

Exhibit C

Cosmetic Surgery Effects (a/c priv)

A. Meeting Goal

Decide on whether to continue, modify, or lift the ban on Cosmetic Surgery AR Effects that we instituted in October 2019 in response to expert and press concerns about potential negative wellbeing impacts (especially on minors). Cosmetic Surgery Effects (as referenced in this doc) are AR / camera effects that change people's facial structure in a way that must be achieved by plastic surgery (such as enlarging eyes or lips, changing the position of eyes or changing the shape of nose or chin) and cannot be achieved by ordinary makeup techniques, *unless* the result is an exaggerated or humorous transformation (e.g., rapid aging, babyface, character transformation). Continuing to ban Cosmetic Surgery AR Effects negatively impacts creator voice & innovation, and may impact long-term growth (although we lack definitive data).

B. Decision Needed & Options

Should we continue, modify, or lift the ban on Cosmetic Surgery AR Effects that we instituted in October 2019 in response to expert and press concerns about potential negative wellbeing impacts (especially on minors)?

- **Option 1: Continue the temporary ban with current Policy and re-evaluate when there is more definitive data on wellbeing and product impacts [Policy + Comms, Responsible Innovation Team recommendation]**
 - a. Pros: Mitigates wellbeing concerns; no PR/regulatory risk
 - b. Cons: Limits growth; limits voice and innovation; arguably western-centric
- **Option 2: Lift the ban but remove these effects from IG recommendation surfaces [FB App + Instagram Recommendation / Spark AR + MSGR + i18n open to a version of this]**
 - a. Pros: Fosters voice and innovation; lower impact to growth
 - b. Cons: Still notable wellbeing risk (since recs are marginal source of virality); possible bad PR
- **Option 3: Lift the ban [Boz/Spark AR, MSGR + i18n recommendation]**
 - a. Pros: Fosters voice and innovation; lowest impact to growth; supports regional perspectives
 - b. Cons: Highest wellbeing risk; possible bad PR

CAVEAT: Data on product impact is limited, and research into wellbeing impacts of AR effect is too new and not yet robust. Meaningful research may take years. Therefore, we must make a **value-based** decision here -- essentially, safety vs. voice.

C. Key Considerations

Wellbeing & Safety Concerns: There is not yet robust causal evidence about the relationship between Cosmetic Surgery AR Effects and wellbeing. However, experts from around the world -- APAC included -- generally agree that these effects are cause for concern for mental health and wellbeing, especially amongst vulnerable populations (females, youth, those with a history of mental health concerns, etc.) Additionally, academic research on related topics (e.g., wellbeing impacts of seeing "ideal" images in media) gives us cause for concern. See appendix for additional information.

PR/Regulatory: The wellbeing concerns have resulted in press and regulator criticism of platforms allowing such effects, and our October ban received positive press coverage. Reversing it risks a PR / regulatory backlash. Instagram is the primary platform for AR usage and would likely face the brunt of the criticism if we reverse.

Competitiveness / Growth: We do see adoption from both users and creators, though we don't have conclusive product impact given the ban was not tested. We face a competitive landscape of sharing effects, and it is likely that we will see a negative growth impact, simply because any restriction is likely to reduce engagement if people go elsewhere. Long-term, limiting our platform could handicap us as we look to bootstrap our network of Creators to build for our future devices.

Voice, Creativity, and Innovation: By banning these Effects, we may limit people's voice in expressing themselves through developing certain Effects or presenting themselves as they choose. This can limit innovation in AR Effects creation on our Apps and limit our ability to foster cultural moments and viral trends.

Asia Perspective: AR Effect usage and preferences vary across regions. It is likely that this ban disproportionately impacts Effects preferred by people in the APAC region. Those not persuaded by the safety/wellbeing warnings of experts may argue that this ban is Western-centric and about exporting values.

D. History & Current Policy

History:

- May 2017 -- IG began offering first-party AR Effects (but never any 1st party Cosmetic Surgery Effects)
- Aug 2019 -- We launch third-party (developer) AR Effects to 100% of users. (Cosmetic Surgery Effects not yet prohibited.)
- Sept 2019 -- Public complaints and regulatory questions about Cosmetic Surgery Effects.
- Oct 2019 -- Temporary ban on Cosmetic Surgery Effects while we research safety risks.
- Dec 2019 -- After consulting 21 independent experts around the globe, we decide to continue the ban, pending leadership review.

