

# Facebook Inc Annual Shareholders Meeting

## Company Participants

- David Kling, VP, Deputy General Counsel & Corporate Secretary
- Mark Elliot Zuckerberg, Founder, Chairman & CEO
- Sheryl Kara Sandberg, COO & Director
- Susan D. Desmond-Hellmann, Lead Independent Director
- Unidentified Speaker, Unknown

## Other Participants

- Abigail Shaw, Operations and IT Manager, NorthStar Asset Management, Inc.
- Aryeh Cohen, Analyst, Unknown
- David Almasi, VP, National Center For Public Pol
- Janice Mathis, Analyst, Unknown
- Johnny Mathias, Analyst, Unknown
- Jonas Kron, Senior VP & Director of Shareholder Advocacy, Trillium Asset Management LLC
- Michael G. Verdone, Analyst, Unknown
- Natasha L. Lamb, Managing Partner and MD, Arjuna Capital, LLC
- Peter Flaherty, Analyst, Unknown
- Steven Renderos, Analyst, Unknown
- Unidentified Participant, Analyst, Unknown

## Presentation

### David Kling {BIO 19444861 <GO>}

Good morning. Welcome. And thanks for joining us at Facebook's 2019 Annual Meeting of Stockholders. I'm Dave Kling, Deputy General Counsel and Corporate Secretary of Facebook and Chairman of this annual meeting, which I now call to order.

First, let's run through today's agenda. We'll start with the business set forth in the proxy statement. Following adjournment of the formal portion of the meeting, Mark will come on stage and give a company update. Then we'll conclude with a Q&A session.

Before we begin, I'd like to remind you to please turn off all mobile devices and of the rules of conduct for this session. Photos or recording of any kind is prohibited. Also we intend to run an orderly meeting. Anyone who intends on disrupting the

meeting or repurposing it for their own agenda will be asked to leave. We value engagement with our stockholders. But it's important that this engagement be respectful in both directions. Thank you for your cooperation.

Let me start by introducing the members of our Board of Directors who are here today: Mark Zuckerberg; Sheryl Sandberg; Sue Desmond-Hellmann; and Jeff Zients; Peggy Alford, who was nominated for election to our Board of Directors, is also in attendance; and Marc Andreessen is joining via teleconference. In addition, we are joined by Richard Jackson of Ernst & Young LLP, our independent registered public accounting firm; and Kris Veaco, who will act as Inspector of Election for this meeting and who will tabulate the results of the voting.

Turning now to the formal business. The proxy statement was properly mailed or made available to all stockholders of record as of April 5, 2019. I have a list of stockholders entitled to vote at this meeting, which is available for inspection by any stockholder present and which list will be filed with the records of the meeting. I'm advised by the Inspector of Election that the holders of shares representing at least a majority of the voting power of our Class A and Class B common stock voting together as a single class are present or represented by proxy here today. And the requisite quorum for each proposal is therefore present. Accordingly, this meeting is authorized to transact the business set forth in the proxy statement.

We have 12 proposals to consider at this meeting, each of which is described in the proxy. We'll discuss these proposals momentarily. First, however, I remind you that voting today is by proxy and written ballot. If you've already sent in the proxy and do not intend to change your vote, there is no need for you to cast a ballot today. Your vote will be counted automatically without any further action on your part. Any stockholder present who has not returned a proxy or who wishes to change their vote may cast a ballot at this meeting. Does any stockholder wish to cast a ballot today? If so please raise your hand and one of our volunteers will bring one to you. Got a couple. Keep them up high.

All right. It is currently 11:05. And the polls are now open. You may vote at any time during our discussion of the proposals on the agenda. Once you've filled out your ballot, please raise your ballot in the air. And our volunteers will come and collect it.

I will now review the proposals to be voted on at this meeting.

The first item of business is to elect our Board of Directors to serve at our next annual meeting. The director nominees are: Peggy Alford, Marc Andreessen, Ken Chenault, Sue Desmond-Hellmann, Sheryl Sandberg, Peter Thiel, Jeff Zients and Mark Zuckerberg. The qualifications of each nominee are set forth in the proxy statement. No other director nominees have been properly submitted for election pursuant to our bylaws or SEC rules, therefore, no other nominations may be accepted at this time. The Board of Directors recommends a vote for the election of each of the nominated directors.

The second item of business is to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019. The Board of Directors recommends a vote for this proposal.

The third item of business is to hold a nonbinding advisory vote on the compensation program for our named executive officers. The Board of Directors recommends a vote for this matter.

The fourth item of business is to hold a nonbinding advisory vote on the frequency of our say-on-pay vote. The Board of Directors recommends a vote for the option of a vote every three years with respect to say on pay.

Finally, we received 8 stockholder proposals that complied with the requirements of our bylaws and SEC rules and are, therefore, eligible to be voted on at this meeting. The Board of Directors recommends a vote against each of proposals 5 through 12. The company's position on each proposal is as set forth in the proxy statement. Accordingly, we will not be providing direct responses at this meeting. And any questions should be held until the Q&A session at the end of the meeting.

Each stockholder proponent may now make a statement in support of their proposal. I will call you up one by one to one of the microphones. Please limit your statement to no more than 3 minutes and feel free to use either aisle.

First, for Proposal 5, a proposal regarding a change in stockholder voting, Abigail Shaw will be speaking on behalf of NorthStar Asset Management. Ms. Shaw?

## **Abigail Shaw**

Good morning, fellow shareholders. My name is Abigail Shaw from NorthStar Asset Management in Boston. I am here to represent Resolution #5, a good governance proposal about equal voting rights.

Each year for the past six years, outside shareholders have supported this proposal by the millions. We estimate that last year, over 80% of independent shareholders voted yes on this proposal, therefore, telling Mr. Zuckerberg and the Board that they are unhappy with the current arrangement. Shareholders continue to have no recourse against the Board or management when scandals pull down shareholder value. It is no secret that our company has struggled in the past two years due to a seemingly endless stream of controversies and data breaches. These include critiques of the company's likely role in proliferating fake news that affected the 2016 U.S. election, stories that "laid bare Facebook's lax policies around the use and sharing of user information" and risked losing users' trust in the platform and multiple allegations that the company's communications app, WhatsApp. And even the Facebook platform itself facilitated the spread of hate in places, such as Myanmar and India, which led to violence and aided in genocide.

As shareholders, we do not like reading news stating that Facebook's stock "plunged as much as 20% after months of scandal and criticism finally hit the company where it hurts: Growth" as reported by Time in July 2018. These examples illustrate the risk to a company when a Board is formed by the CEO to meet his needs and is primarily composed of insiders or other affiliated people rather than truly independent directors who would provide proper management and oversight to protect shareholder investment.

Given the existing share structure, the current status of shareholder outrage against the company and Board can have no corrective effect. We are at a vital impasse for our company. We are faced right now with a situation for which Facebook clearly does not have the expertise to manage. Yet if these crucial governance proposals fail, the only true recourse is for shareholders to vote with their feet by selling the stock, damaging the value for remaining shareholders. Shareholders, we urge you to vote for Proxy Item #5. Thank you.

**David Kling** {BIO 19444861 <GO>}

Great. Thank you, Miss Shaw. Next for Proposal 6, a proposal regarding an independent Chair. Jonas Kron will be speaking on behalf of Trillium Asset Management.

