Harvard University

Corporation Committee on Shareholder Responsibility

Annual Report 2023-2024

CCSR Members (2023-2024)

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Corporation Committee on Shareholder Responsibility

Annual Report 2023-2024

Introduction

Since 1972, Harvard University has maintained a pair of committees that were created to 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 the need for changes in policy or practice.

The ACSR is a twelve-member committee made up of Harvard faculty, students, and alumni. The ACSR is responsible for advising the CCSR on aspects of 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 shares advice on specific shareholder resolutions directed at companies held directly in Harvard's portfolio. At the direction of the CCSR, the ACSR also may occasionally be asked to consider other aspects of Harvard's shareholder responsibilities.

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 these 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 on the recommendation of the ACSR. As one of several 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, including 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.

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. However, HMC has continued to hold stock in individual companies directly, so the committees review individual shareholder resolutions at these relatively few public companies. After thoughtful consideration, the ACSR makes recommendations to the CCSR, which is responsible for final decisions about how the University should vote on those resolutions.

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, the committee precedent on similar issues, and any relevant proxy voting guidelines. The ACSR's analysis of proxy issues is supported by background material from the 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 2023-2024

The ACSR devoted the bulk of its discussions during the 2023-2024 academic year to developing and proposing proxy voting guidelines in six subject-matter areas. Drafts of new guidelines developed by the ACSR during the 2023-2024 academic year were forwarded to the CCSR for review and approval. The CCSR then approved the following four guidelines, and recommended further consideration of two others.

- Environmental Issues: Climate Financing
- Social Issues: Risks Associated with Concealment Clauses
- Technology and Media: AI Principles
- Technology and Media: Report on Government Censorship

The approved guidelines are published on the University's shareholder responsibility website. The approved guidelines also were shared with 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. Harvard not only issues the guidelines to its external managers, but also releases them to the public, so that other institutional investors may, if interested, make note of Harvard's approach to these issues to inform their own. Appendix A of this report sets forth the full text of the four new proxy guidelines proposed by the ACSR and approved by the CCSR during the one-year period covered by the report. In total, the CCSR has approved twenty-seven guidelines over the last several years in partnership with the ACSR, and there are additional topics approved for consideration next academic year.

The ACSR also considered 17 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 Alphabet Inc. and Meta Platforms, Inc.

Engagement with 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, 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 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, the IFRS Foundation (the successor to the Sustainability Accounting Standards Board), and Climate Action 100+. Through engagement, HMC has observed improved company level transparency, supported more effective governance of material financial risks associated with climate change, and advanced standards within the financial industry.

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

[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/.

four Climate Reports. HMC's most recent Climate Report was released in March 2024 and offered updates on several of the key initiatives, including HMC's investment in climate solutions and efforts to measure portfolio emissions. Further information on HMC's approach to sustainable investing and a copy of it Sustainable Investing Policy 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 2023-2024 academic year. The CCSR extends deep appreciation to the outgoing ACSR chair, Guhan Subramanian, the Joseph Flom Professor of Law and Business at Harvard Law School and the Douglas Weaver Professor of Business Law at Harvard Business School, for his thoughtful leadership over the last several years. The CCSR relies heavily upon the ACSR for its insightful deliberations, its careful consideration of proxy voting guidelines, and its continuing recommendations on how Harvard should cast its votes on individual shareholder resolutions facing companies in which HMC directly owns shares. The ACSR's close attention to the topics and issues raised by these proxy guidelines and shareholder resolutions ensures the quality of Harvard's exercise of its responsibilities as an investor.

Appendix A

Proxy Voting Guidelines for External Managers

Topic: Environmental Issues
Subtopic: Climate Financing Activity
Approved: *May 3, 2024*

Description:

Resolutions on this topic call on banks to adopt lending policies to better align their practices with their expressed commitments to achieving net zero emissions.

Topic background:

According to a large consensus across multiple modelled climate and energy pathways, developing any new oil and gas fields is incompatible with limiting warming to 1.5°C. Global oil and gas production and consumption must decrease by at least 65% by 2050.[2]

Large banks play a pivotal role in financing greenhouse gas (GHG) emissions. Their influence on the transition to a low-carbon economy depends on the alignment of their lending and investment practices with stated climate goals. Shareholder proposals in this area call on banks to adopt "climate-forward" lending and investment policies to better align their practices with their expressed commitments to achieving net zero emissions.

Forty percent of global banking assets have committed to the Net Zero Banking Alliance (NZBA), which seeks to align banks 'lending and investment portfolios with the goal of net zero by 2050. These banks have made long-term commitments to reduce their Scope 1 and Scope 2 emissions, as well as the intensity of their financed emissions in sectors such as oil and gas, electric power, and transportation. However, many of these same banks have failed to set interim targets and continue to be the largest funders of fossil fuel exploration and development projects. Credible climate transition plans describe the policies, indicators, milestones, metrics, and timelines to deliver on the commitment targets and ensure investors that they are fully accountable for the risks associated with the financing of high-carbon activities.

