role of offsets in achieving their climate goals.
4. Vote against shareholder resolutions that impose highly prescriptive requirements or mandates for a company's approach to carbon offsets.

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.

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[3] Eglin, *These Trees Are Not What They Seem*, Bloomberg, 12/9/2020.

[4] Although not yet adopted at the time of this writing, the U.S. Securities and Exchange Commission's proposed rules for the enhancement and standardization of climate-related disclosures would require registrants to disclose the role that carbon offsets play in the company's climate strategy. Release Nos. 33-11042; 34-94478.

Proxy Voting Guidelines for External Managers

Topic: **Environmental Issues**
Subtopic: **Methane Emissions and Reduction**
Approved: **July 19, 2019**
Updated: **January 19, 2023**

Description:

Resolutions that ask companies to report on the management or reliability of methane emissions and adopt targets for reducing such emissions.

Topic background:

Methane is a potent greenhouse gas. On a 20-year timescale, methane is estimated to have more than eighty times the global warming potential of an equivalent amount of carbon dioxide.[1] Proponents of resolutions in this area express urgent concerns about methane's role in climate change and impacts on health and socioeconomic inequalities, while also noting the business risks of fugitive methane emissions, which represent lost gas product that otherwise could have been brought to market. Companies must consider if their actions have disparate environmental impacts on minority, Indigenous, and low-income communities. While some companies have made commitments to support environmental justice, others continue to operate in ways that harm the environmental health of majority-minority communities and face potential reputational and legal risk.[2] In addition, proponents say, these emissions may pose an increasing reputational risk to the natural gas industry, which has positioned itself as a cleaner alternative to other fossil fuels. In connection to COP 26 over 100 countries, representing 50% of global anthropogenic methane emissions, signed the Global Methane Pledge. This pledge recognizes the urgent need to address methane emissions, participants agree to take action to reduce global methane emissions at least 30 percent from 2020 levels by 2030.[3]

Methane emissions span industries, and the oil and gas industry represent the largest industrial source of methane emissions globally.[4] Because conventional methods within the industry for measuring and reporting Scope 1, 2, and 3 methane emissions are likely underestimating values, there is growing support for the use of new technologies such as field drones, satellites, and AI to increase direct Scope 1 measurement and monitoring, and improve emissions reporting.[5] Some companies, such as members of the OGCI, support advancing methane leak detection technologies and have set intensity reduction targets to help address the climate risks associated with methane emissions.[6] Companies lagging both in terms of reporting and quality of methane emissions data create risks not only for their business but

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[1] Environmental Protection Agency, *Understanding Global Warming Potentials*, https://www.epa.gov/ghgemissions/understanding-global-warming-potentials.
[2] For more information related to research from the Harvard Community on environment, health, and inequality please see, In Focus - Environmental Exposure.
[3] The Global Methane Pledge was launched at COP 26 in November of 2021 https://www.globalmethanepledge.org/#about.
[4] Environmental Defense Fund, *The Disclosure Divide*, February 2018.
[5] Environmental Protection Agency, *Scope 1 and Scope 2 Inventory Guidance*, https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance, and *Scope 3 Inventory Guidance*, https://www.epa.gov/climateleadership/scope-3-inventory-guidance.
[6] The Oil and Gas Climate Initiative (OGCI) is a CEO-led initiative that aims to accelerate the industry response to climate change. OGCI member companies explicitly support the Paris Agreement and its aims.

increase the broader economic risk of climate change.

Considerations for voting:

- Well-constructed proposals that request companies to report on methane emissions management, through means such as reporting on actual emissions and on goals to reduce them, provide shareholders with valuable information, not only about a potential material risk factor, but also through fugitive methane emissions recapture, about potential business benefits.
- A well-constructed proposal should seek to request reporting across all operations. Reduction targets should be either absolute or intensity-based and should aim for direct measurement when possible.
- The broader aim of measuring, managing, and reducing GHG emissions aligns with Harvard University's institutional efforts and the Harvard endowment's net-zero pledge.

With regard to company concerns about reporting standards or burdens, recognized guidance for reporting on methane emissions is available from organizations such as the Task Force on Climate-related Financial Disclosures (TCFD), whose standards for reporting material information on methane emissions reflect substantial input from investors, NGOs, and industry experts.

Illustrative examples of votes:

1. Vote in support of shareholder resolutions requesting that a company report its policies and plans to measure, monitor, mitigate, and set quantitative targets for reducing methane emissions, including actions that go beyond regulatory requirements.
2. Vote in support of shareholder resolutions requesting that a company provide updates on establishing any methane reduction targets and progress towards such targets.
3. Vote in support of shareholder resolutions requesting that a company reduce or eliminate routine flaring.
4. Vote in support of shareholder resolutions that request a report analyzing the reliability of a company's methane emissions disclosures.

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.

