

Assessment of Metaverse User Risk and Advisory Shareholder Vote

Resolved: Shareholders request the Board of Directors commission a report and seek an advisory shareholder vote on its metaverse project. The report should summarize results of a third-party assessment of:

- potential psychological and civil and human rights harms to users that may be caused by the use and abuse of the platform,
- whether harms can be mitigated or avoided, or are unavoidable risks inherent in the technology.

After the report's publication, the Company should seek a shareholder vote, expressing non-binding advisory approval or disapproval of the metaverse project, advising the board and management whether investors consider continued implementation of the metaverse platform to be prudent or appropriate.

Supporting Statement: Shareholders recommend the report be prepared at reasonable cost, omitting confidential and proprietary information, by an independent third-party, at the conclusion of an initial metaverse development phase (e.g. after one year of development).

Whereas: Our Company - formerly Facebook, now Meta Platforms - is betting its future on the metaverse, an immersive virtual world where people can socialize, play, and work. CEO Mark Zuckerberg has told analysts: "I expect people will transition from seeing us primarily as a social media company to seeing us as a metaverse company."

Yet, shareholders worry the metaverse will generate dystopian downsides and investment risk, given Facebook's appalling track record addressing human and civil rights and privacy concerns affecting billions of people globally.

A *Wall Street Journal* investigation, based on internal documents provided by a whistleblower, concluded: "Facebook...knows, in acute detail, that its platforms are riddled with flaws that cause harm, often in ways only the company fully understands." A third-party civil rights audit expressed concern about "the vexing and heartbreaking decisions Facebook has made that represent significant setbacks for civil rights."

The same issues Facebook is reckoning with—discrimination, human and civil rights violations, incitement to violence, and privacy violations—may be heightened in the metaverse. Investors question Meta's social license to operate an emerging technology like the metaverse in the face of anti-trust litigation, whistleblower testimony, congressional hearings, and poor governance practices.

Mr. Zuckerberg has said the metaverse will require "new forms of governance," but has provided scant detail, while simultaneously overseeing poor corporate governance practices at Meta as CEO, chairman, and controlling shareholder. Governance experts Quinta Jurecic and Alan Rozenshtein write: "Unfortunately, nothing in Facebook's history suggests that it will be a good steward to navigate these challenges."

Meta is dedicating significant resources to the metaverse without fully understanding its potential risks and negative impacts. The Company employs over 10,000 people working on metaverse projects and plans to hire at least 10,000 more. It estimates spending 10 billion dollars on metaverse investments in 2021, approximately 50 percent of capital expenditures, with additional future spending. Investors worry that without thorough due diligence on metaverse's potential risks, shareholder value could suffer. After whistleblower testimony exposed Facebook's governance failings, share value dropped 13 percent within six weeks.