Climate change also poses a significant risk that can affect the banks 'performance by giving rise to credit, reputational, and legal risk. Failing to align their financing activities with their long-term goals could expose the banks to the risk of loss due to stranded assets, declining credit quality, and loss of goodwill.

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 long-term and interim goals related to reducing financed emissions. We favor encouraging goal setting and limits on emissions, while leaving companies to determine for themselves how best to meet them, rather than specifying specific targets.

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[2] https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf

- We generally recommend caution regarding shareholder proposals that prescribe specific goals for the company. 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 GHG financing goals, we recommend support for proposals requesting annual reporting on the company's current efforts and progress towards the announced goals.
- Recognizing the critical importance of confronting climate change, Harvard has committed to emissions-related goals in its Climate Action Plan[3] and directed Harvard Management Company to set the endowment on a path to achieve net zero greenhouse gas emissions by 2050[4].

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that ask companies to adopt or report on their climate transition plans and strategies for aligning their financing activities with long-term and interim GHG reduction targets.
2. Vote in support of shareholder resolutions that ask companies to issue or report on near- and long-term financed emissions reduction targets aligned with the Paris Agreement taking into consideration supporting targets for reducing lending to the fossil fuel sector.
3. Vote in support of shareholder resolutions that ask companies to adopt a time-bound phase-out of their lending and underwriting for projects and companies engaged in new fossil fuel exploration and development.

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. Any reporting should be issued at reasonable cost and omit proprietary information.

[3] 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.

[4] 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: **Social Issues**
Subtopic: **Risks Associated with Concealment Clauses**
Approved: ***May 3, 2024***

Description:

Resolutions on this topic address the use of concealment clauses by employers. Most shareholder resolutions request a company report on the potential risks of using concealment clauses in employment and post-employment agreements.

Topic background:

Concealment clauses are any employment or post-employment agreement, such as arbitration, non-disclosure, or non-disparagement agreements, that employees or contractors are asked to sign. They are used to prevent employees or contractors from speaking publicly about certain matters that occur in the workplace. For many sectors, concealment clauses in employment agreements are used to protect corporate information, such as intellectual capital and trade secrets. However, they often extend to discussion of harassment, discrimination, and other unlawful acts.

Concealment clauses in employment contracts are known to suppress information about sexual harassment, wage theft, or discrimination. Proponents of these resolutions are concerned that the broad use of concealment clauses at a company allows for continued discrimination and limits accountability. These agreements gained more attention during the #MeToo and racial justice movements for their role in enabling harassment and discrimination at companies. A workplace that tolerates such behavior puts its reputation and human capital at risk, which could have a material impact on shareholder value.

There have been several proposed and implemented laws in response to growing awareness around concealment clauses.[5] Changing federal or state laws related to the use of concealment clauses could affect a company's practices, reveal negative information about their work environment, or result in a surge of claims by current or former employees. Shareholders may file a resolution if they are concerned about management's awareness of or ability to manage this risk.

Considerations for voting:

- Given the legislative activity around concealment clauses, we recommend considering whether the company has employees or operations in states with new or proposed legislation.
- Investors should take into consideration whether a company has a history of harassment or discrimination in the workplace and how it has responded to any incidents or allegations.
- Although a company may continue to use concealment clauses in employment contracts, investors should note if the company has taken any steps to limit their use, particularly concerning unlawful acts.

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[5] On December 7, 2022, President Biden signed the Speak Out Act into law. The act prevents the enforcement of non-disclosure agreements in instances of sexual assault and harassment. On March 24, 2022, the Governor of Washington, Jay Inslee, signed the Silenced No More Act into law. California, Maine, New York, and other states have also reduced companies' abilities to use concealment clauses.

Illustrative examples of votes:

1. Vote in support of resolutions that request a Board of Directors prepare a public report assessing the potential risks to the company associated with its use of concealment clauses in the context of harassment, discrimination, and other unlawful acts.
2. Vote against shareholder resolutions that favor overly prescriptive approaches to employment policy or ones that are contrary to or duplicative with applicable law.

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. Any reporting should be issued at reasonable cost and omit proprietary information.