Proxy Voting Guidelines for External Managers

Topic: **Environmental Issues**
Subtopic: **Report on Renewable Energy Goals**
Approved: **March 1, 2021**
Updated: **June 21, 2023**

Description:

Resolutions on this topic ask companies to help inform shareholders about their climate change mitigation strategies by reporting on their plans for, and measurable progress against, quantitative, company-wide goals for increasing a company's use of renewable energy.

Topic background:

To achieve reductions in greenhouse gas (GHG) emissions and mitigate the onset of intensive climate change, organizations of all types must consider ways to reduce (and eventually end) their use of carbon-intensive energy sources. Renewable energy sources with minimal or no such emissions are essential to any such transition. Proponents of resolutions regarding the adoption of renewable energy use goals seek to encourage companies to assess and report on the place of renewable energy in reducing their carbon footprint. The number of companies that have set renewable energy goals has increased both globally and across many different industries.[1] For many companies, energy usage is a major emissions source and, consequently, a prime area in which to decrease their carbon footprint. Proponents of shareholder resolutions on renewable energy argue that by accelerating renewable energy adoption companies are acting to protect longer-term shareholder value, given the likelihood that climate-related factors will impose growing financial costs and risks for a company's business operations, assets, and products or services.

Considerations for voting:

- We generally recommend support for well-constructed proposals requesting timely disclosure of company plans for, and measurable progress toward, achieving GHG emissions reduction goals, including interim goals related to renewable energy adoption, limiting GHG emissions, and energy efficiency targets.
- We generally recommend caution regarding shareholder proposals that either prescribe specific goals for the company's use of renewable energy or urge the use of specific renewable energy technologies. Such proposals might be seen as intruding upon management's prerogative to conduct the company's business.
- For companies that have voluntarily set medium- or long-term operational climate goals including renewable energy, we recommend support for proposals requesting annual reporting on the company's current efforts and progress towards announced goals.

[1] A list of companies who have made renewable energy commitments can be found the RE100 website: http://there100.org/companies.

- Recognizing the critical importance of confronting climate change, Harvard has committed to emissions-related goals in its Climate Action Plan[2] and directed Harvard Management Company to set the endowment on a path to achieve net zero greenhouse gas emissions by 2050.[3]

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that ask companies to adopt or report on their climate action plans and strategies for achieving quantitative, company-wide goals for increasing use of renewable energy.
    - The report may also evaluate any other measures senior management deems prudent to substantially reduce GHG emissions and mitigate climate change risks associated with the use of fossil fuel-based energy.
2. Vote in support of shareholder resolutions that ask companies to issue near and long-term science based GHG reduction targets aligned with the Paris Agreement taking into consideration supporting targets for renewable energy and other measures deemed appropriate by management.
3. Vote against shareholder resolutions that set overly prescriptive or burdensome terms for companies to adopt specific renewable energy technologies or engage in specific actions with respect to the management of energy resources.

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.

[2] As part of Harvard's Climate Action Plan, the University has committed to be fossil fuel-neutral by 2026, and fossil fuel-free by 2050. For more information please see https://green.harvard.edu/campaign/harvards-climate-action-plan. The Harvard endowment is also a signatory to the Climate Action 100+ and supports the goals of the initiative, including that companies take action to reduce GHG emissions across the value chain. Harvard joined as a supporter in September 2019 and will be engaging with companies on the goals of CA100+ through Harvard Management Company, for more information see Harvard joins Climate Action 100+, *The Harvard Gazette*, September 17, 2019.

[3] More information the Net-Zero Pledge can be found on HMC's website: https://www.hmc.harvard.edu/net-zero/.

Proxy Voting Guidelines for External Managers

Topic: **Corporate Political Spending**
Subtopic: **Lobbying and Political Spending**
Approved: **July 19, 2019**
Updated: **January 19, 2023**

Description:

Resolutions on this topic may ask a company to (1) report on climate lobbying in line with the Paris Agreement, (2) report climate lobbying in line with a net zero goal, or (3) report on climate lobbying in line with the Paris Agreement when the company has released insufficient reporting.

Topic background:

Investors have seen a significant number of companies across the globe make net zero commitments and other climate-related statements. However, some company lobbying on climate change, whether directly or indirectly through interest groups, is not aligned. Companies across industries have supported lobbying to block or retrench federal and state regulations that support the transition to renewable energy or other methods of addressing the climate crisis. This misalignment can slow or undermine a company's stated goals or climate risk strategy. This may lead to missed targets, increasing transition risk, or reputational damage. Effective climate policy can help companies achieve their climate goals and incentivize the innovation and transition needed at an industry level.

Both companies and governments recognize the need to address the systemic risk presented by climate change. Countries have set Nationally Determined Contributions (NDCs) through the Paris Agreement to reduce emissions and adapt to climate change. Shareholders may be concerned when a company challenges regulation directly or indirectly through trade associations or is found to spread disinformation about climate science or the impacts of federal and state climate action. Some examples of incongruency between company statements and interference on climate action include automotive companies lobbying for the rollback of vehicle emissions standards and utility and energy companies lobbying for the retrenchment of state-level renewable energy portfolio standards, while publicly supporting decarbonization. These circumstances have resulted in reputational damage, legal action by stakeholders, delayed climate action at the industry level, and the potential amplification of climate change as a systemic risk.