Current Policy (since October 2019):

- No AR effects that change people's facial structure in a way that must be achieved by plastic surgery (such as enlarging eyes or lips, changing the position of eyes or changing the shape of nose or chin) and cannot be achieved by ordinary makeup techniques unless in service of creating a character transformation.
- No AR effects that explicitly promote plastic surgery (e.g. nip/tuck lines on the face)
- No AR effects that target skin tone to lighten or promote racist stereotypes
- We permit:
 - a. Exaggerated or humorous transformations (e.g., rapid aging, babyface)
 - b. Fantastical effects that change a person's facial structure for the purpose of turning the person into a character or animal
 - c. Make-up effects (e.g., darkening eyelashes, or adding lip color) or skin smoothing
 - d. Uploading, via other photo manipulation services, images that mimic cosmetic surgery

E. Examples of AR Effects

Red = currently not allowed under interim policy

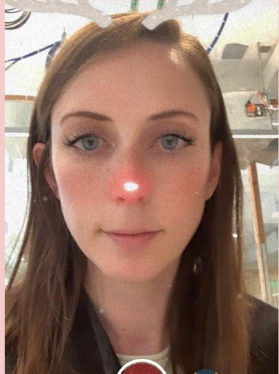
Light green = currently allowed under interim policy

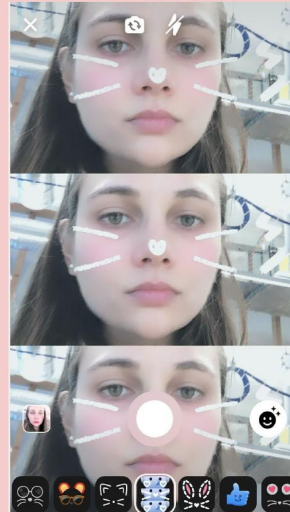
Dark green = always allowed

1. Cosmetic Surgery Effects	2. Cosmetic Surgery Effects + Decorations	3. Cosmetic Surgery Effects + Character Transformation	4. Cosmetic Surgery Effects + Exaggerated or Humorous Transformation	5. Makeup effects
Changes size or shape of facial features only	Changes size or shape of facial features PLUS adds one or more decorations	Changes size or shape of facial features PLUS adds two or more features that are integral to a character	Drastically changes size or shape of facial features in a way that is obviously exaggerated or humorous and not for beauty purposes	Adds makeup to the user and does NOT change the size or shape of facial features
	Ex: flower crown, freckles, glasses, bow, hat, sparkles	Ex: cat ears, whiskers	Ex: witch nose, exaggerated eyebrows, bug eyes, face-aging	Ex: lipstick, eyelashes, blush, eyeshadow, skin smoothing, blush, etc.
 (Enlarges the eyes)	 (Slims nose, enlarges lips)	 (Enlarges eyes)		

	 (Slims nose, enlarges lips)	 (Slims chin)		
	 (Enlarges eyes, slims chin)			

However, the grey area across the spectrum #1 through #5 above is big. Here are some examples of borderline effects.