Proxy Voting Guidelines for External Managers

Topic: **Technology and Media**
Subtopic: **AI Principles**
Approved: ***May 3, 2024***

Description:

Shareholder resolutions on this topic may request a company publish a report on its use of Artificial Intelligence (AI) and disclose guidelines that the company has adopted regarding AI, assess the risks to operations posed by misinformation disseminated or generated by AI, or request board oversight of AI in its operations. [6]

Topic background:

Artificial Intelligence (AI) allows programs to mimic human intelligence. AI technologies range from narrow to general, from recognizing patterns and performing a specific task to classifying data and the ability to generate content. Generative AI can create audio, text, images, and videos. Popular programs such as ChatGPT, Character.AI, and DeepMind train on massive data sets. Companies are embracing AI, and investors anticipate its use will continue to expand to automate processes, improve data analysis, and create new markets.

AI and machine learning (ML) have been deployed in various industries for some time; for example, NASA has long used AI/ML to comb through data and images, and Apple launched Siri in 2010. While the benefits, such as decreasing waste through greater efficiency, increased accessibility and precision in healthcare, or expanding research capabilities, are clear, the rapid expansion of AI technologies raises legal and ethical concerns. Workers in various fields are alarmed about the potential for mass job replacement by AI-related automation. Broader stakeholders, including some AI leaders,[7] are concerned about legal, financial, or other risks. Transparency in training data has become an important topic. Data sets could contain copyrighted works or reflect racial or gender bias.[8]

These concerns are not unfounded; AI has already begun to replace jobs in media and tech[9]; and resulted in improper healthcare decisions for underrepresented groups[10]; and AI robocalls have already been used as a tool for voter suppression[11]. While concerned investors are not necessarily calling for the end of AI deployment, they have requested more transparency into how AI is used, its level of oversight, and what guardrails are in place.

Governments are still learning to ensure the responsible development and deployment of AI technology. In the US, the White House Office of Science and Technology has released AI principles, and the National Institute of Standards and Technology (NIST) has developed the AI Risk

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[6] Given the speed of AI development and uncertainty around its implications, the Committee will consider revisiting this guideline in the future. Please be sure to check back for updates as AI adoption and regulation progress.

[7] OpenAI CEO Sam Altman says he's a 'little bit scared' of A.I., Rohan Goswami, CNBC, March 20, 2023

[8] Algorithmic bias is discussed more in the Civil Rights and Racial Equity Audit/Analysis Guideline.

[9] The Wall Street Journal, AI Is Starting to Threaten White-Collar Jobs. Few Industries Are Immune., Ray Smith, February 12, 2024

[10] U.S. Department of Health and Human Services Office of Minority Health, *Shedding Light on Healthcare Algorithmic and Artificial Intelligence Bias*, July 12, 2023

[11] New Hampshire Department of Justice, *Voter Suppression AI Robocall Investigation Update*, February 6, 2024

Management Framework. China has rolled out targeted regulations for recommendation algorithms and generative AI. The European Council passed the Artificial Intelligence Act in February 2024. Globally, further legislation is expected as the technology and use develop.

Considerations for voting:

- Given the shifting global landscape for AI-related regulation, investors may want to consider whether a proposal is redundant or whether existing laws address the proponent's concerns.
- In considering such shareholder resolutions, we recommend reviewing a company's existing policies and the context in which AI is planned to be used. Review, for example:
  - The company's existing commitments to data privacy and technology oversight;
  - Whether there could be safety or health concerns presented by AI use or algorithmic biases; and
  - The potential fallbacks from replacing human alternatives or existing processes with AI technology.

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that request a company report on the company's use of Artificial Intelligence ("AI") in its business operations and disclose any guidelines that the company has adopted regarding its use of AI technology.
2. Vote in support of shareholder resolutions that request the Board issue a report assessing the risks to the Company or to the public presented by adverse consequences of the implementation of AI, and that ask what steps, if any, the company plans to take to remediate those harms, and the effectiveness of such efforts.
3. Vote in support of shareholder resolutions that request a company ensure demonstrable and effective oversight of the company's AI policies and programs.
4. Vote against shareholder resolutions that are overly prescriptive regarding AI management at a company, such as directing the Board to have a director with AI expertise.

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. Any reporting should be issued at reasonable cost and omit proprietary information.

Proxy Voting Guidelines for External Managers

Topic: **Technology and Media**
Subtopic: **Report on Government Censorship**
Approved: ***May 3, 2024***

Description:

Resolutions on this topic ask social media companies to report on government entanglements including requests to remove or take down content from its platforms.

Topic background:

Social media platforms are often likened to the modern-day version of the town square due to their role as venues for public discourse and community interaction. They provide a space for individuals to express their opinions, share information, and engage in discussions on a wide range of topics. They have become crucial tools for political engagement with politicians, activists, and ordinary citizens using them to discuss policies, mobilize support, and campaign for causes.