Considerations for voting:

- In alignment with the general guideline on *Lobbying and Political Spending* we recommend support of well-constructed proposals requesting timely disclosure of corporate political spending. Such disclosures can have value to shareholders, helping them assess whether a corporation's use of assets is in shareholders' best interests and whether a company's political spending poses business risks.
    - In many cases, we believe a company's climate lobbying can be material to its stated climate strategy. Therefore, a congruency assessment is a key component to understanding the company's approach to climate risk.

- We generally do not recommend support of proposals that reach beyond requests for greater transparency about amounts and recipients of expenditures into areas such as cost/benefit analyses of such spending. Such proposals may pose an undue reporting burden for companies while offering little additional insight to shareholders.
- We acknowledge that it may be in a company's best interest to support industry trade associations that represent the views of many members, and it is unrealistic to expect perfect alignment between all of a company's approaches to climate change and all parts of a lobbying organization's agenda.

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that request a company conduct an evaluation and issue a report, describing if, and how, a company's lobbying, directly and indirectly through the activities of its trade associations and other organizations, aligns with the company's publicly stated commitment to achieving net zero emissions.
2. Vote in support of shareholder resolutions that request a company conduct an evaluation and issue a report describing if, and how its lobbying, directly and through the activities of its trade associations and other organizations, aligns with the Paris Climate Agreement's goal to hold the increase in the global average temperature to "well below" 2 degrees Celsius above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.
3. Vote in support of shareholder resolutions that request a company report to shareholders on misalignments between the company's lobbying activities and positions, both directly and indirectly through trade associations and other organizations, and its publicly stated climate commitments.
4. Vote against shareholder resolutions that request a company to report a cost/benefit analysis of election spending to shareholders, examining effectiveness, benefits, and risks to shareholders' value associated with the contribution.

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.

Proxy Voting Guidelines for External Managers

Topic: **Corporate Political Spending**
Subtopic: **Climate Lobbying and Political Spending**
Approved: **June 21, 2023**

Description:

Resolutions on this topic may ask a company to (1) report on climate lobbying in line with the Paris Agreement, (2) report climate lobbying in line with a net zero goal, or (3) report on climate lobbying in line with the Paris Agreement when the company has released insufficient reporting.

Topic background:

Investors have seen a significant number of companies across the globe make net zero commitments and other climate-related statements. However, some company lobbying on climate change, whether directly or indirectly through interest groups, is not aligned. Companies across industries have supported lobbying to block or retrench federal and state regulations that support the transition to renewable energy or other methods of addressing the climate crisis. This misalignment can slow or undermine a company's stated goals or climate risk strategy. This may lead to missed targets, increasing transition risk, or reputational damage. Effective climate policy can help companies achieve their climate goals and incentivize the innovation and transition needed at an industry level.

Both companies and governments recognize the need to address the systemic risk presented by climate change. Countries have set Nationally Determined Contributions (NDCs) through the Paris Agreement to reduce emissions and adapt to climate change. Shareholders may be concerned when a company challenges regulation directly or indirectly through trade associations or is found to spread disinformation about climate science or the impacts of federal and state climate action. Some examples of incongruency between company statements and interference on climate action include automotive companies lobbying for the rollback of vehicle emissions standards and utility and energy companies lobbying for the retrenchment of state-level renewable energy portfolio standards, while publicly supporting decarbonization. These circumstances have resulted in reputational damage, legal action by stakeholders, delayed climate action at the industry level, and the potential amplification of climate change as a systemic risk.

Considerations for voting:

- In alignment with the general guideline on *Lobbying and Political Spending* we recommend support of well-constructed proposals requesting timely disclosure of corporate political spending. Such disclosures can have value to shareholders, helping them assess whether a corporation's use of assets is in shareholders' best interests and whether a company's political spending poses business risks.
    - In many cases, we believe a company's climate lobbying can be material to its stated climate strategy. Therefore, a congruency assessment is a key component to understanding the company's approach to climate risk.
- We generally do not recommend support of proposals that reach beyond requests for greater transparency about amounts and recipients of expenditures into areas such as cost/benefit

analyses of such spending. Such proposals may pose an undue reporting burden for companies while offering little additional insight to shareholders.

- We acknowledge that it may be in a company's best interest to support industry trade associations that represent the views of many members, and it is unrealistic to expect perfect alignment between all of a company's approaches to climate change and all parts of a lobbying organization's agenda.

