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July 1, 2021

Re: *In re Facebook, Inc.*, FTC File No. 182-3109

James A. Kohm
Reenah L. Kim
Linda Holleran Kopp
Federal Trade Commission
600 Pennsylvania Avenue, NW
Mailstop CC-9528
Washington, DC 20580

Dear Mr. Kohm, Ms. Kim, and Ms. Kopp:

Please find enclosed the signed report of the independent Assessor for the initial Assessment (“Report”) pursuant to Part VIII.H of the Decision and Order in *In re Facebook, Inc.*, FTC File No. 182-3109 (Apr. 28, 2020) (“Order”). The Report describes the independent review of Facebook, Inc.’s (“Facebook’s”) Mandated Privacy Program during the six-month period beginning October 25, 2020—the first six months of the Program’s operation.

As set forth below, the Report describes a thorough, rigorous evaluation of the Privacy Program and recognizes how Facebook embraced this enhanced, external oversight, including by providing extensive access to Company leadership, employees, and information. Overall, the 230-plus-page Report confirms that the Order constituted a watershed moment at Facebook and that the Company has made substantial investments in Order compliance. The Report states that the completely redesigned Privacy Program is appropriately comprehensive and that Facebook has established the key foundational elements necessary for an effective program. As Facebook’s own Compliance Report forecast,¹ the Report notes that additional work is necessary to mature and strengthen the Program. Facebook appreciates the early, independent evaluation of its Program and is committed to the Program’s long-term success. (b)(4); (b)(3);6(f)

¹ Facebook described its efforts through the first six months of the Order’s term in the compliance report submitted to the Commission in October 2020. See Compliance Report, *In re Facebook, Inc.*, FTC File No. 182-3109 (Oct. 24, 2020) (“Compliance Report”).



(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

The initial Assessment is another significant milestone along that journey.

This letter provides an overview of the initial Assessment and the Report's most significant findings, including the three thematic observations and (b)(4); (b)(3):6(f). The letter also summarizes Facebook's plans to utilize the findings to mature and strengthen the Program.

Initial Assessment

The depth, breadth, and rigor of the initial Assessment reflect a paradigm shift with respect to external oversight of Facebook's Privacy Program, as intended by the Order. Facebook facilitated this shift via extensive efforts to prioritize and support the Assessment.

(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

These early steps enabled the Company to present an Assessor candidate to the independent Privacy Committee of Facebook's Board of Directors ("Privacy Committee"), the Commission, and the Department of Justice for approval shortly after the Order became effective in April 2020.

(b)(4); (b)(3):6(f)

Most importantly, Facebook embraced the initial Assessment as an opportunity to obtain early, independent insight on its completely redesigned Privacy Program. (b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

the Company provided "extensive access" to employees, documents, and information, as highlighted in the Report.³ (b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

The Privacy Committee also provided extensive oversight and guidance, meeting with the Assessor four times during the six-month period in addition to interim touchpoints with the Committee chair. Facebook's robust engagement and cooperation with the Assessor allowed for real-time feedback about opportunities to further develop the Program and, in multiple instances, led to immediate enhancements. The

² All subsequent Assessments are biennial. See Order, Part VIII.C.

³ See Report at 2.

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enormous effort by both Facebook and the Assessor throughout the initial Assessment is reflected in the following metrics from the Report:

(b)(4); (b)(3):6(f)

Assessment Findings

As a whole, the Report confirms that the Order constituted a watershed moment at Facebook. The Report recognizes the Company's strategic decision to completely redesign and rebuild its Privacy Program rather than supplement previously existing processes.⁵ It also recognizes Facebook's "extensive investments" and "meaningful progress," stating that the Company has established "the key foundational elements necessary for an effective program."⁶ Among those elements are:

- a **Privacy Committee** that provides active, independent oversight of the Privacy Program and other privacy-related matters, convening nine times since its formation in May 2020;
- **senior leadership accountability**, including Vice President Michel Protti's dual role as Chief Privacy Officer for Product and Designated Compliance Officer;
- a **management-level governance forum** through which Mr. Protti and senior leaders (b)(4); (b)(3):6(f) oversee the development and operation of the Program; and
- a **dedicated, privacy-focused organization**—the Privacy Org—that implements and operates the Program in coordination with business and product groups across the Company.

Additionally, the Report recognizes Facebook's substantial and continued mobilization of resources to embed privacy into its operations and culture.⁷ Dedicated resources within the Privacy Org expanded (b)(4); (b)(3):6(f) between mid-2019 and mid-2020. The Privacy Org now has more than (b)(4); employees, and the Company anticipates it will grow to (b)(4); employees by year-end. Together with others providing engineering, legal, compliance, and other support to the Privacy Org, there are currently (b)(4); (b)(3):6(f) people actively working to embed privacy throughout Facebook.