Their prominence has led them to become targets of government intervention and entanglement. For example, the People's Republic of China uses a combination of legislative actions and technologies to regulate speech on the internet domestically, known as the Great Firewall. In the U.S., critics of the Biden administration have alleged that U.S. government officials improperly sought to suppress so-called "disinformation" about Hunter Biden's laptop through requests to take down content on platforms such as Facebook.[12] Similar concerns have been raised about political entanglements in India, where critics allege that government officials have used the platform to foment ethnic and religious hostility towards the Muslim minority.[13]

Critics argue that such interventions can tip over into censorship, stifling free speech and suppression of political dissent, thereby controlling information flow. On the other hand, in the absence of government oversight, these platforms can become conduits for harmful misinformation, hate speech, or other harmful content. While the platforms themselves have policies to regulate content, excessive government interference can undermine their global operations and the trust of their users.

Additionally, there is a concern that government interference could set a precedent for greater control over the internet and other forms of digital communication. The lack of transparency in how decisions are made, both by governments and by the platforms, contributes to the mistrust and fear of undue censorship.

Shareholders are concerned that covert cooperation with government officials engaged in inappropriate activity or illegal censorship can open social media companies to potential legal liabilities and reputational risk.

Considerations for voting:

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[12] https://fxn.ws/3G21OUY.

[13] https://www.wsj.com/articles/facebook-hate-speech-india-politics-muslim-hindu-modi-zuckerberg-11597423346

- We believe that reporting on government attempts to censor or interfere with platform content may usefully contribute to transparency and risk assessment in areas that are central to a company's business.
- Unlike a public town square, social media platforms are controlled by private companies. These platforms have a legal right to moderate content and enforce community standards, which can lead to accusations of censorship or bias.
- 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 evaluating whether a company's stated policies and practices appear to diverge. As an example, we view resolutions asking management to produce reports on the actions they take in response to government censorship requests as modest and not intrusive, as such reports may help shed light on the alignment of stated policies with company practices.

Illustrative examples of votes:

1. Vote in support of shareholder resolutions that ask a company to publish a report (at a reasonable cost, omitting proprietary or legally privileged information) that specifies the company's policy in responding to requests to remove or take down content from its platforms by any government entity.
    - The request may specify that the report itemizes such requests and provides a summary of the company's action or inaction in response to the request and the rationale for such response.
2. Vote against shareholder resolutions that ask a company to respond to ambiguous allegations of political biases, such as by conducting an audit or publishing a report on the political entanglements through their activities or operations, or through those of their employees.
3. Vote against shareholder resolutions that favor an overly prescriptive approach to responding to "takedown" and other requests from any government entity.

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. Any reporting should be issued at reasonable cost and omit proprietary information.

Appendix B

Shareholder Resolutions Considered by the ACSR in 2023-2024

The seventeen shareholder resolutions considered by the ACSR during the 2023-2024 academic year were presented at two companies:

- Meta Platforms, Inc., for a shareholder vote at its annual meeting on May 29, 2024, and
- Alphabet Inc. for a shareholder vote at its annual meeting on June 7, 2024.

As in previous years, the ACSR'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. Artificial Intelligence (AI)

The ACSR considered four proposals, three from Alphabet and one from Meta Platforms, Inc., related to the oversight and reporting on AI impacts. The topics included similar proposals about reporting on mis- and disinformation risks, board oversight, and assessment of AI-driven targeted ad policies.

Reporting on AI Misinformation and Disinformation Risks

Nearly identical resolutions were presented to Meta Platforms, Inc., and Alphabet. The resolutions asked the two companies to prepare reports, "updated annually thereafter, assessing":

1. Risks to the Company's operations and finances, and to public welfare, presented by the Company's role in facilitating misinformation and disinformation disseminated or generated by AI.
2. What steps the Company plans to take to remediate those harms.
3. How it will measure the effectiveness of such efforts.

At its May 13 meeting, ACSR members discussed each company's approach, noting that Meta Platform, Inc.'s Oversight Board already issues a quarterly report, so there is no additional benefit for the company to spend funds and time on fulfilling this proposal. However, ACSR members noted that generative AI presents substantive risks for Alphabet, and – in contrast to the situation at Meta – it does not appear there is specific reporting on this risk at Alphabet. In addition, these risks may not be shielded by the Decency Act.

Illustrative examples do not exist yet on this topic, but past precedent from 2022 recorded a split vote (0-5-5) on a proposal at Meta Platforms, Inc., that requested a report on societal impacts and financial priorities (regarding a report on external costs of misinformation).

ACSR members voting "yes" on the Alphabet proposal referred to insufficient reporting at present and felt the proposal called for the right amount of oversight.

Committee members voting "no" on the Meta Platforms, Inc., proposal expressed the view that the current level of reporting was appropriate enough and did not require the additional items included in the proposal. Some committee members expressed the view that Alphabet's current reporting was appropriate.