**Jonas Kron** {BIO 18790709 <GO>}

Good morning. Mr. Chairman, members of the Board, fellow shareholders, my name is Jonas Kron. And I am here on behalf of Trillium Asset Management and the Park Foundation to hereby move Item #6 seeking an independent Board Chair policy for Facebook. This proposal has been co-filed by the New York City Comptroller, the treasurers of Illinois, Rhode Island, Connecticut and Oregon and multiples -- a multitude of smaller and faith-based investors. It is core -- at its core, this shareholder proposal is about the risk of concentrating too much power in one person, any person. As proxy advisory firm Glass Lewis put it in its report supporting the shareholder proposal, "vesting a single person with both executive and Board leadership concentrates too much responsibility in a single person and inhibits independent Board oversight of executives."

Facebook is incredibly powerful with wide-ranging and difficult-to-understand, let alone controlled social impacts. Over the last two years, we have watched with growing dismay as that list of controversial and damaging social impacts grew very long. And as rigorous reporting for the New York Times has shown us, having a unified Chair and CEO severely limited the Board's ability to provide the company the oversight it needed. It is these very facts about power and impact, responsibility and accountability, which highlight why a unified Chair and CEO is a misguided idea. It is unwise to have so much power concentrated in one person, which is why we should look to the examples of other companies, such as Alphabet, Apple, Autodesk and Microsoft, to name just a few, which all have independent Board Chairs.

We recognize that Facebook has a lead independent Director. And we acknowledge that the Board has recently taken steps to articulate more clearly her powers and

responsibilities. However, these recent changes are fundamentally insufficient to meet the task at hand because a lead independent Director does not command the same authority as an independent Board Chair. This question comes to shareholders at a critical moment. Facebook is embarking on a privacy pivot, which leadership has described as requiring a completely new platform.

At a time when there is little public trust in Facebook, it is navigating a regulatory landscape that is changing quickly. It is at a time like this we need 2 different people in these 2 distinctly different leadership positions. Let us not miss this opportunity to make a simple yet powerful change that will go a long way towards creating a successful future, not only for Facebook and its employees and its shareholders. But for individuals, families and communities around the world. Thank you for your time and attention and for your support for an independent Board Chair.

**David Kling** {BIO 19444861 <GO>}

Great. Thank you. Next for Proposal 7, a proposal regarding majority voting for directors. Abigail Shaw will be speaking on behalf of James McRitchie and Myra Young.

**Abigail Shaw**

This is Proposal #7, majority voting for directors, presented on behalf of James McRitchie and Myra K. Young. This proposal, in conjunction with Proposal #5, seeks a meaningful role for shareholders in director elections by changing from a plurality voting system to a majority vote standard, where only Board-nominated candidates are on the ballot.

Under our company's voting -- current voting system, a director can be elected if all vote -- all shareholders oppose the Director but one shareholder votes for, even if by mistake. 91% of S&P 500 companies have adopted majority voting for uncontested elections. So far, during the 2019 season, this topic has been voted and results reported 10 times, with an average vote of 98.5% voting for a majority vote standard. BlackRock, the world's largest investor with \$6.5 trillion in assets, includes the following in their proxy voting guidelines, "Majority voting standards assist in ensuring that directors who are not broadly supported by shareholders are not elected to serve as their representative." Our current Board is unaccountable to unaffiliated shareholders. Please vote for Proposals #5 and #7 to help bring democracy to Facebook. Thank you.

**David Kling** {BIO 19444861 <GO>}

Thank you. Next for Proposal 8, a proposal regarding a true diversity Board policy, David Almasi will be speaking on behalf of the National Center for Public Policy Research.

**David Almasi**

Hi. I'm David Almasi of the National Center for Public Policy Research. And I move Proposal 8, which seeks to increase ideological diversity on the company's Board of Directors.

Last year, a colleague and I met with someone from the law firm of Covington & Burling, which was commissioned by Facebook to substantiate and analyze allegations of bias against conservatives on Facebook. We reported that our own Facebook page, traffic had plummeted dramatically over the last few years. The investigator asked if our organization discusses climate change. It does? Aha. We were informed that this aspect of our programming, post seeking to continue the active debate about the science of climate, probably kept us from reaching more people about all the issues addressed by the national center.

Also last year, Facebook's Senior Engineer, Brian Amerige, complained on an internal message board that "We Have a Problem with Political Diversity." He continued "we are a political monoculture that is intolerant of different views. We claim to welcome all perspectives but are quick to attack, often in mobs, anyone who presents a view that appears to be in opposition to left-leaning ideology." While Amerige initially sought to work with management to promote political diversity, he eventually left Facebook over disagreements about a free speech policy that he told WIRED was "dangerous and impractical." One of Amerige's remaining legacies is an internal online group called FB'ers for Political Diversity.

This group recently revealed that Facebook had created a list of so-called hate agents, including black conservative Candace Owens and Lebanese American activist Brigitte Gabriel. Facebook confirmed the existence of this list to breitbart.com. And it's believed that this list played an integral role in the purging of several people from Facebook earlier this month. And I'll just throw in that Palmer Luckey, the guy behind the Oculus technology that's advertised everywhere these days as the next big thing, alleges he was fired from Facebook because he made a \$10,000 donation to an anti-Hillary pack in 2016. Whether you're willing to admit there's a bias at Facebook is beyond the point right now. In business, perception is often reality.

Our proposal provides a tangible way for the company to (combat) its bias. When the company takes overtly political positions on legal and policy issues, it would benefit from having voices on both sides of the aisle in that room. The company would be less like -- much less likely to engage in bias against conservatives if it had a few right-leaning folks in positions of power. If their voices were heard, it'd go a long way towards fixing both the actual bias and the perception of bias. From the way your one known conservative Board member, Peter Thiel, is frequently vilified and called upon to be dismissed by the Left, it's clear that you needn't -- you need to be intentional about seeking out and maintaining diversity on the Facebook Board room. All this points to the necessity of implementing our proposal.

We believe that boards that incorporate diverse perspectives can think more critically and oversee corporate managers more effectively. Appointing a few conservatives may help the company avoid groupthink and address biases. That's a

win for investors and a win for true diversity. Please join me in voting yes on Proposal 8. Thank you.

**David Kling** {BIO 19444861 <GO>}

Thank you, Mr. Almasi. Next for Proposal 9, a proposal regarding a content governance report, Natasha Lamb will be speaking on behalf of Arjuna Capital. Ms. Lamb?

**Natasha L. Lamb** {BIO 18796096 <GO>}

Thank you. Good morning. My name is Natasha Lamb. And I'm here to move Proposal #9 on behalf of Arjuna Capital and co-filer, The New York State Common Retirement Fund. We're asking our company to report on content governance and, specifically, how the mismanagement of Facebook's platforms is impacting human rights and democracy. This is a critical inquiry, as such societal impacts carry reputational, regulatory and financial risks for the company and its investors. From political subterfuge, fake news, violence, hate speech and sexual harassment, it is clear that content that violates Facebook's own terms of service poses a risk to the company's market value and brand. We've been raising these investor concerns at the annual meeting for the last three years. But last year, the materiality of our concerns was clear. We saw 2 \$100 billion market value drops following the Cambridge Analytica scandal and a subsequent earnings report reflecting decreasing revenue growth and increasing costs to address content and privacy concerns.

Since then, our company has been forced to play catch-up with increased disclosures and internal compliance and enforcement strategies. And while the reporting we've been seeking has certainly improved, Facebook's ability to assuage investor concerns has not. Abuse continues. The New Zealand shooting is only the most recent reminder. The United Nations says Facebook has played a determining role fueling hate speech in Myanmar, where violence against the Rohingya bears the hallmarks of genocide.

