

## **Meta**

### **HRIA – Targeted Ads**

**RESOLVED:** Shareholders direct 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.

**WHEREAS:** Facebook’s business model relies almost entirely on ads, with nearly 97% of Facebook's global revenue in 2021 generated from advertising. Facebook ad revenue stood at over \$114 billion in 2021, a new record for the company and a significant increase from previous years<sup>[1]</sup>.

Algorithmic systems are deployed to enable the delivery of targeted advertisements, determining what users see, resulting in and exacerbating systemic discrimination<sup>[2]</sup> and other human rights violations. Data used to enable the targeting of such ads include personal and behavioral data of Facebook users, which further exposes Facebook to user privacy violations. Facebook was fined \$5 billion for such privacy violations by the U.S. Federal Trade Commission in 2019.

Over the last year digital advertising has continued to be closely examined. Headlines like “Digital Ads Collapse”<sup>[3]</sup> highlight concerns surrounding the practice, such as an increasingly crowded marketplace. By investing in true human rights due diligence processes through a HRIA, Meta could use its current position of dominance to lead the way in centering human rights within its business, which would also serve to separate it from its competitors.

While we applaud the release of the company’s first human rights report in 2022, we note that the issue of targeted advertising was virtually ignored as the company did not recognize the material human rights risks that it poses. Recently, the Foundation for Alcohol Research and Education (FARE), audited the advertising transparency of seven major digital platforms, including Meta. They found that Meta was not transparent enough for the public to understand what advertising they publish, and how it is targeted<sup>[4]</sup>. In fact, Facebook does not publish data on alleged violations of the policies they do have, making it impossible to know if they are effective<sup>[5]</sup>.

There is growing global consensus among civil society experts, academics, and policymakers that targeted advertising can lead to the erosion of human rights. Legislation in Europe<sup>[6]</sup> and the United States<sup>[7]</sup> is poised to severely restrict or even ban targeted ads.

Facebook’s business model relies on a single source of revenue – advertising. Targeted advertising, given concerns around the fairness, accountability, and transparency of the underlying algorithmic system, has been heavily scrutinized for its adverse impacts on human rights, and could face significant regulation. This is a material risk to investors. A robust HRIA will enable the company to better identify, address, mitigate and prevent such adverse human rights impacts that expose the company to reputational, legal, business and financial risks.

- [1] <https://www.statista.com/statistics/271258/facebooks-advertising-revenue-worldwide/>
- [2] <https://www.nytimes.com/2019/03/28/us/politics/facebook-housing-discrimination.html>
- [3] <https://www.cnbc.com/2022/10/24/facebook-google-face-skeptical-wall-street-this-week-amid-ad-collapse.html>
- [4] <https://theconversation.com/how-dark-is-dark-advertising-we-audited-facebook-google-and-other-platforms-to-find-out-189310>
- [5] <https://rankingdigitalrights.org/index2022/companies/Meta>
- [6] <https://www.brookings.edu/techstream/what-the-european-dsa-and-dma-proposals-mean-for-online-platforms/>
- [7] <https://mashable.com/article/filter-bubble-transparency-act-threatens-facebook-news-feed>