Illustrative examples of votes:

5. Vote in support of shareholder resolutions that request a company conduct an evaluation and issue a report, describing if, and how, a company's lobbying, directly and indirectly through the activities of its trade associations and other organizations, aligns with the company's publicly stated commitment to achieving net zero emissions.
6. Vote in support of shareholder resolutions that request a company conduct an evaluation and issue a report describing if, and how its lobbying, directly and through the activities of its trade associations and other organizations, aligns with the Paris Climate Agreement's goal to hold the increase in the global average temperature to "well below" 2 degrees Celsius above preindustrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.
7. Vote in support of shareholder resolutions that request a company report to shareholders on misalignments between the company's lobbying activities and positions, both directly and indirectly through trade associations and other organizations, and its publicly stated climate commitments.
8. Vote against shareholder resolutions that request a company to report a cost/benefit analysis of election spending to shareholders, examining effectiveness, benefits, and risks to shareholders' value associated with the contribution.

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.

Proxy Voting Guidelines for External Managers

Topic: **Technology and Media**
Subtopic: **Report on Social Media Content Strategies and Policies**
Approved: **March 1, 2021**
Updated: **June 21, 2023**

Description:

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

Topic background:

How social media companies govern problematic content, and the dissemination of that content, on their platforms is an issue of 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 events 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], the livestreaming on Facebook of violence, such as the mass shootings in Christchurch, New Zealand in March 2019, and the posting and sharing of negative and harmful content about someone else.[2] In addition, the adverse effects of social media use may be amplified for children and teens. For example, studies have shown that social media use might heighten risks for mental health problems and contribute to disrupting sleep.[3]

The underlying digital means by which companies manage content and recommend content to viewers – through AI-powered algorithms – has also come under 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 seek information from companies about their management of problematic media content and 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, by states and governments, and through hearings before the United States Congress, among other means. For example, following the controversy

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[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] May 2021, National Center for Education Statistics, Bullying at School and Electronic Bullying, The *School Crime Supplement* to the National Crime Victimization Survey indicates that, nationwide, about 16 percent of students in grades 9 through 12 experienced cyberbullying, https://nces.ed.gov/programs/coe/indicator/a10.

[3] https://www.mayoclinic.org/healthy-lifestyle/tween-and-teen-health/in-depth/teens-and-social-media-use/art-20474437

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.
- The risks that specific algorithms and other methods to increase user engagement may pose to children and teens, including mental health consequences such as negative impacts on self-esteem and depression.
- Investors may consider whether the privacy tools for a platform, such as end-to-end encryption, have the potential to facilitate the increased sexual exploitation of children online and make it difficult for the company to get an accurate picture of the problem.
- 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 shareholder resolutions that ask a company to publish a report (at a 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, cyberbullying, and the streaming and distribution of images of extreme violence and the reputational, regulatory, and financial risks posed by content governance controversies.
2. Vote <u>in support</u> of shareholder resolutions that ask a company to publish a report 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, assess the impact of limits to detection technologies and strategies, and be prepared at reasonable expense and excluding proprietary/confidential information.

3. Vote in support of shareholder resolutions that ask a company to publish a report assessing the potentially harmful impacts of its platform on children.
4. Vote <u>against</u> shareholder 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.

Appendix B

Shareholder Resolutions Considered by the ACSR in 2022-2023

The eighteen shareholder resolutions considered by the ACSR during the 2022-2023 academic year were presented at three companies:

- Intel for a shareholder vote at its annual meeting on May 11, 2023,
- Meta Platforms, Inc. for a shareholder vote at its annual meeting on May 31, 2023, and
- Alphabet for a shareholder vote at its annual meeting on June 2, 2023.

As in previous years, the Committee's deliberations on these resolutions, and its recommendations to the CCSR, reflected close consideration of the construction of each resolution, the context of the issues raised by the resolutions, past Committee precedent where available, and any relevant proxy voting guidelines. The ACSR then forwarded its recommendations to the CCSR, which determined Harvard's votes on each resolution, as described below.

A. Third Party Review of ESG Congruence

The ACSR considered one proposal at Intel, which asked the company to "commission and publish a third-party review within the next year (at reasonable cost, omitting proprietary information) of whether the Company's activities and expenditures related to doing business in China align with its ESG commitments."

At its April 17 meeting, Committee members discussed both the issue as presented in the Resolution and the proponent's supporting statements. While members expressed the view that—on its face—there appears to be nothing politically objectionable in the Resolution itself, the proponent makes clear in supporting statements a political motivation related to anti-China sentiments. Committee members expressed concern that they did not wish to support such political motivations and views, but recognized the importance of acknowledging China's significant GHG emissions and noted that additional disclosure at Intel may prove to be beneficial overall.

Committee members voting "yes," referred to past precedent and illustrative example number two in the existing guideline on "Human Rights Policy and Supply Chain Due Diligence," which recommends a vote in support of resolutions that "request a company to perform an analysis and report on the actual and potential human rights impacts of the company's business activities in its operations and value chain." Some committee members expressed the view that Intel should have supply chain congruency with their public ESG commitments and that reporting on such is a reasonable request and that more disclosure is generally favorable.