In Germany, researchers found a correlation between Facebook use and racist violence. And in Libya, armed groups have used Facebook to hunt down opponents and traffic weapons. But our concerns go beyond content governance to the top-heavy governance structure underpinning Facebook -- Facebook's woes. Mr. Zuckerberg's dominance over the company continues unchecked as the platform and online content is weaponized to propagate election interference, violence, hate speech, sexual harassment, discriminatory advertising and rampant privacy violations.

At today's meeting, Facebook investors have an important choice to make, not just to support Proposal #9 but whether to continue to throw our support behind Zuckerberg's failing autocracy or support a more democratic, transparent and accountable governance structure. Absent change, Mr. Zuckerberg will continue to hold the keys to the council as Chairman and CEO, control the majority of voting

power of the shares and ignore the concerns of the company's shareholders. Mr. Zuckerberg cannot fix Facebook alone. Thank you.

**David Kling** {BIO 19444861 <GO>}

Great. Thank you. For Proposal 10, a proposal regarding median gender pay, Natasha Lamb will, again, be speaking on behalf of Arjuna Capital.

**Natasha L. Lamb** {BIO 18796096 <GO>}

Thank you very much. Again, my name is Natasha Lamb. And I move Proposal #10 on behalf of Arjuna Capital asking for a report on gender and racial pay equity. Arjuna Capital first engaged Facebook on pay equity in 2016. This is the fourth time this proposal is going to a vote. Importantly, I would like to acknowledge that last summer, our company took a critical first step by publishing statistically adjusted equal pay for equal work numbers, assessing the pay of men and women performing similar jobs. Facebook reports women earn 100% of the compensation received by men.

As a result, the company improved its grade from an F to a C in our annual investor gender pay scorecard, yet the statistically adjusted number is only half the story. The other half is median pay disclosure, which is the specific objective of this proposal. Median pay is an unadjusted raw measure used by the Organization for Economic Cooperation and Development, the OECD, to assess not only equal pay but equal opportunity. Women who work full-time in the United States make \$0.80 on the dollar versus men on this basis. African-American women make \$0.60 on the dollar. And Latina women make \$0.55 on the dollar.

Gaps in median pay is literally the definition of the gender pay gap. So while adjusted equal pay gaps measure whether women and people of color are being paid commensurate with their peers for the work they are doing today, median pay gaps measure whether these groups are holding as many high-paying jobs within companies, that is whether there is equal opportunity. Given the importance of this measure, disclosure of median pay is now mandated in the United Kingdom.

For Facebook's U.K. operations, our company reported a 12% hourly median pay gap and a 42% bonus median pay gap. Yet notably, our company has not published median information for its global operations nor has our company published any information on racial pay equity. Transparent disclosures that tell the whole story of gender and racial pay equity are essential to investors as they create accountability and drive change toward not only equal pay but equal opportunity. That change is in service to a more diverse company and leadership and, therefore, better performance. Thank you. So much for your time and support of Proposal #10.

**David Kling** {BIO 19444861 <GO>}

Great. Thank you. For Proposal 11, a proposal regarding workforce diversity, Peter Flaherty will be speaking on behalf of the National Legal and Policy Center.



## **Peter Flaherty** {BIO 6905128 <GO>}

Good afternoon. I'm from the East Coast. I'm Peter Flaherty of the National Legal and Policy Center. We sponsor the Corporate Integrity project. In response to this proposal, promoting ideological diversity, the company claims a "diversity of ideas is core to our business" but then goes on to cite initiatives that make the company less diverse, not more, like the fact that the company publishes data on the ethnicity and gender of its workforce. Is it not racist and sexist to attribute certain thoughts and ideas to individuals based on their gender and race?

Do all African-Americans think alike? How about all women? Facebook huffs, "we do not collect data on the political ideology of our employees." As if this is somehow intrusive. I'd suggest that it's a lot less intrusive than quizzing employees about the genetic makeup of their grandparents or what they do in their bedrooms, information that Facebook is happy to collect and ballyhoo. Facebook also suggests -- or also cites so-called biased training programs. As described by Carl Horowitz of my staff in a monograph titled *The Authoritarian Roots of Corporate Diversity Training* Jane Elliott's *Captive Eyes And Minds*, these programs result in double standards and make employees less likely to voice individual opinions.

It seems like Facebook makes a lot of mistakes. Whenever conservatives or libertarians get censored by Facebook, it's a mistake. And the denials fly that the company is biased. But couldn't a lot of these mistakes be avoided if content gatekeepers weren't practically all San Francisco liberals? As Marc Andreessen candidly observed, "I think it is really hard for a lot of people in Silicon Valley to even articulate the other side." What would be wrong with making a conscious effort to hire more people who are truly underrepresented at Facebook? Conservatives, libertarians, practicing Catholics and Christians, observant Jews, pro-lifers, Midwesterners, veterans, it's a pretty long list. And I'm not suggesting all these people think alike.

For many Americans, maybe Facebook is so hostile to their values that they would not want to work here. Well maybe Facebook should start doing something about it. Surely, the company has interests. And it should speak out in defense of them. But if Facebook wants to be "a platform for all ideas," why in the world does it insert itself in the most controversial public policy issues of the day? Shouldn't the company be carefully neutral on issues that have nothing to do with its core business? Take, for example, Facebook's promotion of the so-called Equality Act. It would basically abolish gender before the law. Although in the real world, you can't abolish gender because it's a function of genetics and biology. There is no corner of our society that it would not touch. Of course, without gender, there can be no feminism. There is no Title IX, meaning the end of women's sports. But that's just the start of the controversy.

What could be more seemingly calculated to alienate a significant portion of Facebook users, employees and shareholders? How will it play in the rest of the world? Is Mark Zuckerberg's view that supporting the Equality Act must be done because it is the right thing to do? What makes him the arbiter of what is right? Mr.

Zuckerberg is entitled to his own views. But he heads a public company. Almost done. Facebook has hundreds of thousands of employees and shareholders, billions of users, they don't all think alike. True respect means recognizing that other people may have differing views. But they are entitled to them. It is time for a little respect in the Facebook workplace. And true diversity cannot be achieved without it. Thank you.

## **David Kling** {BIO 19444861 <GO>}

Thank you. Finally, for Proposal 12, a proposal regarding strategic alternatives, Ms. Aryeh Cohen will be speaking on behalf of the proponents.

## **Aryeh Cohen**

Thank you, Mr. Chairman. My name is Aryeh Cohen, national organizer with Bend the Arc. And I'm speaking on behalf of members -- of some of us. I'm presenting Shareholder Proposal 12. Our proposal requests that the Board of Directors begin an orderly process of retaining advisers for strategic alternatives to the current corporate structure, including a breakup of Facebook, Inc. and an empowered committee of independent directors to evaluate those alternatives in exercise of their fiduciary responsibilities to maximize shareholder value.

We believe that Facebook is out of control. It is too large and too complex to be managed effectively. We are sick and tired of apologies as privacy and safety of our families and communities is repeatedly violated, as hate is inflamed and as democracy undermined by the myriad interconnected monopolies that comprise Facebook, Inc. Facebook has enabled the spread of incendiary fake news and violent extremist content that sways elections, triggers mass shootings and sparks genocide. Facebook's shareholders have suffered the regulatory fines and actions as only the beginning. And this continues to pile up. Shareholders need to make Facebook more manageable and Facebook's management more accountable.