The committee voted 0 in favor - 10 opposed - 0 abstained in a vote on the Meta Platforms, Inc., proposal. The CCSR voted against the proposal in light of the past precedent, background materials, and ACSR discussion.

The committee voted 9 in favor - 1 opposed - 0 abstained in a vote on the Alphabet proposal. The CCSR voted in favor of the proposal in light of the background materials and committee discussion.

AI Principles and Board Oversight

The resolution asked Alphabet to:

> "Amend the charts of the Audit and Compliance Committee of the Board to add to the committee's "purpose" section appropriate language which makes it clear that the Committee is responsible for overseeing Alphabet's AI activities and ensuring management's comprehensive and complete implementation of AI Principles.

At its May 13 meeting, Committee members discussed how the proposal asks to redefine the objectives of the Audit and Compliance Committee to include responsibility for overseeing

Alphabet's AI principles. Some members felt that oversight should be the responsibility of the entire board, while others felt that it was acceptable to make a committee of the board hold this responsibility but doubted that Audit and Compliance was the right home.

The ACSR voted 0-10-0 against the proposal based on discussion of this issue. The CCSR likewise voted against the proposal in light of the ACSR discussion and vote.

Human Rights Assessment of AI-driven Targeted Ad Policies

The resolution asked Alphabet's board of directors to:

> Publish an independent third-party Human Rights Impact Assessment (the "Assessment"), examining the actual and potential human rights impacts of Google's artificial intelligence-driven targeted advertising policies and practices. 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, 2025.

At its May 13 meeting, ACSR members acknowledged that Alphabet does publish a report already and sees this proposal as an extension of that. However, the proposal does not call for reporting requirements as stated in other proposals. Some members felt the proposal was insufficiently clear in what it is asking.

The ACSR voted 0-10-0 against the proposal based on extensive discussion. The CCSR likewise voted against the proposal due to the ACSR vote and discussion.

B. Human Rights

This year, the ACSR considered two resolutions on aspects of human rights. The topics included risks in non-US markets and AI-driven targeted ad policies.

Report on Human Rights Risks in non-US Markets

The resolution asked Meta Platforms, Inc., to:

> Report to shareholders on the effectiveness of measures it is taking to prevent and mitigate human rights risks in its five largest non-US markets (based on number of users) relating to the proliferation of hate speech, disinformation, and incitement to violence enabled by its Instagram and Facebook platforms. The report should be issued no later than June 1, 2025, prepared at reasonable cost, omitting proprietary and confidential information (including information specifically relevant to litigation or legal enforcement action).

At its May 13 meeting, ACSR members discussed how the proponent of the resolution is calling for reporting, but for non-U.S. markets. Committee members felt the proposal seemed overly prescriptive, and acknowledged there is already ample reporting, although it is evolving, and it would not be a warranted use of resources to target the approach so narrowly.

The ACSR voted 0-10-0 against the proposal based on extensive discussion of this issue. The CCSR likewise voted against the proposal in light of the ACSR discussion and vote.

Human Rights Assessment of AI-driven Targeted Advertising Policies

The resolution asked 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 use of artificial intelligence systems that drives its 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, 2025.

At its May 13 meeting, ACSR Committee members discussed a 2023 precedent in support of a proposal at Meta Platforms, Inc., requesting a human rights assessment of targeted advertising, as well as supporting materials.

Those in favor expressed the view that this proposal can keep the company accountable in this area but acknowledged that the landscape of AI is changing rapidly. Supporters noted that advertising is primary source of revenue for the company, and the company has been fined for violations, so this is a key issue of concern for shareholders. Those opposed to the resolution noted that company reporting already exists - although perhaps not at an acceptable level - and questioned the usefulness and quality of a third-party report.

While this proposal seemed similar in nature to the prior proposal, it appears to be more appropriately targeted and requests a third-party assessment on AI systems. While Meta Platforms, Inc., states it already does something similar to what is being requested, the company has been subject to fines for violations and committee members questioned whether they have done an acceptable job reporting on this issue. There was some discussion about the aspect of the proposal that would compel the company to find a third-party vendor. Those in favor noted that the request deals with the company's primary source of revenue, advertising, and viewed the reporting request as reasonable. Other members questioned the value of a third-party report.

The ACSR voted 6-4-0 in support of/against the proposal. In view of the ACSR's closely divided vote, and in light of precedent, the CCSR voted to abstain from the proposal.

C. Child Safety

This year, the ACSR considered three resolutions on aspects of child safety. The topics included impacts and harm reduction to children, a minimum age for social media, and online safety for children.

Report on Child Safety Impacts and Actual Harm Reduction to Children

The resolution presented to Meta Platforms, Inc., proposed that within a 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.

