

BIG TECH AND HUMAN RIGHTS COLLABORATIVE ENGAGEMENT

Annual Summary 2023

The Big Tech and Human Rights collaborative engagement was launched in March 2023, as an initiative by institutional investors to manage and mitigate systemic risks related to Big Tech companies' human rights impacts, and to contribute to positive change and improved incorporation of human rights in the digital domain. In the first year of the engagement, the focus has been on identifying engagement objectives, crafting tailored letters and establishing dialogue with the companies selected for engagement. Chaired by the Swedish Council on Ethics, participating investors have also collaborated to increase knowledge in relation to risks, opportunities and best practice in a context of rapidly evolving technology.

2023 IN BRIEF

- 35 participating investors
- More than 7tn EUR in assets under management
- 12 objectives identified as engagement KPIs
- 7 company engagements initiated
- 3 company engagement calls held
- 3 collective knowledge-building sessions

BACKGROUND

Digital services now touch all areas of society, meaning that tech companies have an enormous footprint in our everyday lives and a correspondingly significant potential for impact – both positive and negative.

Companies face reputation and sustainability challenges linked to issues such as the handling and commercialisation of personal data, the use of tech platforms for polarisation, extremism and terrorism, influencing elections, and impacts on vulnerable people and groups, not least children and young people. Many concerns relate to harmful content and misinformation; algorithms and content moderation can lead to discrimination and to dissemination of extreme or one-sided opinions that can in turn cause human rights abuses and damage societal structures.

These issues also pose material risks: whistleblower accounts and reports about

questionable business practices are damaging tech companies' reputation and social license to operate. Authorities are trying to catch up and regulate the rapidly developing tech environment. The deterioration of users' trust and loyalty can impact brand value, which could affect advertising revenues. Fines and lawsuits are becoming more frequent and require companies to allocate financial and human resources to them. Online platforms are anticipated to stay central in the increasingly digital world, and tech companies that run them need to understand and manage the risks to human rights responsibly to ensure long-term success.

Investors have exposure to these risks through their holdings, and also an opportunity to contribute to positive change and improved incorporation of human rights in the digital domain. In early 2023, more than 30 investors with more than 7tn EUR combined assets under management joined forces to launch the Big

Tech and Human Rights engagement, with the goal that Big Tech companies strengthen their management of human rights risks and impacts, and report more transparently. The collaboration also aims to increase knowledge among investors and companies, in relation to risks, opportunities and best practice in a context of rapidly evolving technology, such as artificial intelligence.

The engagement aims to mitigate and alleviate the negative impacts on human rights and encourage business models that align with the UN Guiding Principles for Business and Human Rights (UNGPR), with a focus on the human rights

risks and impacts associated with the tech giants' products and services.

ENGAGEMENT PROGRESS

The engagement targets seven companies: Alibaba, Alphabet, Amazon, Apple, Meta (Facebook), Microsoft and Tencent.

Setting objectives

The initial phase of the collaboration consisted of defining the engagement objectives. There are 12 overall engagement objectives across five key areas: culture and business model,

Engagement objectives

Area	#	Focus of the objective	Description/goal
Culture and business model	1	Business model and drivers	The company's business model and strategy incorporate societal/human rights risk assessment and mitigation.
	2	Corporate culture	The company's internal structures and culture enforce and support human rights risk management.
	3	Accountability and grievance mechanisms	The company's employee practices support its operational human rights risk and impact management.
Content	4	Disinformation etc.	The company has robust content moderation measures in place.
	5	Societal impact	The company makes efforts to address the broader societal impact of harmful content.
	6	Violence and extremism	The company prevents and reports on the use of its platforms/channels for violent and extremist content.
Vulnerable groups	7	At-risk groups	The company takes dedicated measures to mitigate harm to vulnerable groups.
	8	Children	The company has robust proactive and reactive systems for preventing negative impacts on children.
Access to remedy	9	Grievance mechanisms	The company offers and participates in well-functioning grievance mechanisms.
	10	Access to remedy	The company provides access to remedy for those negatively affected by its business.
Stakeholder engagement	11	Public policy engagement	The company's public policy engagement aligns with the mitigation of human rights and societal harm.
	12	Stakeholder engagement	The company constructively engages with relevant parties to support its human rights risk and impact management.

content, vulnerable groups, access to remedy and stakeholder engagement.

For each engagement objective, the participating investors have identified best practices that will be referenced in the dialogue.

Company dialogue

Based on the overall engagement objectives and KPIs, during 2023 participating investors sent company-specific engagement letters to all seven companies.

As of the end of 2023, dialogue had been established with several of the targeted companies, and meetings have been held with three companies.

Organisation

The Council on Ethics of the Swedish National Pension Funds acts as the convener of the participating investors. The Council on Ethics has been supported by a Steering Committee consisting of eight investors in defining the scope of the engagement.

Participating investors are organised in teams focusing on each of the seven selected companies, with at least one lead investor per company.

THE IMPORTANCE OF KNOWLEDGE-BUILDING AND SHARING

An important component of the collaboration is to build and share knowledge among investors as well as with Big Tech companies, with respect to risks and opportunities in the area of human

rights. The purpose of these workshops is to educate investors on specific topics so that they are better equipped to pose and discuss related questions with companies. These sessions also help to draw attention to the systemic issues affecting the industry.

During 2023, these sessions featured:

- OECD's Digital Safety and Security Team, in relation to transparency on terrorist and violent extremist content (TVEC) online, as well as children in the digital environment.
- Access Now, on the implementation of content moderation policies outside of corporate HQs – in particular non-English language regions.
- Centre for Democracy and Technology, on implications of US elections and EU legislation.

The initiative has also interacted with other stakeholders with an interest in human rights in the tech space, such as the Investor Alliance on Human Rights and the UN B-Tech Project.

NEXT STEPS

During 2024, engagement groups will continue to focus on establishing dialogue with the companies, as well as measuring and tracking their progress towards the engagement objectives.

The collaboration also aims to extend the programme of knowledge-building sessions, working with participating investors to build deeper insights into the sector's human rights challenges.