Our proposal is not prescriptive as to which strategic alternative should be pursued. But Facebook founder Chris Hughes laid out a recommended strategic alternative in his May 9 New York Times Op-Ed. Facebook would have a brief period to spin-off Instagram and WhatsApp businesses. And the 3 would become distinct companies, most likely publicly traded. Facebook's shareholders would initially hold stock in the new companies and although Mark and other executives would probably be required to divest their management shares. I think it's easy to understand that this (isn't) a business imperative. But I want you to know why it's a moral imperative.

Last October, on a quiet morning, I got a text from a childhood friend that made no sense at first. She asked, "Are you okay?" She then went on to explain that there had been a mass shooting at the Tree of Life, the synagogue by my home and that house so much of my beloved Pittsburgh Jewish community. The next 48 hours were a terrifying blur. And I frantically tried to track down friends and loved ones who may have been at services that Saturday morning at the synagogue. As the hours wore on, the horrific details grew clear. A white nationalist had murdered 11 members of

my community as they prayed. He, like so many others, had been radicalized on social media.

In the days that followed, my deep mourning gave way to a renewed fear. I have been an outspoken community organizer for years. And as a Jewish woman fighting for social and economic justice, I knew that white nationalists, grotesquely emboldened by this massacre, would begin targeting people like me for abuse and worse.

I found that friends of mine were known to the shooter by name and were callously mocked in this community and this community online had metastasized into a cell of white nationalist terror. I was forced to find and block hundreds of white nationalist accounts on Facebook and Twitter to protect my safety. Facebook has played a huge role in spreading the far-right hatred that devastated communities like mine. But I refuse to allow this failure of due diligence to force me into hiding. I believe that leadership means living a power-filled, principled public life. And it's not just Pittsburgh.

In Charlottesville, a neo-Nazi who murdered Heather Heyer, injured -- and injured dozens of protesters shared white supremacist memes on Facebook before the attack. The Christchurch terrorist, who massacred 50 Muslims as they worshiped, livestreamed his crimes on Facebook. 300,000 versions of this video made it through Facebook's filters. And despite April's ban on white nationalist content, a recent investigation found that hundreds of far-right pages with millions of followers continue to operate openly, spreading the hatred that so often spills into fatal violence.

Facebook itself has committed anti-Semitic and racist and sexist acts. Sheryl Sandberg hired Republican-backed PR firm Definers Public Affairs to publicly target George Soros after Soros rightfully criticized Facebook's business model. These smears against Soros fed into venomous anti-Semitic conspiracies popular with the far right and neo-Nazis. Facebook claims this incident is resolved. But it has failed to demonstrate the cultural change that would stop such a scandal in the future.

Shareholders know that the Board of Directors is accountable for failing to rein in management and allowing these terrible events to occur. We know that our company's dual-class structure gives Mark Zuckerberg voting control. But regulators and elected officials around the world are calling for Facebook to be regulated and broken up because the company's shoddy record and its monopoly power. It's up to the Board to move forward and study alternatives to the current configuration that will give shareholders the most value and will to manage the company in a way that minimizes legal, regulatory and political risks and -- that have born in my community.

Lastly, I am a millennial. And while I call Pittsburgh my home and have for the last six years, Facebook is in many ways my neighborhood. I grew up online. Under the direction of Zuckerberg and Sandberg, my neighborhood, Facebook, has become

unsafe, fostering communities of violence online and off. I urge shareholders to support our proposal. Thank you.

**David Kling** {BIO 19444861 <GO>}

Great. Thank you for sharing your story. I just want to take a brief moment to acknowledge that the horrific events that took place in Pittsburgh and Christchurch, in too many places around the world, this past year, are -- were acts of pure evil. My heart goes out to you and to everyone in the communities that were impacted by these events. I'm sorry for these things that have happened. And we're -- in keeping with that, we're committed to doing all we can to curb extremism and hate speech online. These things don't have any place on our services. We don't allow people to attack based on national origin, gender, religious affiliation. And we remove this content as soon as we become aware of it. So we're aligned on these things.

That was our final shareholder presentation. So we will now collect any remaining ballots. Please raise your ballots if you still have them. And our volunteers will come around and collect them. We've got a couple.

(Voting)

Okay. All right. I think we have them all. All votes have now been cast on the proposals to be considered at this meeting. And as of 11:35, the polls are now closed.

I will now confer with the Inspector of Election and report on the preliminary results of the voting. The final results, including any votes turned in at this meeting, will be filed with the Securities and Exchange Commission on a Form 8-K within 4 business days.

The votes required to approve each of the proposals are set forth in the proxy statement. Based on the preliminary results tabulated by the Inspector of Election for Proposal 1, each of the 8 nominees has been elected to the Board of Directors.

I'd actually like to just pause really briefly. We have a new director who is just elected. So Peggy Alford has now joined our Board of Directors and so I'd just like to acknowledge that. Welcome, Peggy.

Based on the preliminary results for Proposal 2, Ernst & Young has been approved as our independent registered public accounting firm.

Based on the preliminary results for Proposal 3, the compensation program for our named executive officers has been approved.

Based on the preliminary results for Proposal 4, the stockholders have approved the option of a vote every three years with respect to say on pay.

Finally, based on the preliminary tabulations by the Inspector of Election, each of proposals 5 through 12 has been rejected by the requisite majority of the votes cast.

There are no other items of business on the agenda. So this concludes the formal part of our meeting. The annual meeting is now adjourned.

Now before I ask Mark to come up on the stage, I want to remind you that Mark's remarks and the Q&A that follows may contain forward-looking statements regarding future events and the future financial performance of the company. We caution you to consider the important risk factors that could cause actual results to differ materially from those in any forward-looking statements. These risk factors are more fully detailed in the caption risk factors in our quarterly report on Form 10-Q filed with the Securities and Exchange Commission on April 25, 2019. In addition, any forward-looking statements that we make today are based on assumptions as of this date. And we undertake no obligation to update these statements as a result of new information or future events. Mark, come join us for your remarks.

### **Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

All right. Well thank you all for coming out, as always, the Annual Shareholder Meeting. This has been a busier year than most. And I thought it would be useful for me to give an update on how things are going and the priorities for the next year in terms of what we want to execute on. I mean overall, our community and our business continue to grow at a faster rate even though we're currently certainly at the center of a number of really important social issues that we're working to address as well. Our community now has more than 2.7 billion people around the world who use one of our services, Facebook, Instagram, WhatsApp or Messenger, at least once a month; and more than 2.1 billion people who use one of our services daily. So that's a lot of continued growth in the community.

The business continues to grow. In the last quarter, the business grew to -- I think it was \$15.1 billion of revenue, up about 26% year-over-year. So continuing to grow.

But our priorities for the next year are a little bit different from what we've -- how we've traditionally set up the goals and priorities for the company. Historically, we've focused on things like just the growth of the community and amount that people are using the services and the growth of the business. This year, we're focused on 4 primary objectives. The first is to make -- continue making substantive progress on the major social issues that our company is at the center of. That's everything from some of the speech and content and safety issues that some of the folks just talked about to, of course, preventing election interference, to making sure that we build a stronger privacy program and deliver the controls that we need to do there. And also making sure that people can take their data out of the service well and do things around where they have the data portability that they should have. So we're very focused on a lot of the big issues that are in front of us.