⁴ *Id.* at 1. The biennial Assessment conducted by PricewaterhouseCoopers ("PwC") for 2015-2017 pursuant to the 2012 FTC Order entailed (b)(4); (b)(3):6(f).

⁵ See Report at 2.

⁶ See *id.* at 3.

⁷ See *id.* at 2.

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With respect to Facebook's redesigned Privacy Program, the Report recognizes that it is appropriately comprehensive in scope and structure.⁸ Nothing less than a sea change from previously existing processes, (b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f) an (b)(4); (b)(3);6(f) increase from the number of Safeguards assessed by PwC in early 2019. (b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f) The Program includes more than (b)(4); (b)(3);6(f) recently-promulgated, privacy governing documents and privacy-focused procedures. And the Program's annual privacy training has been delivered to more than (b)(4); (b)(3);6(f) personnel.⁹

The Report notes that additional work is required to mature and strengthen the Program, as Facebook forecast in its own Compliance Report.¹⁰ In particular, as required by Part VIII.D.3 of the Order, the Report identifies (b)(4); (b)(3);6(f) "gaps and weaknesses (b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f) ¹¹ (b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f) All of the feedback is valuable and, as noted in the Report, Facebook has been moving quickly to address findings as they surfaced. Facebook is committed to addressing the remaining findings promptly. Although the Company's plans will continue to evolve in the coming months, a brief summary of its current plans to address the most significant findings is set forth below.

Thematic Observations

As noted above, the Report identifies three thematic observations, which Facebook agrees represent key next steps in the evolution of the Program.¹² Facebook is actively addressing each observation to better position the Program for long-term success.

First, Facebook is enhancing the Privacy Org's oversight role and capabilities to ensure it operates as an independent compliance function (b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f)

⁸ See *id.* at 3.

⁹ Facebook obtained signed Order acknowledgments from more than (b)(4); (b)(3);6(f) employees, in excess of the requirement in Part XII of the Order.

(b)(4); (b)(3);6(f)

¹¹ See Report at 3.

¹² See *id.* at 3-5.

¹³ See *id.* at 3.

Second, Facebook continues to develop a Company-wide “risk and controls” mindset that prioritizes rigorous compliance documentation and facilitates effective oversight. (b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

Third, Facebook continues to expand its application of technology-based solutions to ensure that the Program leverages the Company’s core strengths in automation and analytics. (b)(4); (b)(3):6

(b)(4); (b)(3):6(f)

Priority Findings

(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

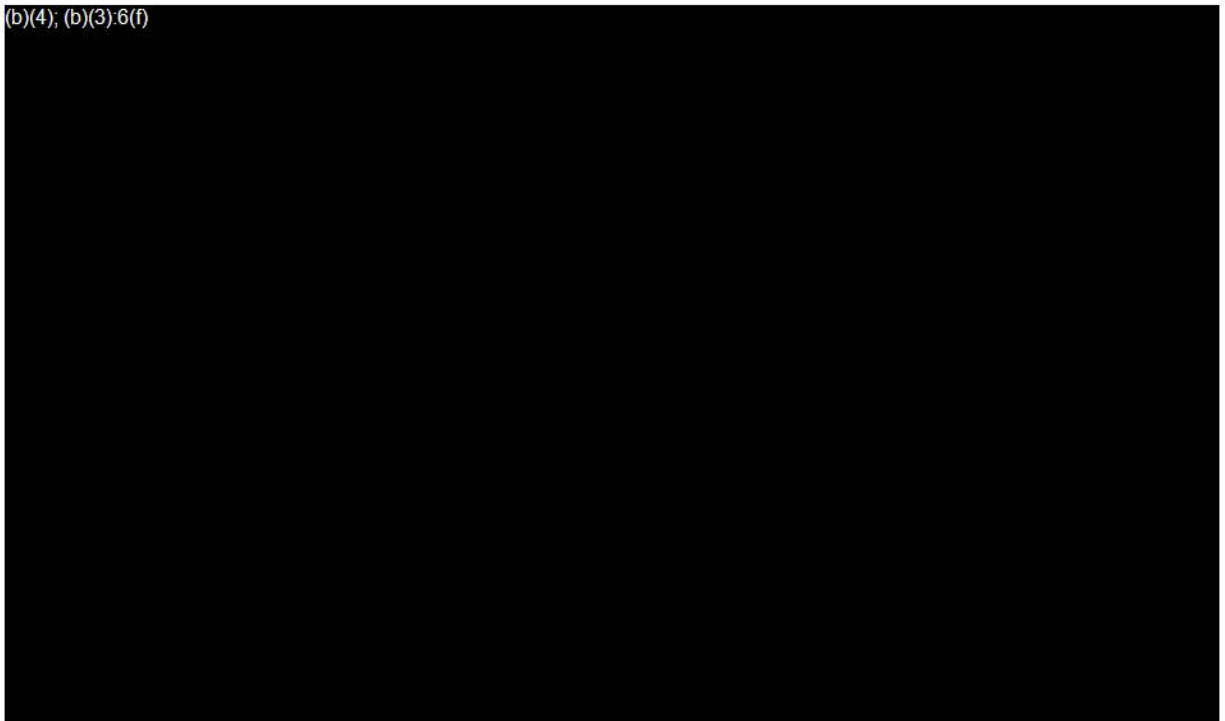
(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)

