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Plenary 2: Data Governance & Human Rights

- Andrew Cave, Head of Governance and Sustainability, Baillie Gifford
- John Howchin, Secretary General of Council on Ethics, AP Funds
- Graham Thomas, Global Head of Data Privacy & Ethics, Cognizant Digital Business

Chaired by Gigi Dawe, Director, CPA Canada

Gigi Dawe: The panel today will be talking about ethics and government data, governance, and human rights, and we all know that technology is a powerful driver of innovation and economic growth. It provides organizations and their boards exponentially increasing amounts of financial and non-financial data and when properly handled, this data has immense value.

I just want to put some perspective around the amount of data. In 2020, each of us generated about one point seven megabytes of data per second, and the Internet users generate about two-point five quintillion bytes of data daily. The big data analytics market is set to reach one hundred and three billion by 2023 and 97.2% of organizations are currently investing in big data and A.I. We know that data offers a range of opportunities in the human rights area and just to name a few in health care, it can better understand and predict disease patterns, A.I. and big data, data make it easier to understand and possible to predict the effects of climate change, and it helps to monitor the flow of displaced people and track human rights abuses. But data and technology have also undermined human rights efforts. The statistics I noted above are impressive, but they highlight the divide between those who have access to technology and those who do not. The debate about whether broadband is a luxury, or a human right is real, it was exasperated by Covid. Also, virtually everything we do online is being watched, tracked, recorded, and that line between human rights and freedom of speech has become quite blurred. But importantly, regulatory standards have not kept pace in



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most countries around the world. Companies, their boards and investors cannot have just a moral compass, they need knowledge about human rights and issues related to AI and big data, including data privacy, data security, how they use other people's information and getting meaningful insights from data. Now, it is now my pleasure to introduce three panellists, three specialists in this area for today's session.

Andrew Cave is Head of Governance and Sustainability at Baillie Gifford. John Howchin is Secretary General of Council on Ethics AP funds; Graham Thomas is the Global Head of Data Privacy and Ethics at Cognizable digital business. I am going to start by asking each of you to spend about five minutes to give your perspective on down to governance and human rights.

Andrew Cave: This is a huge topic and it feels like it's getting bigger, you know, weekly rather than by the year, given the huge explosion of data. You mentioned numbers, but some striking statistics which caught my attention were that more than 90 percent of the world's data was created in the last two years alone, and they were increasingly increasing the rate of data at an exponential rate. So very soon we will be creating more data in a month than we would have created as store to society over millennia. The other kind of striking statistic is that in 2020, 40 percent of all Internet data was machine generated, which throws up a whole different set of questions. Given that we are starting to integrate the Internet of Things and data from A.I coming into the Internet in a way which just wasn't the case even five years ago. There's these two sorts of powerful trends starting to direct in a way which throws up enormous questions about data and data governance. For us, as a firm – Baillie Gifford as a tech investor, this is much bigger than just privacy. Privacy is actually probably the best understood aspect of the Internet and that there is emerging regulation, It is not universal, but that there are emerging standards and it's reasonably clear what companies need to do, even if they're not yet consistently doing it.



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When you go beyond privacy, there's a whole myriad array of issues around how we ever see that kind of quantity of data and bearing in mind it's almost all entirely collated and stored and held by private companies, which again, is a market feature of this data explosion. Data governance for us is a sort of macro thematic research area, which we'll be doing a lot of work on in the years ahead, so much so we have set up our own internal research group at Baillie Giffords to look at this issue because we feel it's one of the most complex evolving issues across all of the NSG and therefore we've got more work to do to really understand the different manifestations of that and I think the important thing to say is it's not just about big tech. The most recognizable firms at the centre of the data debate, but actually it will be all firms and the most listed firms already have a central kind of connectivity into the data governance question even if they're not the primary originators of that data, they're using it in different ways, so we need to think much like in climate change, it's not just about energy companies. Instead of oil and gas and renewables, it's about all companies transitioning. I think the data challenge needs the same holistic approach across the entire value chain of how data is generated and stored and governed at a whole range of different firms.

I think for us, it's really important to focus on the opportunity side. You mentioned some really important areas where data is already having a big impact on medical data, which is a very obvious one, where at the moment we have a whole health care system which is based on mass solutions, where drugs and medicine developed at scale and then are thrown at patients with actually very modest, if any, data at all. But the impact to that is a very kind of trial and error based system, which is actually hugely resource inefficient to both financially and in terms of environmental resources to personalized health care data has the potential to be so much more effective and so much more resource efficient for the entire system and to lead to much greater patient outcomes. We need to figure out how to do it in a way that protects people's data and privacy, and that makes it that sort of human centric outcomes, protects rights throughout that whole process. That's fundamentally important for us, given we have already invested a whole range of to next generation health care companies and through our private companies. We have



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holdings in a number of companies not yet listed with interesting solutions in the space. We're engaging even at that level on these kind of ESG issues so that we can really try and help them through this journey because the opportunities are enormous, but the risks are clearly stark and serious and the impact of regulation this area could be very blunt and very detrimental to the growth of a sector like that.