The second big priority is to deliver qualitatively new experiences in our products, right? So a lot of what we do is we come in every day, we fix bugs, we make things a

little bit faster, a little bit more secure, we try to rank News Feed a little bit better to show you the content from the people and interests that you care about. And that's all important work. But a lot of what we want to do over the next few years is not just improve the products that you know from our services already but deliver qualitatively new ones, new platforms, new types of experiences. And I'll talk about what that could look like in a few minutes as well. The third priority is to continue the momentum of how we're serving businesses. And especially small businesses around the world.

The business momentum from the company is -- has been important. We're very proud of the impact that we've had, where more than 90 million small businesses around the world now have the opportunity to use marketing tools that previously only big companies would have had access to. And the vast majority of them use our services for free. We have 7 million active advertisers. So of the 90 million small businesses who use our services, a vast majority of them are getting value from our services without even having to pay us. And when we survey them, they tell us that they're hiring people because of using our services. And that's just a very big positive impact that we're proud of and we want to continue delivering on. And that's the third priority.

Then the fourth priority is to be more transparent and be out there more, articulating the case for what we're doing, why it's important in the world, why giving people a voice is important, why giving small businesses powerful tools is important, why the solutions and ways that we're addressing issues like giving people a voice but also trying to keep people safe, why these solutions are the right places for a service like us to be. And I think we need to do a better job of being out there and articulating this in a number of more forums.

So those are the 4 big things that we're focused on. And that's not just how we're operating the company, that's also how we're going to judge the performance and how we do bonuses and how we basically decide whether the different folks who are leading the company and operating inside the company are doing a good job for over the next year and beyond. I would imagine that this set of priorities will continue for some time.

So I want to talk a little bit about a couple of specific areas in this. One is on the specific social issues that we face, they are issues that I think society overall faces and that address a lot of the Internet companies. But we're certainly at the center of a lot of them. And while I'm proud of a lot of the progress that we've made to limit the spread of harmful content on our services, one of the things that -- this is probably the single set of issues that I've focused the most on over the last few years at our company. And one of the things that's just become quite clear to me, as we've made progress, is that while there's a lot that we need to do, if the rules for the Internet were getting rewritten from scratch today, I don't think that most people would want private companies to be making so many decisions by themselves about what constitutes acceptable speech or what people are allowed to say around elections or especially in different countries around the world where we may operate but may not even have a large physical presence.

So one of the conclusions that we've come to is that there needs to be an updated regulatory framework around each of these issues. And it's not just one thing. It's on content regulation online to limit the spread of harmful content, on elections and basically governing in each country around the world what should be political speech. I don't think that our company should be deciding that for democracies around -- in the different countries around the world. There should be more robust democratic processes for determining the guard rails on that that we should follow. And we have a voice in those debates. And we should basically make sure that people understand what we've learned in our process to fight these issues.

But at the end of the day, whether a certain type of speech is acceptable or not in political discourse or a certain advertising should be allowed or not, we think should be up to different countries and a democratic process. And that's why I've been out there advocating for this. So that will be a continued push. We're going to continue doing the work that we need to. We certainly feel like we have a big responsibility. But at the end of the day, just like some of the proposals and questions have alluded to, we feel like the right solution for this over time is not for us to have the ultimate authority as a company over all of these decisions either. We think that this would go better if there were more robust democratic process around more of these things.

In terms of product direction and also discussing one of the most important civic and social issues we face are on privacy. One of the big themes that we're going to be pushing on for the next 5 to 10 years is building out this vision of a privacy-focused social platform. And the way that I think about this is that in our lives, we have public spaces, like our town squares or cities that we -- where we can interact with a lot of people at once; and we have private spaces like our living rooms, where we typically interact in more intimate ways with a few people at once. And just like those are the types of settings that we have, the town square and the living room, in our physical lives, I believe that in our digital lives, we need that, too. And for the last 15 years, we've really focused on building up Facebook and Instagram to be the digital equivalents of the town square, where now you can interact with a lot of people in all the different ways that you would want, not just staying in touch with friends but meeting new people and communities that share your interests, starting businesses organizing fundraisers for causes you care about, a lot of different types of things that you would want to do with a lot of people at once.

But when you think about the private tools that we have for communication, it's still pretty much just texting today. And I just think that when we look back 5 or 10 years from now, we're going to have private platforms, which are as rich and as developed as the more open platforms in the digital town squares that we have today. So I think that, that is both a very important product opportunity that people around the world want a company like ours to deliver. And I think that this is really important for one of the bigger social issues that we see, which is that privacy is increasingly important to people and delivering the ability for people to have secure private interactions is increasingly important in people's lives. And we see this that of all the different ways that people are communicating online, the 3 fastest-growing ways are: private messaging, small groups and stories, where what you share, the data doesn't stick around forever.

So this kind of fits with the themes of what we're seeing. It fits with the big social issues that we want to address. And this is going to be the major thrust of our product strategy for the next five years or maybe even beyond is delivering this privacy-focused social platform to complement the work that we've already done: building the digital town squares and the work that we're going to continue doing to build that. So those are the big themes of what I'm thinking about. Those are the priorities for the company and what you should expect to see me and the other leaders focused on. And as always, thanks for coming out to the shareholder meeting. And this is an important period for the company. We take the responsibilities seriously. We're fighting to do the right things every day.

And I think now we should take some more of your questions.

## Questions And Answers

### A - David Kling {BIO 19444861 <GO>}

Great. Thanks, Mark. All Right. I'll now like to invite Sheryl Sandberg, Facebook's Chief Operating Officer; Dave Wehner, Facebook's CFO; and Nick Clegg, Facebook's VP of Global Affairs and Communications to join Mark to answer some of your questions.

We'll now open the floor for questions. And we anticipate taking questions till approximately 12:15. If you have a question, please line up behind one of the microphones. If you can't get to a mic, please raise your hand. And we'll have someone bring one to you.

So we can answer as many questions as possible from the stockholders. We request that you ask only one question and limit your question to no more than 1 minute. As stated in the rules of conduct, please don't address the meeting until you've been recognized.

Now each year, we have I see a lot of the stockholders lining up already -- each year, we have stockholders who stand in line and don't get to ask a question. So please be considerate to the other stockholders. If you have a follow-up question, please write it down and submit it to one of the volunteers that we have around the room. And we'll follow up on that separately. But we want to try to hear from as many people as we can. All right. We'll start.

You already spoke I think. So we'll start over on this side.

### Q - Unidentified Participant

Okay. Hello. I'm (Gatha) from (Gatha Silva Emerge) based in Los Angeles. Using social media like Facebook is a bare minimum in effectively growing a platform of exposure. My clear black feminist small business pushes back on the systemic issues in navigating the white (inaudible) federal patriarchy. Every time I have posted my merchandise, I have been banned and thrown in Facebook jail for so-called hate



speech. Meanwhile, actual racist misogynists, homophobic people and others have freely shared their hate speech. Women of color like myself keep getting banned. This double standard affects my business. Will you commit to working with civil rights organizations and experts to ensure the training materials for content moderators to effectively understand racism, sexism, homophobia and other discrimination in context and stop banning small business owners like me and focus on them as you're saying that this is a priority for you?

**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}

Absolutely. Our policies are that we don't allow hate in any form and we should allow small businesses. So we'll take a look at your account to see what's going on and make sure that the rules are being applied.

**Q - Unidentified Participant**

Yes. If you look at my hoodie right now, it says men are trash. This is the hoodie that keeps getting banned.

**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}

Yes. So we'll take a look at that separately. We also have an -- a civil rights audit going on that I'm working on directly because we take these issues very seriously. And we'll take a look.