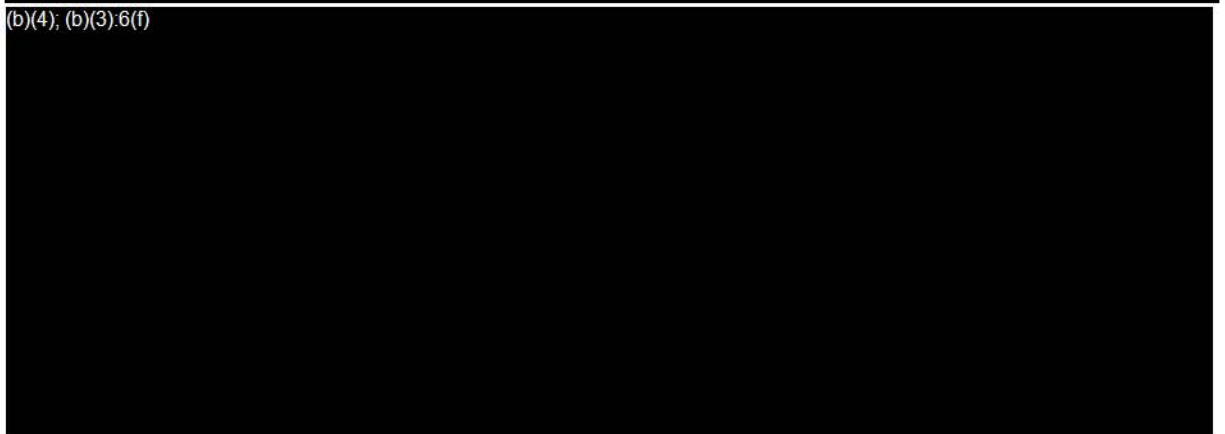
(b)(4); (b)(3):6(f)

(b)(4); (b)(3):6(f)


(b)(4); (b)(3):6(f)



(b)(4); (b)(3):6(f)




(b)(4); (b)(3):6(f)

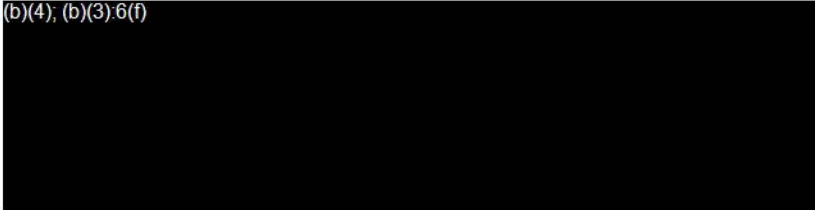


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(b)(4), (b)(3):6(f)



(b)(4), (b)(3):6(f)



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Conclusion

Facebook's completely redesigned and exponentially expanded Privacy Program reflects the degree of change Mr. Zuckerberg envisioned when the Order was announced.³⁶ The Program benefits from multiple layers of oversight, governance, and accountability, including the independent Privacy Committee, senior leadership, and the Privacy Org. It also benefits from external oversight by the independent Assessor, which Facebook has prioritized early and often throughout a rigorous evaluation of the recently-implemented Program. The initial Assessment recognizes the substantial investments Facebook continues to make in privacy, the Program's comprehensive design, and the foundational elements of an effective program, all of which are leading to better protections for Facebook users' privacy. Facebook looks forward to utilizing the initial Assessment to mature and strengthen the Program.

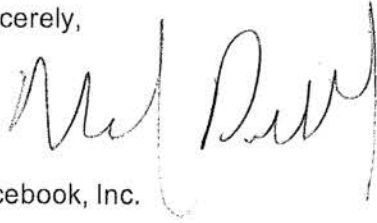
(b)(4); (b)(3);6(f)

(b)(4); (b)(3);6(f)

³⁶ See Compliance Report at 1 (quoting Mr. Zuckerberg's announcement of the Order at a Company-wide town hall) ("[W]e are going to change our culture around this and embed this focus on privacy into all of our technical systems. . . . This is a new chapter for the company. Privacy is more central than ever to [Facebook's] vision for the future . . .").

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Sincerely,



Facebook, Inc.

Michel Protti
Chief Privacy Officer, Product
Designated Compliance Officer

Enclosure

By Electronic Mail to DEbrief@ftc.gov

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