At its May 13 meeting, ACSR members reviewed past precedent in favor of a proposal at Meta Platforms, Inc., that requested a report on child safety impacts and actual harm reduction to children. In 2022 and 2021, the ACSR considered similar proposals and voted in favor of the requested reporting. The current ACSR members discussed how the more recent proposal addresses the protection of children from dangers that impact their safety on the company's online platforms. The proponents request that the board adopt targets and produce a report that includes metrics about whether the company has improved globally regarding child safety. The response from Meta Platforms, Inc., includes a list of its efforts to protect children. The ACSR discussed how targets are critical given the number of child abuse cases identified in Meta's response to the proposal. Members noted that the company's response includes discussion of oversight by a committee, but it does not seem to quantify targets or metrics as requested in the proposal, which members felt is important to include.

The ACSR voted 10-0-0 in support of the proposal. Following the ACSR recommendation, and in light of previous precedents, the CCSR voted in favor of the proposal.

Report and Advisory Vote on Minimum Age for Social Media

The resolution asked the board of directors of Meta Platforms, Inc., to:

> Commission a third-party report assessing potential risks and benefits of instituting a higher minimum age for users of its social media products.

At its May 13 meeting, ACSR members discussed how the proposal asks the company to assess the pros and cons of imposing a higher minimum age for its social media products. The company responds that its current approach is appropriate, but members of the Committee felt that the request potentially collects valuable additional information. Members also noted that Meta Platforms, Inc., can always choose not to act on the information it receives, but that the information could nevertheless be useful to evaluating the question. The ACSR considered whether the minimum age was advisory to parents on when they should give their children access to social media, and that such advice can itself have value, insofar as having an established rule or norm is something that parents could usefully point to when social media access is being considered within a family. The company's incentives would point in the opposite direction, so the third-party assessment is valuable.

The ACSR voted 10-0-0 in support of the proposal. Following the ACSR recommendation, and in light of precedent, the CCSR voted in favor of the proposal.

Report on Online Safety for Children

The resolution asked Alphabet that 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 YouTube/Alphabet has improved its performance globally regarding child safety impacts and actual harm reduction to children on its platforms.

At its May 13 meeting, ACSR members reviewed past precedent and the existing guideline on Technology and Media: Report on Social Media Content Strategies and Policies. The Committee discussed how the proponent wants the company to produce an annual report that quantifies whether Alphabet has improved child safety on the platform. The company claims that it already does this and meets regulatory requirements. The Committee considered this point, and made comparisons to efforts at Meta, but felt more information is not disadvantageous and would be useful to the company and shareholders. The ACSR appreciated that such information could be quantified and can be tracked over time and took the view that external accountability would be useful.

The ACSR voted 10-0-0 in support of the proposal. Following the ACSR recommendation, and in light of precedent and the existing guideline, the CCSR voted in favor of/against the proposal.

D. Political

This year, the ACSR considered two resolutions on aspects of politics. The topics included prohibiting political advertising by restoring enhanced actions and director transparency on political and charitable giving.

Report on Prohibiting Political Advertising and Restoring Enhanced Actions

The resolution asked Meta Platforms, Inc., to:

> Prepare a publicly available report, at reasonable cost and omitting proprietary and privileged information, to assess the benefits and drawbacks to our Company of: (1) prohibiting all political advertising on its platforms and (2) restoring the type of enhanced actions put in place during the 2020 election cycle to reduce the platform's amplification of false and divisive information.

At its May 13 meeting, ACSR members discussed the value of creating a report that would provide useful information. Meta Platforms, Inc., was seen as having trimmed these efforts since the previous (2020) presidential election, and members pondered why the company had done so. There was some discussion of the proponent, which is not only an investor but also an activist organization trying to shape this conversation. The company's response focuses on a freedom of expression argument, but this proposal seemed reasonable to members of the ACSR and may provide the company with an external catalyst to take action.

The ACSR voted 10-0-0 in support of the proposal. Following the ACSR recommendation, the CCSR voted in favor of the proposal.

Policy for Director Transparency on Political and Charitable Giving

The resolution asked Alphabet to:

> Adopt as policy, and amend the governing documents as necessary, to require each year that director nominees to furnish the Company, in sufficient time before publication of the annual proxy statement, information about their political and charitable giving. The information would be most valuable if it contained:
>
> - a list of his or her donations to federal and state political candidates, and to political action committees, in amounts that exceed $999 per year, for each of the preceding 10 years;
> - a list of his or her donations to nonprofit (under all IRS categories) and charitable organizations, in amounts that exceed $1,999 per year, for each of the preceding five years.
>
> Information that nominees provide to the Company shall be made conveniently available to shareholders and to the public at the time the annual proxy statement is issued.