**A - David Kling** {BIO 19444861 <GO>}

Great. We'll come back to this side.

**Q - Unidentified Participant**

Talking about ads. There's a school called Action Player Academy -- it's a charter school. They wanted to -- their entrepreneur club wanted to have a showing of a movie. No Safe Spaces, it's coming out soon from Dennis Prager and Adam Carolla. And they were told that when they wanted to advertise on Facebook, that the school would have to admit a political affiliation. It's a nonprofit school, it's not a political school. But they have been banned from having ads on Facebook at the current time because they're not willing to admit a political affiliation. I don't know what the policy is on this. But I wanted to bring it to your attention. It was brought up in The Hollywood Reporter I think in the last 48 hours.

**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}

We'll take a look. There is no requirement for anyone on Facebook to affiliate with any political party of any kind. No (inaudible), we will take a look.

**A - David Kling** {BIO 19444861 <GO>}

If you can give your information to one of our volunteers, then we'll be able to follow-up.

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**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}

Yes. Give me the information, we'll take a look.

**Q - Unidentified Participant**

Mr. Zuckerberg, this question is for you. A lot of the conversation and the comments and the proposals this morning have been about power, voting power, holding the Chair and CEO role. Can you respond directly to the question of whether you would be willing to cede some of that power? And I know what we all know about power is that once you have it, it's very difficult to let it go. Then I think there's a benefit to sharing that leadership and I think what has become a leadership burden.

**A - Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

Sure. So I spoke about this in the intro comments. But I certainly believe that if people were rewriting the rules for how they wanted the Internet to work and how they wanted companies to address the issues that we face and other companies face that we're certainly at the center of, I don't think that people overall would want companies to have so much unilateral authority to make as many decisions over speech and elections and privacy and a lot of things that are just incredibly important to us as individuals and to our society overall. So I think the big question that we need to answer is what is the right framework, whether it's regulation or industry bodies that will enable us to solve the specific issues that we're grappling with. And that's what I'm trying really hard to work through and solve. I think that there are certain things that we internally have a big responsibility to get right. We're investing a lot. We have very good teams and a lot of our best people working on the systems around content and preventing election interference and strengthening privacy and a lot of these things. But I do acknowledge that there are limits to what I think a -- an individual company should be deciding on this.

And we're taking a multipronged approach on this. One is we're working with government around the world, not just in the U.S. I was just in Paris meeting with President Macron. We've had a deep engagement with their government, where they have spent weeks at our company and diligently looking through our content practices and basically how our systems work and coming up with their proposal for a regulatory framework that they think will be effective around this. And that's the kind of engagement that we're looking to do in more places around the world because we think that there should be additional rules around this. Frankly, I would welcome that because I think us having to be in the position that we're in where we make so many difficult calls, I don't think is really the place that we or anyone else wants us to be in. At the same time, we're also not waiting for regulation.

We're taking some steps ourselves like setting up an independent oversight board for content reviews so that way when someone makes -- say, if we make a decision that you disagree with. And there have been a few folks here today who have had situations that they disagree with where we might have made a decision, they'll be able to -- you can appeal the decision that's already today. But if you disagree with the decision that we make even on appeal, you'll be able to also appeal it to this independent body. And if they choose to look at your case, which they will for some

of the most complex and kind of precedential cases, then their decision is actually going to be binding, right? So at that point, it doesn't matter what I think or what any of our product or content teams think. That body is going to have the ultimate (inaudible).

Now I think that it would be better if more of these decisions -- that independent oversight body will be helpful because it will be independent. So it will give people assurance that: a, all the decisions aren't being made in a centralized way by our team or by me; b, that there's no doubt that the decisions are not being made for any kind of business reason which, today, we don't make content decisions for business reason. But I understand why people might be confused about that, right? Because we're one company. And we're, on the one hand, serving people and serving businesses and on the other hand, we're -- also need to be making a lot of these decisions around content.

So having an independent organization will make it so that people can have confidence that this independent body is not making any of those decisions with any of our business considerations in mind. So there are going to be more things like that, that we need to do as well. I certainly agree with the general premise, that we would like to build out more regulation and independent structures around us because I understand the importance of the issues. And I just don't think that too much of that can be on one company specifically, even though we have a big responsibility to do a lot here as well. But I'm very focused on making sure we take the right measures and not defaulting to things that seem like they might be easier to do. But would not actually address the problems that we see.

**Q - Unidentified Participant**

But more directly, would you be willing to step down from your role as Chair and cede your super voting shares? That's really my question.

**A - David Kling** {BIO 19444861 <GO>}

I think we're going to try to limit just to one question.

**Q - Unidentified Participant**

It's just a yes or no.

**A - David Kling** {BIO 19444861 <GO>}

We just have a long line of people. We're going to go over on this side.

**Q - Michael G. Verdone**

Mike Verdone. I am past president of San Mateo County Association of Realtors and the Director for the California Association of Realtors. The jobs, housing imbalance is crucial, especially here on the peninsula. This puts pressure on traffic, home purchases and certainly, rents. You are rapidly expanding. And this puts further pressure on cities. Last year, you mentioned revitalization of perhaps the Dumbarton

train quarter. That's at least a decade out. What is Facebook going to do to bring more housing for their employees here and take some of the pressure off the cities?

**A - Unidentified Speaker**

Yes. Thanks for the question. This is an area that we're really concerned about. We've been doing a lot of work across a number of different dimensions on it. You mentioned looking at things long term like Dumbarton rail. But we're not waiting for that. We're taking action today. We've been a cocreator of the Partnership for the Bay's Future, which is a \$500 million fund to help create over -- to help protect and create over 175,000 units of housing. We've also helped start and create the catalyst fund which is another \$75 million initiative for housing as well. We're continuing to look at how we think about our footprint and making sure that we diversify where we are growing, not only jobs here in the Bay Area. But also elsewhere and also focusing on the impact that specific decisions within the Bay Area have on things like commute patterns. So putting more of our jobs in other locations rather than just in Menlo Park. So we're trying to take this into account. We're trying to be good partners and looking at places where we can have an impact on this big imbalance issue that you point out which is real. So these are some of the things that we're already doing. But we're going to continue to look at places where we can invest more on this front because we think it's a critical issue for the communities in which we operate.

**A - David Kling** {BIO 19444861 <GO>}

Back to this side.

**Q - Unidentified Participant**

My name is Jason, I'm a shareholder. There were some news reports that Facebook is working on a AI voice assistant. And I was wondering Mark if you could elaborate on that and how it would work with the Facebook products and platform?

**A - Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

Sure. So one of the products that we have right now is we ship this product portal in the last year. And if you haven't checked it out, I really enjoy it and we've got a lot of great feedback on it. But one of the important parts of it is being able to speak to it and activate it through voice. And I imagine that there's going to be more products that we build that are going to -- where voice is going to be an important part of the user interface over the coming years. So we're working on a lot of different things around this. I don't know that we have anything specific to announce today in terms of the efforts. But I think you can look at where the product road map is likely to go on this and see why this would be a very useful and an important way where people are going to want to interact with more technology that way.

**A - David Kling** {BIO 19444861 <GO>}

Come back here.

