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SHAREHOLDERS CHALLENGE FACEBOOK ON POLITICAL ADS

MARCH 18 – Napa, CA -- [Harrington Investments, Inc.](#), (HII), a Napa, California-based socially responsible investment firm, has introduced a shareholder resolution at Facebook (FB) to challenge the company’s role in exempting political advertisements and posts from fact-checking rules such as the Company’s Community Standards.

“As shareholders we are shocked that our company is relaxing standards for content of political advertising,” said John Harrington, President of HII. “Our citizens need some protection from targeted and misleading ads geared to stealing an election or spreading misinformation with life or death public health consequences. Not only will voters be abused with deceitful and fraudulent political content, but our company needs to evaluate this policy by weighing the legal, regulatory and possible representational risk to our company, which may be the results of such waiving of our standards.”

The Harrington resolution calls for a report to assess the operational, reputational, and social license implications of this policy which waives political content from its platform standards, as well as the board’s assessment of the concerns regarding the potential impact of those policies on democracy, public discourse, and civil and human rights.

The resolution follows a letter to the company from over 200 Facebook employees calling for holding political ads to the same standards as other advertising, stronger design measures to better distinguish political ads from other content and restricting targeting for political ads. The employees also recommend imposing a silent period ahead of elections and imposing spending caps for politicians.

While the benefit of the policy is relatively marginal for the company, the stakes are high for society. The resolution states, “democracy itself may be at stake in the targeted use of paid false and misleading political advertisements.” Senator Mark Warner’s letter to the company, raises the question of the acceptability of the Company’s license to operate if Facebook’s practices undermine free and fair elections by an informed electorate.

As Facebook faces multiple anti-trust regulatory investigations and at least one remaining shareholder derivative lawsuit on privacy and its handling of the Cambridge Analytica scandal, its legal and regulatory risks are already of concern to shareholders. As a precedent, a recent European Court ruling regarding the defamation of an Austrian politician on Facebook decided European country courts have jurisdiction over Facebook’s content internationally if it was found to be defamatory or otherwise illegal, setting the stage for similar regulation in the U.S.

Harrington has filed or co-filed shareholder resolutions with [other companies](#) in 2020 on issues ranging from surveillance technology, privacy and human rights, to the public health impact of sugary beverages and foods, to the accountability of Business Roundtable Members to sustainability and corporate responsibility standards outlined in a statement on the purpose of the corporation, resolutions related to banks’ fossil fuel lending, and other environmental and animal welfare related resolutions.

HII is a 38-year old Registered Investment Advisory firm managing individual and institutional assets based upon comprehensive social and environmental screens, shareholder advocacy, and an impact investment agenda.