Other areas to the environmental case is really important, other things will come from sensors and automation technologies, which will have the potential to massively increased resource efficiency again, if we can get the data governance right. Then the final area you mentioned about human rights protection. I think there is an equally big role for big data and big tech to protect human rights. It is often framed as a risk and an area which can only impact on human rights in a negative way, but I think we would like to understand that the positive case to say we can take a holistic view of these companies looking at the full scale and range of impact. So, it's just so very early going of thoughts of how we're approaching this. It feels like a very fluid and rapidly developing area, I think we've got a lot of work ahead of us who are very keen to learn and hear from the other panellists in that respect.

John Howchin: (screen share- slide)- 'Tech giants and human rights investors expected expectations', so this is a document that we, together with the Danish Institute for Human Rights and a great group of investors, took forward about a year ago during last summer, and we've been engaging with the major tech companies since early autumn last year on these expectations on tech giants and human rights, it is very detailed and it's a great group of investors, engaging together and having some really good discussions with the tech companies about these expectations. Having said that, I think many of us have been trying to engage with these companies for quite some time. It has not been easy and the reason is quite straightforward. There hasn't been anyone to talk to, the tech giants are recruiting specialists there. They are recruiting what I call firesouls for people who actually are specialists in these areas and who are actually



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given a mandate to operate within the company, your internal NGO or a specialist to actually set these things in motion, and happily now, Facebook has two or three of these individuals out of 65,000 people. They are extreme specialists in human rights and they are doing an excellent job. Facebook came out with their first human rights policy last week; I recommend everybody to have a look at that. They have done an excellent job but it's not by any means perfect.

Yes, it should have been here a long time ago, many years ago. But this is the case. This is what we have and it's really, really important that that a company like Facebook is up and running on this. It sets the standard in many ways for the new tech companies, companies like Microsoft and Apple already have these procedures in place. They're not perfect either, but they are sort of more traditional tech companies in many ways, whereas Amazon, Twitter and Alphabet, we're still lacking these structures. We're having good discussions with them as well. Not all of them, but most of them are recruiting people. There are human rights specialists. Some of them have one or two human rights specialists internally working very hard now to assess these things in motion. And I think collectively, these policies and structures and reporting structures that that we're seeing now being built very early days, very early days, will sort of set the foundation or platform for a much better discussion, because you need people who are not knowledgeable about these issues, who have a mandate from the board, from management to actually manage these issues in a professional way and who are also engaging with all the stakeholders, which Facebook specifically points out and which was raised in the previous discussion. I think if the previous discussion was excellent and I think it was Brian who raised that no company is going to be able to regulate this by themselves or it's going to be a combination of discussions and between different stakeholders all over the world, because these are global companies, Facebook has three billion people using Facebook, more or less daily, It's huge. Its early days. I am quite optimistic, it's very reminiscent of the sort of culture development that we've seen in every other sector. The EPA funds and the Council on Ethics have been doing this for 15, 20 years. We've been working with every sector you can imagine, every company



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you can imagine and it's very reminiscent. You have a lot of sectors that sort of run forward and they feel indestructible and there is no there is no externalities whatsoever. Then when you sort of look back, you see the externalities and you see all these things coming forward and there's sort of an understanding that you need to rein in maybe a bit and to understand how to manage those externalities to the previous discussion. I think we are at that moment now. it should have been earlier, much earlier, but that's been the case with many other sectors before as well. It's been maybe started a bit late, but better late than never. So we're in for a good, good time of engagement. We're in for a good time of seeing policies and actually seeing human rights expectations implemented in the tech companies and not only the tech giants, but the whole sector, because every company within the tech scene needs to start managing these things. But they will be led by the giants because the giants will showcase and they will develop the tools, the practical tools, how to implement this in practice and you will build that culture of human rights and understanding the responsibilities these companies have, so it's a good time to be operating.

Graham Thomas: I would like to explain what my team does. We go and support companies around the world, particularly looking into their data privacy, the data protection requirements, and we help them with their programs to look at how they're going to move to compliance. It's a journey for all of these companies, it is not like this kind of a checklist, and everyone is done. So this has been a journey for a lot of companies. We started back in before 2018 getting ready in Europe with the GDPR and then, as you see, each of the different regions, like in the US with CCPA, we're seeing it in China, we're seeing it in different regions. They're all coming on board with their regulations, so a lot of these companies have been a big wakeup call even to be ready now. I saw some from the great report that you did, the viewpoint report, the kind of questions around what data they did have. You have, you know, do you know what you're doing with that data within your organization? Can you explain that? Do you know who you share that data with? Some of those of basic questions and data governance



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questions are ones that a lot of companies have had to grapple with and get ready for to be both ready in 2018 when GDPR came through.

As we see other regulations in the world and now we're in 2021. So the market is quite interesting at how it's moved forward in this space and what we're seeing is that other companies had to run projects to get ready for things like GDP and data privacy is not a project. It's not something that you start and stop. You know, it's something that will continue as we have new technology and I think this is the message I want to give to everybody. It's something which a company needs to embed within their organization, within their data governance, and have as an ongoing function as we see new things coming into the market.