**Q - Unidentified Participant**

My name is (Caroline Wyzinger). I'm a Facebook user who's been disproportionately abused by Facebook because of your content moderation strategies. I was most recently called what USA Today calls (Zipped) because of being banned multiple times most recently because of my conversations about actor Liam Neeson and John (inaudible) horrific history of the KKK and black man being hunted in America. I was also banned in a Sheryl Sandberg keynote (inaudible) . Literally, in the middle, as he talked about Facebook actually fixing these problems. I was able to talk to your content policy team. And they talked about the same thing you talked about today about going into communities and being transparent about your story as well as hearing their stories as being abused by Facebook. So my question to you, Mr. Zuckerberg, is are you willing to actually go into these communities and instead of having conversations with academics, who are primarily white men, actually talking to the people of color and the women who have been affected by Facebook's content policies?

**A - Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

Sure. I mean I engage very directly in this. I mean I travel around a lot, talk to a lot of different folks. As Sheryl mentioned, we have not just an ad hoc policy of traveling and talking to people. But a formal set of audits in work that we do to make sure that we're getting the right input into the processes that we set up. And you can be assured that I am directly engaged and I'm -- not only building the content, not only building the systems for safety and security. But also a lot of the theme that's been discussed today is setting up the right system of governance around what the content policy should be as well. That's a very important focus for me.

**Q - Unidentified Participant**

Would you be willing to have conversations with marginalized people of color who've been disproportionately affected by your platform specifically?

**A - Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

Yes. Yes, I do.

**A - David Kling** {BIO 19444861 <GO>}

Thank you. Come back to this side.

**Q - Unidentified Participant**

(Matthew Frisch), shareholder. I'm looking at your directors, you've got Peggy who was a -- got a financial background; Marc, venture capital; Kenneth, finance; Susan, philanthropy; Sheryl, business; Peter, surveillance; Jeffrey, politics; Erskine, politics, Hastings, movies. Which strikes me you don't have anybody in ethics, journalism or books. And if you think about the origin of Facebook, it was funded by In-Q-Tel to further facial recognition technology. And along the way, in accomplishing this, we have had a reduction in privacy. That's not your fault, this has been going on since the Church Committee investigations. The problem is along the way to destroying privacy, you've also destroyed journalism. So my question is what exactly are you going to do about this? Because there's no one on the Board with expertise on how

to fix this. And my second question is why shouldn't Congress -- what would be the downside...

**A - David Kling** {BIO 19444861 <GO>}

I think we're just going to do one question per person, by the way.

**Q - Unidentified Participant**

Well it's basically why not break up Facebook in terms of just spinning off WhatsApp? What would be the downside to spinning off WhatsApp into an independent company?

**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}

I'll take them both really quickly because there's 2. On the first, we work with publishers all around the world on the impact Facebook has on journalism. We provide subscription services. We're a great distribution channel. Definitely, journalism and media have had real challenges with the advent of the Internet that has changed the business model pretty fundamentally. But our role is to make sure that these are good partners. People get news from Facebook. And we remain a very important source of traffic for journalists. And we have a lot of expertise for the -- in the company. And I know the Board takes it seriously, too. On the second, I've spoken out -- we've spoken out extensively. (inaudible) published an op-ed on our views on antitrust. And since it's a second question, we'll refer you to that.

**A - David Kling** {BIO 19444861 <GO>}

Yes. I do want to be fair. So let's try to keep it to one per person. We still have about 10 people left in line. Back to this side.

**Q - Janice Mathis**

I'm Janice Mathis with National Council of Negro Women. It's a pleasure to be here this morning. Good to see you again, Ms. Sandberg. Thank you for coming to meet with one of those marginalized groups of women of color. We represent 2.5 million African-American women. 70% of them are homeowners, 73% have at least a college education, 68% of them earn more than \$50,000 a year.

My question is they are deeply concerned about, as you know from having met with them, about election, security and voter protection and that sort of thing. But they're willing to take responsibility for helping a new generation of Americans understand how our government works. Many of them are teachers and social workers. And the best protection against tyranny and the undermining democracy is for citizens to understand how their government works. So my question for you today is would you be willing to partner with us to help teach young folks? We know you're not teachers but you've got a great platform for information. Help us teach young folks how the government works so they can discern for themselves the difference between truth and fiction.

**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}

Absolutely. That was a wonderful meeting. Thanks to you and all of your colleagues for hosting. It's just so inspiring to be with these women who have played such a huge role in community. But also in the history of getting to more equality and particularly equal voice and equal votes. And so as we discussed that day, we're very interested in combating voter suppressions and in voter education, voter registration. And I think we're already in conversations about doing more together. So I really appreciate your time and the question.

**Q - Janice Mathis**

And I will just say if you're getting criticism from both sides? You've got Peter Flaherty. You're probably about in the right place.

**A - David Kling** {BIO 19444861 <GO>}

Let's go back to this side.

**Q - Unidentified Participant**

My name is (Eli) (inaudible) . My question is for Lead Independent Director, Dr. Desmond-Hellmann. Could she be made available for a question, please?

**A - David Kling** {BIO 19444861 <GO>}

Let's just -- let's hear your question first and make sure we have the appropriate person to answer it.

**Q - Unidentified Participant**

Well my question is directly to her because she is the only person on the Board that is empowered to call an executive session without Mark Zuckerberg, the Chair and CEO. And so my question is directly to her about her ability and willingness to exercise that power.

**A - David Kling** {BIO 19444861 <GO>}

Sure. We can get a question for her, for Sue. We can get a microphone for her.

**A - Susan D. Desmond-Hellmann** {BIO 1896963 <GO>}

So the responsibilities that I have as Lead Director...

**Q - Unidentified Participant**

No. I have a specific question...

**A - Susan D. Desmond-Hellmann** {BIO 1896963 <GO>}

Do include that -- oh, you have a question around my ability to call it. Go ahead.

**Q - Unidentified Participant**

Well -- so my specific question for you, you've been Lead Independent Director since 2015. You are now becoming chair of the Compensation and Governance Committee, proxy advisory firm Glass Lewis recommended that investors withhold support from you specifically around the way that you've been exercising or not exercising your responsibilities as Lead Independent Director. In 2018, a majority of -- sorry, in 2017, a majority of shares not controlled by Mr. Zuckerberg voted for an independent Chair a truly independent Chair on the Board of Facebook. And last year, 35% of independent shareholders voted against Mr. Zuckerberg as Chair. You, as Lead Independent Director, have the power to call. And it says on Page 13 of the proxy, to call an executive session without Mr. Zuckerberg to consider the election of somebody else as Chair. And my question is will you commit to holding such an executive session?

**A - Susan D. Desmond-Hellmann** {BIO 1896963 <GO>}

No. I do have the ability to call an executive committee of the Board of Directors as outlined. And just one small correction, I've been Lead Director since 2015, on the Board, since 2013. As is outlined in the proxy, the company and I and the Board of Directors are comfortable with the current operating arrangement where Mark is Chairman and CEO. We've outlined that the roles I have as Lead Director, which do include the question you've asked me. And the answer is no. I don't have the intention of calling such a meeting. And as outlined in the proxy, that's not the direction we want to take the company or the Board.

**A - David Kling** {BIO 19444861 <GO>}

Great. We'll come back to this side.

**Q - Steven Renderos**

It's Steven Renderos with MediaJustice out here in Oakland, California. So since 2016, several civil rights organizations, including mine, have called on Facebook to submit itself to an independent civil rights audit. The demand really came on the heels of experiences by black users and users of color who had experienced censorship, discrimination and even surveillance on the platform. Last year, after several years of demanding, this Facebook finally agreed to an audit. And as much as that decision was motivated in response to the concerns that we were bringing up, it certainly had a lot to do with the new cycle surrounding Cambridge Analytica. And we've been told that -- to expect some of the releases of that audit in the next month or so or sometime this summer.