Committee members voting "no" expressed the view that while the Resolution itself was too broad, the language in the supporting statement was too specific to China and driven by political motivations that are clearly anti-China. Some committee members acknowledged that while, generally, the request for a report seems reasonable and not unduly burdensome to Intel, the proposal's scope is poorly defined, lacks specificity in that it is too broad in its coverage of all ESG issues, and does not consider that Intel already publishes an expansive corporate responsibility report. Members distinguished past precedent from this proposal noting that an earlier proposal to Apple was targeted to forced labor concerns and did not appear politically motivated. The committee voted 5 in favor - 4 opposed - 0 abstained in a split vote. The CCSR voted in favor of the proposal in light of the committee discussion and the relevant guideline.

B. Corporate Political Influence

This year, the ACSR considered five resolutions on aspects of corporate political influence, with some resolutions overlapping in content. The topics included lobbying, climate lobbying, and congruency.

Lobbying Disclosures

Nearly identical resolutions were presented to Meta Platforms, Inc. and Alphabet. These resolutions closely mirror resolutions presented in prior years. The resolutions asked the two companies to prepare reports, "updated annually, disclosing:

> 1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
> 2. Payments by [Meta Platforms, Inc. and Alphabet] used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
> 3. Description of management's and the Board's decision-making process and oversight for making payments described in sections 2 above.
>
> For purposes of this proposal, a 'grassroots lobbying communication' is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. 'Indirect lobbying' is lobbying engaged in by a trade association or other organization of which [Meta Platforms, Inc. or Alphabet] is a member. Both 'direct and indirect lobbying' and 'grassroots lobbying communications' include efforts at the local, state and federal levels. The report shall be presented to the Audit Committee and posted on [Meta Platform, Inc.'s and Alphabet's] website."

At its May 16 meeting, the ACSR voted 11-0-0 in favor of both proposals based on extensive precedent and the existing approved Harvard guideline on this issue. The CCSR likewise voted in favor of the proposals due to the ACSR vote, past precedent, and the relevant guideline.

Climate Lobbying Report

Two similar resolutions on climate lobbying were presented to Meta Platforms, Inc. and Alphabet. The Alphabet resolution requested that

> "the Alphabet Inc. Board of Directors within the next year conduct an evaluation and issue a report (at reasonable cost, omitting proprietary information) describing its framework for identifying and addressing misalignments between Alphabet's lobbying (directly and indirectly through trade associations and social welfare and nonprofit organizations) and Alphabet's commitments to mitigate climate impact and its support of the Paris Agreement, which seeks to limit average global warming to no more than 1.5 degrees Celsius by 2030. The report should include essential elements, such as the criteria used to assess alignment; the strategies used to address any misalignment; and circumstances under which these strategies are implemented."

The Meta resolution asked that

> "the Board of Directors report to shareholders (at reasonable cost, omitting confidential/proprietary information) on its framework for identifying and addressing misalignments between Meta's lobbying and policy influence activities and positions--both direct and indirect through trade associations, coalitions, alliances, and social welfare organizations ("Associations") and Meta's Net Zero emissions commitment across its value chain by 2030, including the criteria used to assess alignment; the escalation strategies used to address misalignments; and the circumstances under which escalation strategies are used (e.g., timeline, sequencing, degree of influence over an Association)."

The ACSR discussed the two proposals together. They noted that the proposal to Alphabet explicitly identifies its commitment to the Paris Agreement, and the proposal at Meta identifies its net zero emissions commitment, but both proposals are broadly consistent with one another and the existing lobbying guideline, as well as the guideline the ACSR has recommended for CCSR approval this spring. The ACSR voted 11–0–0 in favor of both proposals. In light of the ACSR recommendation and relevant guideline, the CCSR also voted in favor of both proposals.

Congruency Report

A final corporate political influence resolution considered by the Committee was a proposal regarding a congruency report from Alphabet. The resolution requested that

> "Alphabet Inc. (the 'Company') publish a report, at reasonable expense, analyzing the congruency of voluntary partnerships with organizations that facilitate collaboration between businesses, governments and NGOs for social and political ends against the Company's fiduciary duty to shareholders."

The proposal was new to the ACSR and had no specific precedent. The ACSR discussed the confusing nature of this proposal and members expressed the view that the proposal is poorly worded. In addition, they noted the strong track record of compliance with and transparency about ESG issues by Alphabet. The company is clear on where money goes, what criteria are used, and its views on social responsibility. Members noted that the proponents supporting statements offered no greater clarity on their intent. In addition, the proposal does not ask that the proposal be prepared by a third party, which would be the preferred approach. The ACSR voted 0–11-0 to oppose the proposal. The CCSR voted against the proposal in light of the ACSR recommendation.

C. Human Rights

The ACSR considered three proposals regarding human rights, including one assessing the impact of data center siting and two concerned with human rights impact of targeted advertising.

Human Rights Assessment of Data Center Siting

A resolution to Alphabet regarding a human rights assessment of data center siting was proposed as a resubmission from last year. The resolution requested that

> "the Board of Directors commission a report assessing the siting of Google Cloud Data Centers in countries of significant human rights concern, and the Company's strategies for mitigating the related impacts. The report, prepared at reasonable cost and omitting confidential and proprietary information, should be published on the Company's website within six months of the 2023 shareholders meeting."