At its May 13 meeting, ACSR members discussed precedent established in 2022 whereby the Committee unanimously voted in favor of a proposal to report on charitable contributions at Meta Platforms, Inc. The more recent proposal differs from the precedent in asking that directors provide information on their political predilections. The ACSR members observed there is a distinction between the company's donation history and a director's donation history. It could prove to be difficult to recruit directors if the company requires disclosure of their political affiliations and donations.

The ACSR voted 10-0-0 against the proposal. Following the ACSR recommendation, and in light of precedent, the CCSR voted against the proposal.

E. Lobbying

This year, the ACSR considered two resolutions on aspects of lobbying. The topics included reporting and assessing lobbying alignment with climate goals.

Report on Framework to Assess Company Lobbying Alignment with Climate Goals

The resolution asked Meta Platforms, Inc., to:

> Report publicly on its framework for identifying and addressing misalignment between Meta's lobbying and policy influence activities and positions, and its Net Zero (emissions) climate commitments (done at reasonable cost, omitting confidential/proprietary information). This report should cover activities done both directly and indirectly through trade associations, coalitions, alliances, and social welfare organizations ("Associations"), and reference the criteria used to assess alignment, the escalation strategies employed to address misalignment, and the circumstances under which escalation strategies are used (e.g., timeline, sequencing, and degree of influence over an Association).

At its May 13 meeting, ACSR members discussed precedent whereby the ACSR voted unanimously in favor of a proposal at Meta Platforms, Inc., that requested the company to report on a framework to assess company lobbying in alignment with climate goals. The committee also referenced an existing guideline related to "Climate Lobbying." The Committee discussed how the proponents are asking for an annual report that looks at Meta Platforms, Inc.'s lobbying to see how it aligns with its climate commitment. Meta already reports on climate, so some committee members opined that the request might be considered unduly intrusive. Other members suggested that if there was a discrepancy, it would be helpful to shareholders to know that and know what the company is doing to address it. The ACSR also discussed the guideline on climate lobbying and noted that a vote in favor of this proposal is consistent. One member observed that if the company is committing to net zero, it is helpful to see the information in one place, and the company should connect the dots for shareholders. Another member expressed the view that the proposed reporting is duplicative and seems inappropriately intrusive.

The ACSR voted 8-1-0 in support of the proposal. Following the ACSR recommendation, and in light of precedent and the existing guideline, the CCSR voted in favor of the proposal.

Lobbying Report

The resolution asked Alphabet to:

> Prepare a report, updated annually, disclosing:
>
> 1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
> 2. Payments by 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 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 Governance Committee and posted on Alphabet's website.

At its May 13 meeting, ACSR members discussed the existing guideline on Corporate Political Spending: Lobbying and Political Spending. The Committee acknowledged the proponents want the company to prepare a report about policies, procedures, and payment for lobbying. Alphabet seems to publish substantial information about its lobbying activities in an effort to promote transparency. There is board oversight over this area of disclosure, and the company already shares considerable relevant information.

The ACSR voted 0-10-0 against the proposal. Following the ACSR recommendation, and in light of the existing guideline, the CCSR voted against the proposal.

F. EEO and DEI

EEO Policy Risk Report

The resolution asked Alphabet to:

Issue a public report detailing the potential risks associated with omitting "viewpoint" and "ideology" from its written equal employment opportunity (EEO) policy. The report should be available within a reasonable timeframe, prepared at a reasonable expense and omit proprietary information.

At its May 13 meeting, ACSR members referred to the existing guideline on Social Issues: Report on Diversity, Equity, and Inclusion. The Committee considered the potential effects of not including these topics in the policy. Committee members saw no value in the requested report from the company, and the committee members expressed concern about the potential for discrimination based on ideology or viewpoint.

The ACSR voted 0-10-0 against the proposal. Following the ACSR recommendation, and in light of the existing guideline, the CCSR voted in against the proposal.

G. Health

This year, the ACSR considered two resolutions on aspects of health. The topics included electromagnetic radiation and wireless technology risks and reproductive healthcare misinformation.

Report on Electromagnetic Radiation and Wireless Technologies Risks

The resolution asked Alphabet to:

> Issue an annual report, at a reasonable expense and excluding proprietary information, on the health effects and financial risks associated with electromagnetic radiation and wireless technologies and compare its safety performance to the other wireless device developers, operators and manufacturers.

At its May 13 meeting, ACSR members discussed that there is a clear scientific consensus on the safety issue raised. The company reports extensively on this matter and is transparent about its regulatory and safety considerations. The data that is requested in this proposal can be found in other reports already produced by the company. It struck some members of the Committee as odd that such a proposal would come to one company and charge it with benchmarking itself against others.

The ACSR voted 0-9-1 against the proposal. Following the ACSR recommendation, the CCSR voted against the proposal.