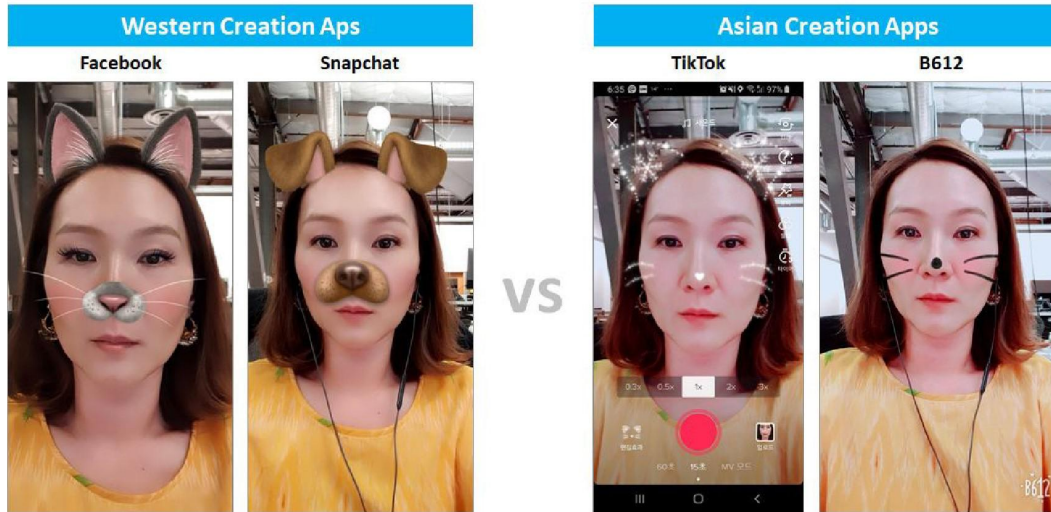
	
<i>Reject:</i> The character is Rudolph but it only has two character elements (antlers and nose). Effect makes eyes bigger and changes the shape of the forehead.	<i>Reject:</i> Not really a "character" and only has two elements (hair clips + face art)

		
<i>Reject:</i> No character transformation, adds 2 decorations. Eye enlarging, chin slimming.	<i>Reject:</i> No character transformation. Eye enlarging, chin slimming.	<i>Reject:</i> No character transformation, adds two decorations. Chin slimming.

	
<i>Approve:</i> Not a recognizable "character" but has three elements (face jewels, face paw prints, ears)	<i>Approve:</i> Character looks like pikachu, has three elements.

such subtle AR effects specifically designed for the Asian audience, [a holdout test](#) confirmed [an 8% increase in camera shares](#) in Asia compared to the global AR effects.

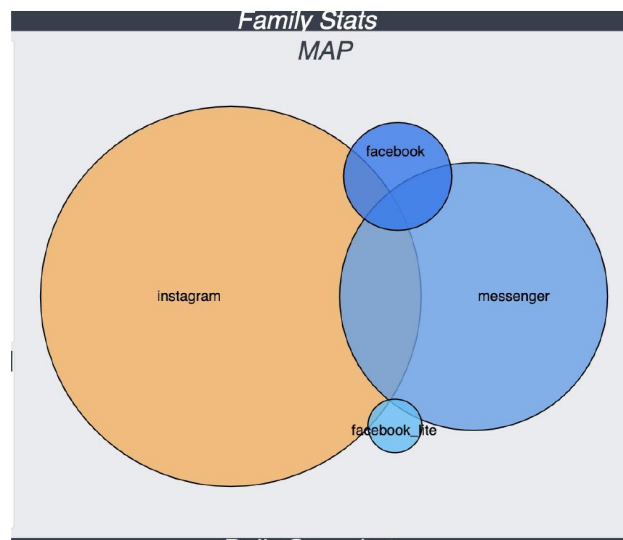
Since the current ban prohibits all types of facial distortion regardless of the intensity of changes (unless it is a character transformation), this blocks an opportunity for the company to empower Asians to freely express themselves in **their** ways.



Additional Data & Resources

AR Usage Overview (MAP):

- Instagram: 328.99 million
- Facebook: 13.92 million
- Messenger: 139.78 million



Note: This shows the usage of all AR effects (both first party and third party) across the Facebook, Inc. platform. All effects in Messenger are first party (Messenger-created) effects and do not include third party effects. [Dashboard](#)

Effect Captures by Platform

Average daily overview by platform:

Instagram

- 1st Party: 54M avg daily captures by 410 effects
- 3rd Party: 393M avg daily captures by 643K effects

Facebook

- 1st Party: 2M avg daily captures by 664 effects
- 3rd Party: 2M avg daily captures by 115K effects