The proposal was new in 2022 and focused on a data center in Saudi Arabia, while last year it mentioned other countries of concern: Indonesia, Qatar, and India. A similar proposal was considered in spring 2022 by the CCSR during the ACSR's off-season and the CCSR abstained due to lack of voting precedent.

The ACSR discussed Alphabet's track record concerning human rights. The company has an existing policy, and it appears to be appropriately high level in nature and consistent with Harvard's guidelines. The Committee noted that the countries that are identified as areas of concern by the proponent. The Committee discussed what the relationship of siting data centers might be to human rights in a particular country, and some members of the Committee were uncertain of impact. One Committee member noted that the use of spyware by some countries may be the concern of the proponent, but it was not clear. Citing the lack of clarity, the ACSR voted 0–10-1 to oppose the proposal. In light of the ACSR recommendation, the CCSR voted against the proposal.

Human Rights Impact Assessment of Targeted Advertising

At its meeting on May 16, 2023, the ACSR considered broadly similar proposals to both Meta Platforms Inc. and Alphabet that ask each company to publish an HRIA examining targeted advertising policies and practices. The Alphabet resolution directed

> "the board of directors of Alphabet Inc. to publish an independent third-party Human Rights Impact Assessment (the "Assessment"), examining the actual and potential human rights impacts of Google's targeted advertising policies and practices throughout its business operations. This Assessment should be conducted at a reasonable cost; omit

> proprietary and confidential information, as well as information relevant to litigation or enforcement actions; and be published on the company's website by June 1, 2024."

The Meta Platforms, Inc. resolution directed

> "the board of directors of Meta Platforms, Inc. 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. This HRIA should be conducted at reasonable cost; omit proprietary and confidential information, as well as information relevant to litigation or enforcement actions; and be published on the company's website by June 1, 2024."

A member of the ACSR observed that targeted advertising is the core of these companies' business and represents the vast majority of their revenue, and further doubted that there could be a discriminatory human rights impact from the advertisements themselves. Other members noted that in order to do targeted advertising, the companies collect massive amounts of data, and this could lead to negative outcomes, discrimination, or risk to individuals who are thus targeted. Still others noted that ads could lead to discriminatory targeting, or the underlying data could be used to create political targeting. It was noted that the proposal requests a report on these issues, and that does not seem overly burdensome and might identify whether any human rights impact is happening. It was also noted that the Committee recommended a vote in favor on a very similar proposal last year. The ACSR voted 10-1-0 to support the proposal at both companies. Following the ACSR recommendation, and in light of precedent and the existing guideline, the CCSR voted in favor of the proposal.

D. Societal Impact and government oversight of Social Media

The ACSR considered seven proposals regarding societal impacts and government oversight of social media at Alphabet and Meta Platforms, Inc.

Report on Child Safety Impacts and Actual Harm Reduction to Children

A resolution to Meta Platforms, Inc. proposed a report on child safety impacts and actual harm reduction to children. The resolution requested that

> "within one year, the Board of Directors adopts targets and publishes annually a report (prepared at reasonable expense, excluding proprietary information) that includes quantitative metrics appropriate to assessing whether Meta has improved its performance globally regarding child safety impacts and actual harm reduction to children on its platforms."

The proposal was new but similar to a prior resolution. At its May 16, 2022 meeting, the ACSR voted 7-0-3 to recommend a vote in favor of a similarly themed proposal at Meta:

> "Shareholders request that the Board of Directors 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, assess the impact of limits to detection technologies and strategies, and be prepared at reasonable expense and excluding proprietary/confidential information."

During last year's meeting, Committee members considered the risk that encryption "back doors" might inadvertently allow repressive governments, police, or security forces to have undue access to private communication, particularly in countries vulnerable to government crackdowns on protests, dissent, etc. Members abstaining on last year's vote suggested that a better proposal would focus on both the risk of allowing criminal actors to exploit end-to-end encryption and the risk of government intrusion on privacy.

On this year's proposal, the ACSR discussed that an affirmative vote would be consistent with both precedent and Harvard's guideline. While some members expressed concern that the proposal does not explicitly call for a third party to prepare the report, which would be the preferred approach, the ACSR voted 11-0-0 to support the proposal. In light of ACSR recommendation, precedent, and the existing guideline, the CCSR voted in favor of the proposal.

Report on Alignment of YouTube Policies with Legislation

This proposal was new in 2023 and requested that Alphabet

> "issue a report at reasonable cost and omitting proprietary information, disclosing whether and how the Company intends to minimize legislative risk by aligning YouTube policies and procedures worldwide with the most comprehensive and rigorous online safety regulations, such as the European Union's Digital Service Act9 and the UK Online Safety Bill10."

