

Report on AI Data Usage Oversight

Whereas: The immense and transformative potential of artificial intelligence comes with substantial risks.

The development and training of AI systems rely on vast amounts of data, and public information available via the Internet may not be enough to quench developers' insatiable thirst for high-quality training data.¹ Thus, stakeholders are concerned that developers will draw from sources in an unethical or illegal manner.^{2 3 4}

Supporting Statement: Meta Platforms, Inc. ("Meta" or the "Company") is an early leader in the AI arms race,⁵ which has helped push the Company to one of the highest market capitalizations in the world.⁶

Meta has successfully integrated AI into its advertising business⁷ and social media products.⁸ These features grow user engagement and increase advertising efficiency, further expanding Meta's data dominance.

Unlike its large-scale competitors, Meta's primary AI models are open source.⁹ Rather than monetize its AI models itself, Meta's strategy is to use its AI models to further monetize its data empire – which includes “hundreds of billions of publicly shared images and tens of billions of public videos, which we estimate is greater than the Common Crawl dataset.”¹⁰

Given Meta's history of privacy violations and unethical data practices, shareholders and consumers should be concerned that Meta's data-driven AI strategy will create new opportunities for misconduct. Past abuses include:

- Meta's updated privacy policy now allows them to use a wide range of personal data for developing and improving its AI technologies, without explicit user consent¹¹
- Meta has been subject to a record €1.2 billion (\$1.3 billion) fine for breaching the European Union's General Data Protection Regulation^{12 13}

¹ <https://www.wsj.com/tech/ai/ai-training-data-synthetic-openai-anthropic-9230f8d8>

² <https://www.scientificamerican.com/article/your-personal-information-is-probably-being-used-to-train-generative-ai-models/>

³ <https://www.axios.com/2024/01/02/copyright-law-violation-artificial-intelligence-courts>

⁴ <https://www.reuters.com/legal/legalindustry/risks-unleashing-generative-ai-company-data-2023-12-22/>

⁵ <https://www.cnbc.com/2024/07/31/meta-advertising-growth-proof-that-hefty-ai-spending-is-paying-off.html>

⁶ <https://companiesmarketcap.com/meta-platforms/marketcap/>

⁷ <https://www.cnbc.com/2024/07/31/meta-advertising-growth-proof-that-hefty-ai-spending-is-paying-off.html>

⁸ <https://www.forbes.com/sites/bernardmarr/2023/05/02/5-amazing-ways-how-meta-facebook-is-using-generative-ai/>

⁹ <https://www.llama.com/>

¹⁰ <https://venturebeat.com/ai/inside-metas-ai-strategy-zuckerberg-stresses-compute-open-source-and-training-data/>

¹¹ <https://katefitzgeraldconsulting.com/2024/05/31/your-privacy-rights-understanding-the-recent-changes-to-metas-privacy-policy/>

¹² <https://www.nytimes.com/2023/05/22/business/meta-facebook-eu-privacy-fine.html>

¹³ <https://tech.co/news/meta-fined-100k-a-day>

- A coalition of European consumer rights groups have accused Meta of collecting “an unnecessary amount of information on its users — such as data used to infer their sexual orientation, emotional state or even their susceptibility to addiction — which they are unable to freely consent to.”¹⁴

These are just a few examples in Meta’s long history of misconduct.^{15 16 17}

Prioritizing data ethics in Meta’s AI development will help avoid harmful fiduciary and regulatory^{18 19} consequences.²⁰ Developers who prioritize ethical data usage will reap the benefits of consumer trust,²¹ while those that do not will suffer.

Meta’s position in the AI arms race, and its associated historic valuation, hang in the balance.

Resolved: Shareholders request the Company to prepare a report, at reasonable cost, omitting proprietary or legally privileged information, to be published within one year of the Annual Meeting and updated annually thereafter, which assesses the risks to the Company’s operations and finances, and to public welfare, presented by the real or potential unethical or improper usage of external data in the development, training, and deployment of its artificial intelligence offerings; what steps the Company takes to mitigate those risks; and how it measures the effectiveness of such efforts.

¹⁴ <https://www.cnn.com/2024/02/29/tech/meta-data-processing-europe-gdpr/index.html>

¹⁵ https://www.sec.gov/Archives/edgar/data/1326801/000109690624001115/nlpc_px14a6g.htm

¹⁶ https://techerunch.com/2024/12/17/meta-fined-263m-over-2018-security-breach-that-affected-3m-eu-users/?guccounter=1&guce_referrer=aHR0cHM6Ly9zZWFiY2guYnJhdmUuY29tLw&guce_referrer_sig=AQAAA D4HheTbEJQ2uv9gp9B3KxM9_N4994xQTrLYALsYK0BQFs2RFvMrMoIiPE7xio2aSdPY6M_97vxAsDBddazTK Qk259_DpSY0MQTrnvvM_pz9eJVxD4l09oXkkRxINuC3yjod7RwAx1QHcfCX5_IcvmV5Qg8qcYx7vLv3e29uEu 8S

¹⁷ <https://www.reuters.com/legal/facebook-parent-meta-pay-725-mln-settle-lawsuit-relating-cambridge-analytica-2022-12-23/>

¹⁸ <https://hbr.org/2023/05/who-is-going-to-regulate-ai>

¹⁹ <https://www.ftc.gov/policy/advocacy-research/tech-at-ftc/2024/01/ai-companies-uphold-your-privacy-confidentiality-commitments>

²⁰ <https://www.cnn.com/2024/01/05/microsoft-openai-sued-over-copyright-infringement-by-authors.html>

²¹ <https://www.pewresearch.org/short-reads/2023/10/18/key-findings-about-americans-and-data-privacy/>