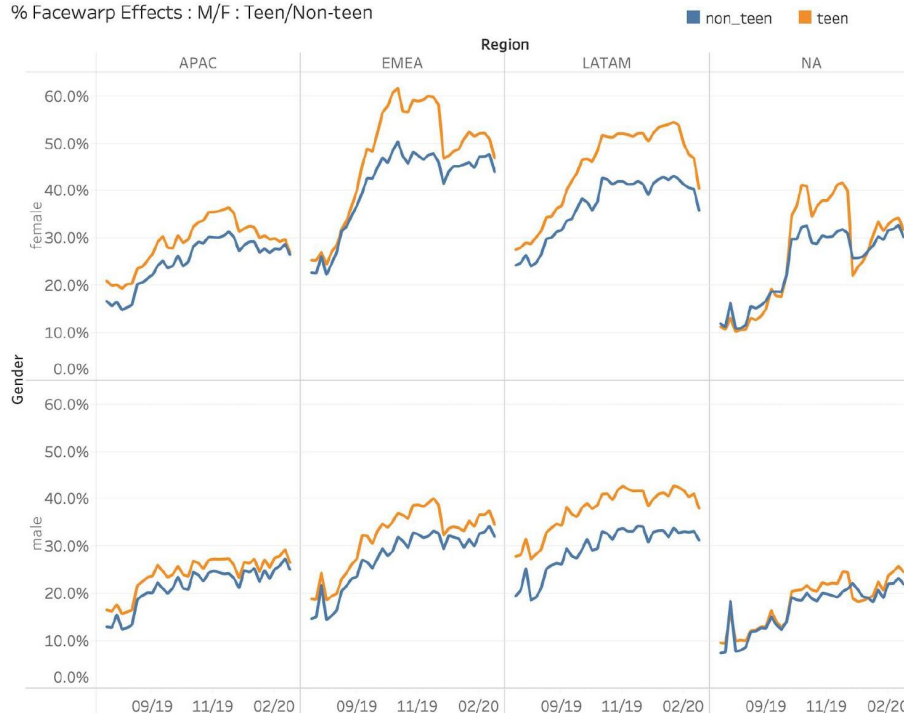
([Query](#) - [Screenshot](#))

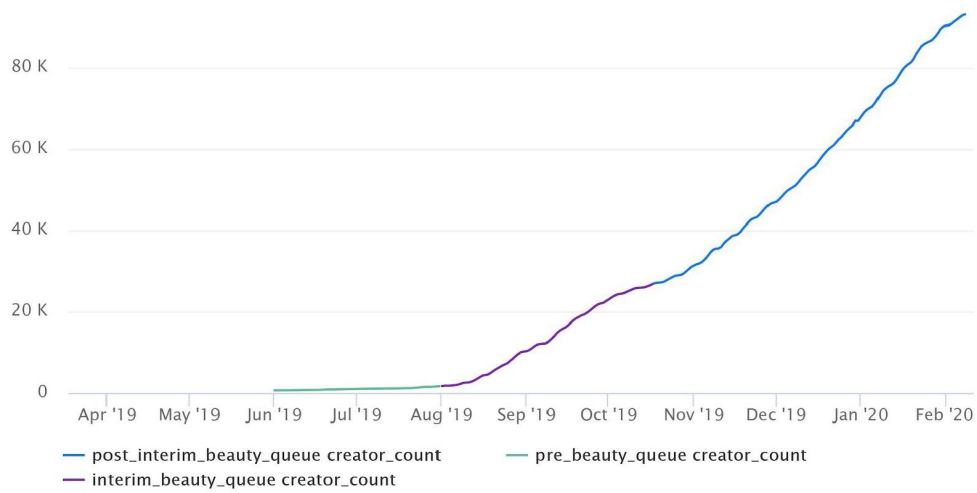
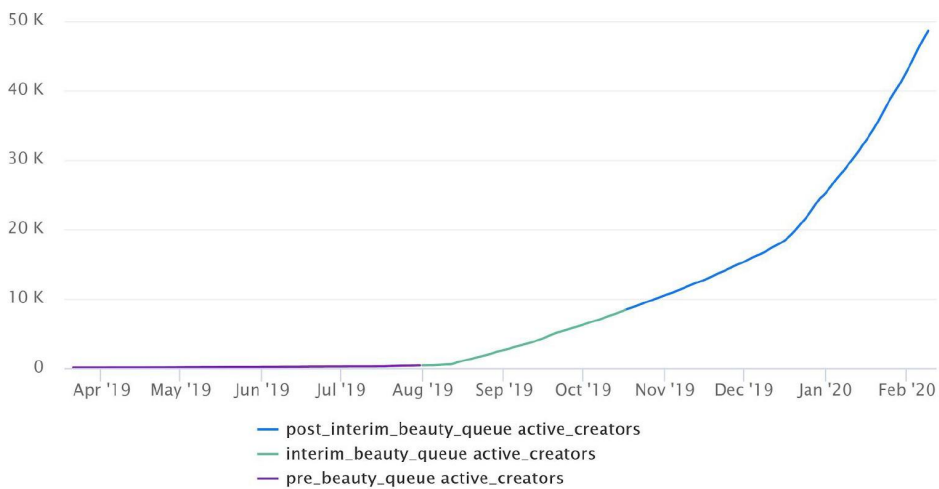
FaceWarp (any effect that distorts the face that includes, but is not limited to, Cosmetic Surgery Effects) effects are responsible for about 25% of third-party Effect Try-ons and 35% of Stories Impressions.