The ACSR discussed the proposal and its potential to ensure that Alphabet is being responsive to laws that deal with the potential use of YouTube in human trafficking, and ensuring that policies and procedures to prevent such use are sufficiently rigorous. The ACSR voted 10-0-0 to support the proposal. Following the ASCR recommendation, and in light of precedent and the existing guideline, the CCSR voted for the proposal.

Content Governance Report

While this proposal to Alphabet was new, similar proposals have been considered by the ACSR and CCSR. The resolution requested

> "that Alphabet Inc. ('Company') issue a report at reasonable cost 'omitting proprietary or legally privileged information' reviewing the vulnerabilities of its enforcement of Google's and YouTube's Terms of Service related to content policies, and assessing the risks posed by content management controversies related to issues such as election interference, freedom of expression, and inequitable application of policies, and how they affect the Company's finances, operations, and reputation."

The ACSR discussed the proposal in light of both the resolved clause, and the proponent's motivation for requesting a report on company's content policies. Members supporting the proposal felt that the resolution itself is unobjectionable, while members voting no or abstaining were concerned that the proponents espoused conspiratorial theories related to election denial in the U.S. in their supporting statements. The ACSR voted 8-1-2 to support the proposal. Considering the ACSR recommendation and the existing guideline, the CCSR voted in favor of the proposal.

Algorithm Disclosures

The ACSR reviewed a proposal regarding algorithm disclosures at Alphabet. Specifically, the resolution requested that

> "Alphabet go above and beyond its existing disclosures and provide more quantitative and qualitative information on its algorithmic systems. Exact disclosures are within management's discretion, but suggestions include, how Alphabet uses algorithmic systems to target and deliver ads, error rates, and the impact these systems had on user speech and

> experiences. Management also has the discretion to consider using the recommendations and technical standards for algorithm and ad transparency put forward by the Mozilla Foundation and researchers at New York University."

This exact proposal was considered at Alphabet in spring 2022 by the CCSR during the ACSR's off-season, and the CCSR voted to abstain due to a lack of specific precedent.

During the ACSR's discussion of this proposal, supporters indicated a desire to support greater transparency in the use of algorithms. It was also noted that algorithms can have unintended bias that can lead to discriminatory outcomes. Members opposing the proposal felt that these algorithms are likely centrally important trade secrets to the company, and important intellectual property. Disclosure also can have its own unintended consequences since more public disclosure might allow bad actors to game these algorithms more easily. In a split vote, the ACSR voted 3-7-0 to oppose the proposal. The CCSR voted against the proposal.

Government Takedown Requests

A proposal to Meta Platforms, Inc. focused on reporting of government takedown requests. The resolution requested that

> "Meta Platforms, Inc. ("Company") provide a report, published on the Company's website and updated semi-annually - and omitting proprietary information and at reasonable cost - that specifies the Company's policy in responding to requests to remove or take down content from its platforms by the Executive Office of the President, Members of Congress, or any other agency, entity or subcontractor on behalf of the United States Government. This report shall also include an itemized listing of such "takedown" requests, including the name and title of the official making the request; the nature and scope of the request; the date of the request; the Company's action or inaction to the request; and a reason or rationale for the Company's response, or lack thereof."

The ACSR discussed that this request is broadly consistent with Harvard guidelines, which call for greater transparency from social media companies regarding government censorship, surveillance, and regulation of speech. The ACSR voted 10-0-0 to support the proposal. Following ACSR recommendation, the CCSR voted in favor of the proposal.

Report on Allegations of Political Entanglement and Content Management Biases in India

The ACSR deliberated on a Meta Platforms, Inc. resolution with specific content management requests following allegations of political entanglement and content management biases in India. The resolution requested that

> "the Company commission a nonpartisan assessment of allegations of political entanglement and content management biases in its operations in India, focusing on how the platform has been utilized to foment ethnic and religious conflict and hatred, and disclose results in a report to investors, at reasonable expense and excluding proprietary and privileged information. Among other things, the assessment can evaluate:
> - Evidence of political biases in Company activities, and any steps to ensure it is non-partisan;
> - Whether content management algorithms and personnel in India are at scale and multilingual capacity necessary to curtail mass dissemination of hate speech and disinformation.
>
> The report should also integrate or append the full India HRIA previously commissioned, so that investors can read the full recommendations and any evidence germane to biases, exposures and impacts."

The ACSR discussed that Facebook is a widely used platform in India, and the proponents are concerned with government interference that may allow Facebook to be used as a tool to incite violence, especially against women and Muslim minorities. Members of the committee discussed that it was important and worth understanding the company's efforts to address these issues, and calls for greater disclosure is consistent with the committee's past precedent. The ACSR voted 9-0-0 to support the proposal. The CCSR voted in favor of the proposal in light of the ACSR recommendation and precedent.

Report on Enforcement of Community Standards and User Content

A proposal at Meta Platforms, Inc. asked for a report on enforcement of community standards and user content. The resolution requested that

> "the Board, at reasonable expense and excluding proprietary or legally privileged information, prepare and publish a report analyzing why the enforcement of 'Community Standards' as described in the 'Transparency Center' has proven ineffective at controlling the dissemination of user content that contains or promotes hate speech, disinformation, or content that incites violence and/or causes harm to public health or personal safety."