Sadly, I think the experience of the users of color on the platform haven't improved. And whatever recommendations emerge from the audit will be difficult to implement without the leadership that centers civil rights. And so my question to you all is will Facebook commit to hiring a civil rights position that's placed within the C-Suite with real authority to implement the recommendations that emerge from this audit? And I know as much as this has been a project for you, Sheryl, I would love to also hear from Mark.

**A - Sheryl Kara Sandberg** {BIO 15339456 <GO>}



Yes. So I'm going to answer this because we're running out of time. Mark is fully supportive of this. And we obviously do -- everything we do together. We do have an audit going on. They put out their first report in December, the second one will come in June. We have a C-Suite Chief Diversity Officer who's here. Maxine, you can wave. And she has been instrumental in this work. And what you'll see in those audits is we are releasing both their recommendations and the actions we've taken to adhere to their recommendations. Our first audit reports focused really on voter suppression because that was a priority issue coming up to the elections. And the next one will focus on content and other issues. And this is something that's incredibly important to me and Mark and all of us is our platform being used -- not being used for hate and being used to protect civil rights. We know this work is ongoing. We know the people who are trying to go against people civil rights. We'll continue to find new ways to do that work. And so our commitment will be a very ongoing one, including C-level staffing which we've done.

**A - David Kling** {BIO 19444861 <GO>}

Great. All right, we'll take this side.

**Q - Johnny Mathias**

My name is Johnny Mathias. And I'm with Color Of Change, the largest online racial justice force in the nation. And how we came to begin engaging with Facebook and part of the process was that one of our members had their personal information revealed in a private Facebook group of white supremacists for the actions she was taking against confederate statues in Georgia. And people were showing up at her house. And luckily, she was able to get in touch with us and we were able to get in touch with you all. And the information eventually came down and the harassment ended. And when I met her the other day for the first time, four years later, she said that our actions saved her life. And what I'm wondering is with the shift that you indicated, Mr. Zuckerberg, to a more private Facebook when we've been working on the last several years to deal with the very public Facebook through the audit process and otherwise, how will the safety of black users and other users still be maintained in a way and would that content come down in your new private vision of Facebook?

**A - Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

Yes. I mean the content policies, I don't think are different across the different apps and services that we have. I think one of the areas that I've tried to be up-front that I think is going to be quite challenging in this digital equivalent of a living room is we're providing world-class, the strongest security and privacy protections that we can, which means that we're committed to making our messaging products fully intent-encrypted, which means that we're not -- even our services are not going to see the content as it flows through, which on the one hand, is extremely strong for privacy and preventing hackers or governments or different folks from being able to access your information in ways that you might not want. But it does make it a little bit harder for us to do the content moderation work that we do in some of the more public spaces. And it doesn't eliminate all the tools, right?

A lot of what we do is not just based on -- for kind of systemic issues like what you're talking about are for things around election interference. The most important tools are not necessarily just looking at the content, it's looking at clusters of activity and being able to identify, hey, these 100 accounts or 200 accounts, they're not behaving like real people, they look like bots or some kind of spoofed activity so you can find that even without looking at the content and then wipe that out from the networks. And by the way, one of the advantages of the current setup that we have as a company is that we can find bad actors who are using Facebook or Instagram in the more open settings. Then if their accounts are linked to accounts that are doing different things that we might not even be able to see in WhatsApp or our messaging products, we'll be able to take down their accounts there as well.

So I mean some of the questions here have been talking about what is the advantage of having these services together from a safety perspective, there definitely is one. But this is just something that we're going to continue needing to work on to make sure that we get the balance right and that we build the safety tools that are as strong as they need to be in a fully encrypted space. It's not going to be an easy problem. And some of the tools that we've had historically, we're not going to have in the future. But we're committed to working on this and working with law enforcement and governments and folks around the world to do as best as we can at this.

**A - David Kling** {BIO 19444861 <GO>}

All right. We're almost out of time. We're going to take 2 more questions, one from this side, one from this side.

**Q - Unidentified Participant**

My name is (Brandy Coentockster). I'm a resident of Baltimore, Maryland. In 2016, a local resident (inaudible) broadcast on Facebook live her standoff with Baltimore County Police Department with a long history of police corruption. She filmed the encounter because she feared for her life. At the request of police, Facebook cut her livestream and she was gunned down in front of her 5-year-old Cody. My org in addition to many people have demanded answers. And we've not gotten any. I'm glad that we have an appeal process now. But obviously, you can't appeal death. I'm wondering if in the next phase of the audit, you'd be willing to publicly clarify your position on collaboration with law enforcement. Are you willing to notify users every time law enforcement, including ICE and FBI, request data?

**A - Unidentified Speaker**

I think we can certainly be more open. If that's something we should be helpful in our cooperation with law enforcement, Colin Stretch, General Counsel is confirming that. We try and be very open about all the interactions that we have with law enforcement. As Mark has explained, that's evolving any way now as we move to the fully encrypted messaging service. But without knowing precisely what date you're after, I don't think I can give you a more precise answer than that.

**A - David Kling** {BIO 19444861 <GO>}

All right. Great. Last question over here. I know there's 2 more people. We don't have enough time. I know there's 2 more people in line. If you do not get to ask your question, please feel free to write it down and provide it to one of our volunteers or e-mail it to investor@fb.com. And we'll work to get you an answer. And here's the last question over here.

### **Q - Unidentified Participant**

My name is (Rickson), I'm a Facebook shareholder and also a high-tech executive here in the Valley. My question is actually about -- you talked about the forthcoming products for Facebook in the next 5 or 10 years. And there's been reports about Facebook developing their own cryptocurrency based on blockchain, probably call it globalchain perhaps. I want to get your perspective on -- your thoughts on how you see such cryptocurrency would operate in terms of the regulations? Are they going to be similar to how financial institutions are being regulated today, or do you see that it will be a different mechanism or platform that it will be done? And also maybe you can share about some of the concepts about this platform of cryptocurrency, whether this can be used not just for exchanging of monetization. But also maybe as a way to build credit for people in the masses that may not have credit today.

### **A - Mark Elliot Zuckerberg {BIO 15103277 <GO>}**

Yes. So we have been public that we are working on an effort here in thinking through what we should do. We haven't gotten to the point yet where we've announced what we're doing. We're still working through a bunch of important parts of this. And hopefully, we'll have more to share on that soon. Overall though, this connects to the privacy-focused social platform vision that I talked about in the intro and that has been one of the themes today. Because part of the theory of -- in our lives, we have in our town squares, in our living rooms and you want to -- we -- just like we built out around Facebook and Instagram, a platform for a lot of different ways you'd want to interact with a lot of people.

We think that there needs to be a platform where people can interact with -- in all the ways they'd want to privately as well. And certainly, payments and commerce specifically are some of the most important and sensitive private interactions that we have. And it -- one of the things that we're committed to thinking through how we can do really well and deliver for the billions of people who use our products around the world is how we can deliver not just messaging and small group communication but other types of private interactions as well. And payments and commerce certainly is going to be an important part of that as well. So that's kind of the frame on how I think about this. And hopefully, we'll have more to share on that specific project at some point in the

near future.

### **A - David Kling {BIO 19444861 <GO>}**

All right. That concludes the Q&A session. Thank you for attending Facebook's Annual Meeting of Stockholders. Thanks, everyone.

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**A - Mark Elliot Zuckerberg** {BIO 15103277 <GO>}

Thank you.

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