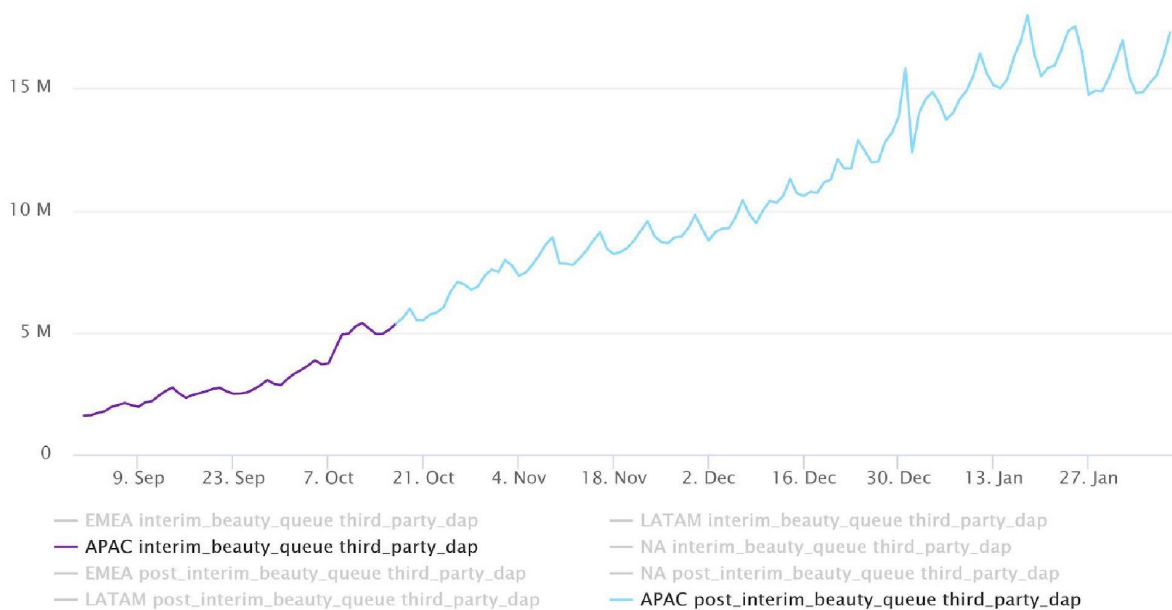
- 5.5% of total third-party Effect Try-ons currently come from cosmetic surgery effects which are later placed in 'Beauty' queue following user/employee reports.
- All faceWarp live effects, at least 20% of try-ons come from cosmetic surgery effects and mainly have been published before policy introduction.

Facewarp Usage as a % of AR Usage: [Query](#)

% Facewarp Effects : M/F : Teen/Non-teen



Creator Growth pre/post policy: [Query](#)**Active Creator****APAC Creator Growth pre/post policy:** [Query](#)**APAC Creators**

Consumer DAP

Top Effects: Until the interim policy launched in October, 0% of Cosmetic Surgery AR Effects were ranked in the Top 100 effects by try-ons.

Additional Effect Creation:

The data shows that creators who created Cosmetic Surgery AR Effects and who did not stop creating did so on average more often than their counterparts who did not create Cosmetic Surgery Effects.

- 42% of creators using “face warp” (any effect that distorts the face that includes, but is not limited to, Cosmetic Surgery Effects) ended up publishing other effects, which is in line with overall creator retention behaviour, so there is no reason to believe that creators might churn at a higher rate because of Cosmetic Surgery policy limitations.

Effects Usage: On average Cosmetic Surgery Effects have a slightly higher share+save rate than third party non-Cosmetic Surgery Effects (15% vs 13%).