The Committee considered the similar content management proposal at Meta in 2022:

> "Shareholders request the Board, at reasonable expense and excluding proprietary or legally privileged information, prepare a report analyzing why the enforcement of

"Community Standards" as described in the "Transparency Center" 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 or personal safety."

Committee members discussed past precedent of voting in favor of similar proposals that request the commissioning of reports about false or divisive information. While Meta may assert that they were working to enforce community standards, some members supporting the proposal wondered if the company might be either unsuccessful in those efforts or, perhaps, if the standards themselves may be ineffective. Members not in favor of the proposal noted that the proposal preemptively—and with prejudice—asserted that existing policies and community standard efforts have already proven to be ineffective.

In 2022, the ACSR voted 8-1-1 to recommend a vote in favor of the proposal at Meta and the CCSR followed the ACSR's recommendation.

This year, some members of the ACSR noted that this proposal is essentially the same as last year's. Members supporting the proposal noted that precedent, and agreed that a report would be helpful. Members opposing the proposal objected to the wording of the resolution as prejudicial in that it presumes the ineffectiveness of the company's efforts. In a split vote, the ACSR voted 5-4-0 to support the proposal. The CCSR opted to abstain in light of the ACSR's split vote.

E. Health

The Committee considered similarly worded resolutions to Alphabet and Meta Platforms Inc. on the topic of reproductive health rights and data privacy. The proposals were new this year.

The proposal to Alphabet requested

"that the Board issue a public report assessing the feasibility of reducing the risks of abortion-related law enforcement requests by expanding consumer privacy protections and controls over sensitive personal data. The report should be produced at reasonable expense, exclude proprietary or privileged information, and published within one year of the annual meeting."

The proposal to Meta Platforms, Inc. requested that the Board

> "issue a public report assessing the feasibility of diminishing the extent that the Company will be a target of abortion-related law enforcement requests by expanding consumer privacy protections and controls over sensitive personal Meta user data. The report should be produced at reasonable expense, exclude proprietary or legally privileged information, and be published within one year of the annual meeting."

The ACSR discussed the proposals together. The proposals address relatively new state laws that prohibit facilitating abortion in some states. Some Committee members questioned whether existing privacy protections are adequate. The Committee discussed whether the company's current encryption technology prevents law enforcement from accessing user content and messages. Members also discussed the two companies' suite of products, and the concern that some devices (such as fitness trackers) might be collecting data in ways that the consumer would not realize. The Committee also noted that given the variability of laws in different states, the report would provide helpful disclosure. The ACSR voted 9-0-0 to support the proposal at both companies. Following the ACSR recommendation, the CCSR voted in favor of both proposals.

Appendix C

2022-2023 ACSR/CCSR Shareholder Resolution Recommendations and Votes

Company/topic	Resolution	Company Meeting Date	ACSR	CCSR
Intel	(#7) Review of Intel's China business ESG congruence	May 11, 2023	5-4-0	In favor
Meta Platforms, Inc.	(#3) Government takedown requests	May 31, 2023	10-0-0	In favor
Meta Platforms, Inc.	(#5) Human rights impact assessment of targeted advertising	May 31, 2023	10-1-0	In favor
Meta Platforms, Inc.	(#6) Report on lobbying disclosures	May 31, 2023	11-0-0	In favor
Meta Platforms, Inc.	(#7) Report on allegations of political entanglement and content management biases in India	May 31, 2023	9-0-0	In favor
Meta Platforms, Inc.	(#8) Report on framework to assess company lobbying alignment with climate goals	May 31, 2023	11-0-0	In favor
Meta Platforms, Inc.	(#9) Report on reproductive rights and data privacy	May 31, 2023	9-0-0	In favor
Meta Platforms, Inc.	(#10) Report on enforcement of Community Standards and user content	May 31, 2023	5-4-0	Abstain
Meta Platforms, Inc.	(#11) Report on child safety impacts and actual harm reduction to children	May 31, 2023	11-0-0	In favor
Alphabet	(#6) Lobbying report	June 2, 2023	11-0-0	In favor
Alphabet	(#7) Congruency report	June 2, 2023	0-11-0	Against
Alphabet	(#8) Climate lobbying report	June 2, 2023	11-0-0	In favor
Alphabet	(#9) Report on reproductive rights and data privacy	June 2, 2023	9-0-0	In favor
Alphabet	(#10) Human rights assessment of data center siting	June 2, 2023	0-10-1	Against
Alphabet	(#11) Human rights assessment of targeted ad policies and practices	June 2, 2023	10-1-0	In favor
Alphabet	(#12) Algorithm disclosures	June 2, 2023	3-7-0	Against
Alphabet	(#13) Report on alignment of YouTube policies with legislation	June 2, 2023	10-0-0	In favor
Alphabet	(#14) Content governance report	June 2, 2023	8-1-2	In favor