Risk Committee - Regulatory / Public Policy Risk Update

Twitter, Inc.

December 16, 2021

Regulatory Risk Dashboard

OVERALL RISK ANALYSIS		TOP SUB-RISKS	QUALITATIVE FACTORS / KEY MEASURES	TREND	ANALYSIS / COMMENTS
POTENTIAL IMPACT	H				
LIKELIHOOD	H				
TREND	⬆				

RISK OWNER

Vijaya Gadde

RISK CHAMPION

Sean Edgett

RISK MANAGEMENT STATUS

◕ On Track

PRESENTATION DATE

December 2021

ALIGNMENT TO STRATEGY

• Regulation and new legislation is a direct risk to increasing the costs to our business as we increase #participation and #durability.

Content regulation laws

Numerous jurisdictions are introducing legislation to require proactive removal/interventions in specific types of harmful content. Intermediary liability changes are being discussed globally, including US Section 230, and India has already changed its rules. The EU's major overhaul (DSA) will impact a wide range of areas and likely take effect in 2023 and the UK introduced a new Online Safety Bill in May 2021.

Adult pornography is increasingly the focus of regulatory movement. Notably the UK, JP, FR and DE are focused on how we ensure minors are not able to access it, which is highly challenging when age verification technology is not yet sufficiently available. India now requires its immediate removal.

TREND: ⬆

This will require core investment to facilitate proactive removal of critical illegal content - CSE, NCN and terrorist content - in addition to greater investment in non-illegal but harmful speech (hateful conduct, misinformation). Our ability to comply with laws, and enforce our own rules, in a fuller range of languages is critical to reducing risk here. Our strategy on Section 230 is to educate policy-makers and gain time. In the UK, legislation will undergo a full round of pre-legislative scrutiny, including a dedicated scrutiny committee, which we will engage with fully.

Twitter is uniquely exposed on this issue—most platforms do not allow adult porn. The effectiveness of features like safe search are being called into question, while spam-porn is a related challenge. We will launch age gating in January 2022 (delayed multiple times), but our approach to ask users to tell us their DOB is not seen as credible. We are reviewing investments in this area and evaluating risks of monetization features.

Less-democratic regimes and free expression

Our values are being challenged by more aggressive postures from less- and anti-democratic countries, including India, Russia, Turkey, China, Vietnam and Brazil. Those regimes are seeking to use domestic law to compel us to do a range of things, including content removal and access to user data. Penalties are often significant financially, but also can involve criminal liability for the company and employees, and ultimately throttling or blocking of the service.

These requests are increasingly in conflict with our values and free expression norms, in markets we have identified for revenue and service growth. Our reputation and political risk is impacted by the speed and clarity of decision making with regard to compliance with specific legal frameworks, due to delays in communicating with key stakeholders.

India is a major challenge in this regard. The Government enacted new laws on intermediary liability, requiring us to comply with legal requests for user data in 72 hours and content requests in 36 hours, appoint a Chief Compliance Officer (who has personal criminal and civil liability), a law enforcement liaison and a Grievance Officer. Proactive monitoring of rape/CSE content is required. A Code of Ethics and Procedure will be published in future.

TREND: ⬆

We have a cross-functional process to assess new laws and build compliance programs that align with our values (and sometimes mean we refuse to comply and challenge the laws in court). The tension between revenue growth and compliance is increasingly both a regulatory and reputational risk. Our decision about whether to litigate to fight for our principles will help build trust that we are proactively seeking to protect the people on Twitter's voices, but also increase political tension.

It is hard for us to counter the political strategy of hostile governments when they are able to exploit delays in our review of legal requests and growing backlogs. We are investing additional resources to reduce this backlog, but inadequate tooling is an impediment to work around.

In India, we have increased our compliance and are ready to litigate when we believe orders to remove content or turn over user data violate Indian law. Litigation would challenge problematic aspects of the law, like requiring an individual to be held criminally liable for our content decisions. Our investment in capacity for our content moderation teams, as well as the Hindi language, is a direct factor in reducing this risk.

Privacy and data localization laws

Privacy laws (that also include information security and data protection requirements) continue to proliferate. While there are commonalities between these laws, each has important idiosyncrasies that are costly to comply with. For example, data localization requirements are an increasing regulatory trend and the pressure to comply with these requirements is growing. There are significant risks with compliance and non-compliance strategies. Complying can place data and individuals in harm's way and not complying may result in fines and sanctions up to blocking orders.

TREND: ⬆

The work we are doing to prepare to meet our FTC obligations will support a general level of compliance with many global privacy regulations. We will still need to decide how to meet the idiosyncratic requirements, like data localization. Data localization presents not only a challenge to our principles, but also as to our ability to technically implement solutions and any solution will place data at greater risk.

● Completed ◕ On Track ◑ At Risk ○ Delayed

Regulatory Risk Dashboard (cont'd)

TOP PRIORITY MITIGATION PLANS	CORRELATING TOP RISK	OWNER	DUE	STATUS	RECENT PROGRESS	RISK OPTIMIZATION RESULT
Legal Compliance Tooling. Recently-dedicated Health Tools team focused on innovations that will help Twitter meet our legal and regulatory responsibilities in a fast changing environment.	Content regulation laws	Sean Edgett	Ongoing	◑	Team established in Q3 2021 at half capacity, focused entirely on launching legal directives EUCD & Korea Art in this quarter. The team is expected to hire significantly in upcoming quarters to meet additional needs such as foundational tooling and product launches.	Create and execute internal tooling strategy to ensure we are meeting our policy and legal and regulatory requirements balancing the needs of the user.
Wingspan 3.0 Proactive strategic plan for new regulations, including categories of laws and regulatory requests we know are coming.	Content regulation laws	Sean Edgett	Q4	◑	Our system for intake, analysis, and implementation of new laws is up and running. We've engaged outside counsel to categorize new laws over the next two years to help us with topline decisions. Working group meets biweekly.	This work will enable us to make recommendations about categories of laws in advance, map product work, and think holistically about our compliance plans, rather than in a one-off fashion as new laws come online.
Self-regulatory / Best Practice models	Content regulation laws	Sinead McSweeney	Ongoing	◑	Met with Turkish Minister to discuss the benefits of EU self-regulatory models and are providing language for their new law. Became board member of the DTSP and participated in creation of self assessment model of T&S risk (assessment to be conducted in Q12022).	Reducing pace of new regulatory proposals.
China WG. The China WG is focused on mitigating risks and having the company make informed decisions related to our current operations and plans to grow revenue 10X in the next few years.	Less democratic regimes and freedom of expression	Sean Edgett	Q4	◑	We are teeing up a conversation with Staff in January 2022 about the risks of doing business in China. We've completed a risk analysis where each function identified current and/or future risks the company faces if we increase footprint in China, and determined likelihood of each risk whether we have or can easily create a risk mitigation or elimination strategy.	Informed and principled risk decisions about Twitter's operations in China.
India WG. The India WG is focused on compliance with the new IT guidelines.	Less democratic regimes and freedom of expression	Sean Edgett	Q4	◑	Engaged in crisis tabletop exercise to analyze how the company could/would respond to various risks and threats, as well as determine what risk mitigation strategies we can utilize and/or create to prepare. Currently identifying various work streams and action items to put additional risk mitigation strategies in place.	Informed and principled risk decisions about Twitter's compliance with new laws in India.

● Completed　◑ On Track　◐ At Risk　○ Delayed