Report on Reproductive Healthcare Misinformation Risks

The resolution asked Alphabet to:

> publish a report within one year of the annual meeting, at reasonable expense and excluding proprietary or legally privileged information, assessing the effectiveness of Alphabet's policies and actions to reduce the dissemination of false or misleading content related to reproductive health care.

At its May 13 meeting, ACSR members reviewed the existing guideline on Technology and Media: Report on Social Media Content Strategies and Policies. The Committee discussed how the proposal is narrowly focused on reproductive health. The proponent requests the company to provide a published report assessing the effectiveness of the company's policies. Google (a subsidiary of Alphabet) is the leading source of information on reproductive health care, but Google searches can yield potentially misleading information about crisis providers, and searches may send visitors to groups/sites/organizations that oppose abortion. There are longstanding policies about advertising governing content related to health care, and Google should already be reporting on this topic. The proposal appeared to members of the committee to be too narrowly tailored and seems as though it should be targeted at Google directly, rather than Alphabet.

The ACSR voted 0-10-0 against the proposal. Following the ACSR recommendation, and in light of the existing guideline, the CCSR voted against the proposal.

H. Climate

The resolution asked Alphabet to:

> Publish a report disclosing how the Company is protecting plan beneficiaries — especially those with a longer investment time horizon — from increased future portfolio risk created by present-day investments in high-carbon companies.

At its May 13 meeting, ACSR Committee members considered how the proponent's request could be accomplished. Under the proposal, the Company would be asked to publish a report about how a portfolio is at risk because of investment in high-carbon companies. Plan beneficiaries should be aware that as a retirement plan holder, they have various investment options, and it is incumbent on the individual to determine which options to choose. The member abstaining felt the disclosure might have potential value.

The ACSR voted 0-9-1 against the proposal. Following the ACSR recommendation, the CCSR voted against the proposal.

Appendix C

2023-2024 ACSR/CCSR Shareholder Resolution Recommendations and Votes

Company	Proposal	Mtg. Date	ACSR	CCSR
Meta Platforms, Inc.	(#6) Shareholder Proposal Regarding Report on AI Misinformation and Disinformation Risks	May 28, 2024	0-10-0	Oppose
Meta Platforms, Inc.	(#8) Shareholder Proposal Regarding a Report on Human Rights Risks in Non-U.S. Markets	May 28, 2024	0-10-0	Oppose
Meta Platforms, Inc.	(#10) Shareholder Proposal Regarding Human Rights Impact Assessment on AI Systems Driving Targeted Advertising	May 28, 2024	6-4-0	Abstain
Meta Platforms, Inc.	(#11) Shareholder Proposal Regarding Report on Child Safety Impacts and Actual Harm Reduction to Children	May 28, 2024	10-0-0	In favor
Meta Platforms, Inc.	(#12) Shareholder Proposal Regarding Report and Advisory Vote on Minimum Age for Social Media	May 28, 2024	10-0-0	In favor
Meta Platforms, Inc.	(#13) Shareholder Proposal Regarding Report on Prohibiting Political Advertising and Restoring Enhanced Actions	May 28, 2024	10-0-0	In favor
Meta Platforms, Inc.	(#14) Shareholder Proposal Regarding Report on Framework to Assess Company Lobbying Alignment with Climate Goals	May 28, 2024	8-1-1	In favor
Alphabet	(#4) Stockholder Proposal Regarding an EEO policy risk Report	June 7, 2024	0-10-0	Oppose
Alphabet	(#5) Stockholder Proposal Regarding a Report on Electromagnetic Radiation and Wireless Technologies Risks	June 7, 2024	0-9-1	Oppose
Alphabet	(#6) Stockholder Proposal Regarding a Policy for Director Transparency on Political and Charitable Giving	June 7, 2024	0-10-0	Oppose
Alphabet	(#7) Stockholder Proposal Regarding a Report on Climate Risks to Retirement Plan Beneficiaries	June 7, 2024	0-9-1	Oppose
Alphabet	(#8) Stockholder Proposal Regarding a Lobbying Report	June 7, 2024	0-10-0	Oppose
Alphabet	(#10) Stockholder Proposal Regarding Report on Reproductive Healthcare Misinformation Risks	June 7, 2024	0-10-0	Oppose
Alphabet	(#11) Stockholder Proposal on AI Principles and Board Oversight	June 7, 2024	0-10-0	Oppose
Alphabet	(#12) Stockholder Proposal on Reporting on Generative AI Misinformation and Disinformation Risks	June 7, 2024	9-1-0	In favor
Alphabet	(#13) Stockholder Proposal on Human Rights Assessment of AI-Driven Targeted Ad Policies	June 7, 2024	0-10-0	Oppose
Alphabet	(#14) Stockholder Proposal Regarding a Report on Online Safety for Children	June 7, 2024	10-0-0	In favor