(Slide share)

I know that this is probably something in the conference and a lot of people know already, but just to sort of reiterate the point, we're seeing an exciting time, we're seeing a tremendous influx of new innovation and technology, which is driving both within 5G with faster speeds, IOT and we're going to talk a lot about A.I. A lot of these are going to be key drivers into updates to the social networking, improved advertising and location tracking, etc. It's all really exciting. It's going to be an explosion of use of data, and that's great and as we see organizations try and harness that. But we're also going to also look on in the other side of this is the privacy concerns that that might introduce. We talk about surveillance, capitalization, talking about social networks and the tracking of monetization, so that's just going to increase. So what we need to look at here is, is both privacy and what impacts on privacy. But the new area that's coming through is in data ethics. Obviously, A.I is a critical thing as well and we're already starting to work with companies around this area, it's the new area, if you like, because companies both, first of all, I'm looking at their ethical positions, but they also when they start to develop AI like they have to do with other forms of data and use of data in organizations be accountable for it. As you can see from things like in the U.K., they have exam fiasco's and you see lots of things now where people are talking about the use of algorithms or what are algorithms, well there's a responsibility for companies and they will be



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accountable in the future for how they make automated decision making around AI. So we're working with companies and with private sector and also with public sector are coming up with things like ethical risk assessment. So we can actually start to embed processes in place to enable organizations to also look at that. But I think the key message I have is that I mean, we did a survey of over 600 companies recently and we were talking about their priorities in 2021 and 85 percent of those business leaders said that data privacy is a key focus for them in 2021 from a sense of data modernization and I think that's just the message I want to bring there, is that for an organization that you talk here about mergers, you talk about lots of things happening in companies are global but local and how data is being shared around the world. You need to embed the privacy capability in your organizations if you want to have successful data governance going forward.

Gigi Dawe: Do you believe consumers trust organization with their data and why?

Graham Thomas: I think everything fundamentally comes back to that trust, and I think what you see on the news when you see all the data breaches, you see how organizations respond to that. I think it's also very important how organizations respond to that. I think there is still a lot of challenge there in terms of consumer trust and organizations need to demonstrate that trust and I think that is going to become even more important when customers make decisions about the services they use, like Facebook and other services, how they are betraying their privacy and codes of ethics.

So I think it is a serious issue. I think that the regulation is significantly helping, I am seeing massive movement of companies to move and be compliant to these very tough regulations that come through like GDPR. So companies are making a big, big shift and we're highly impressed with how organizations are putting that investment and resource to doing so. I think the challenge there is to make sure that then those customers that they have know about that. And I think companies need to be able to be more able to promote that they compliance that they have and what they are doing to support their



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customers and manage that data privacy. But I think that's an ongoing battle, and I think that needs to be more communication and more openness that companies are doing and more transparency so that they can gain the customer trust and then more use of consent, so the customers are able to engage and actively consenting to the data that they share.

Gigi Dawe: It sounds like there's more knowledge required all around for everybody. Andrew, I want to just sort of continue on this theme, but data governance is broader than privacy. Do you believe that GDPR and other systems like that provide sufficient standards for ethical data governance overall?

Andrew Cave: I think they're very helpful start. I think that they are addressing the kind of the most pressing and immediate issue around data governance, which is to clearly put some firm rules around regulation of people's personal data and GDPR has acted as a benchmark globally so it's had a disproportionate impact, I would say, in terms of, it's a real life to different country. So even if it's not a law in different jurisdictions, it's becomes a de facto standard for foreign companies. So I think that's been a helpful start. But as you know, it doesn't really address the kind of the rapidly emerging issues of things like ethics and A.I. and algorithmic responsibility, which is becoming increasingly important areas like insurance, for example, and how we ensure that there's fairness in terms of that whole market sector, but a whole range of other sectors, too. It has an impact, too. So that feels like because GDPR caught up with the pressing issues of the last decade, but there's a whole raft of emerging issues which it's silent on. So that's where there's a lot more work to be done and frankly, I don't think I don't know if we can rely on the regulation to keep pace with the development of these areas. And that's why investors need to be doing their homework to think about the risks and opportunities to act as good stewards of their clients capital in this area. And what we don't want to happen is for the huge growth of business models that are built around personalized data and then there's a number of scandals and then very heavy-handed



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regulation, so it comes in retrospectively because in a way, the harms already done, you could say, but that's probably not helpful for all those sectors.

I think it really is an area where we need to get the right people together to think about these issues and, you know, for that reason, we have been partnering up with academia. We sponsor a chair in Ethics and AI at the Edinburgh Futures Institute, Professor Vallor is the inaugural chair in that area so we'll be working with that institute to think about how this might develop and just looking back to your question on trust, I think there's a disconnect we all have to address, too, which is when you ask people, do they trust big tech and their response to these data, you'll get mixed responses. But in terms of user behaviours, it's very different. People around the world are signing up to use the Internet and tech companies at an incredible pace. And that's consistent across pretty much all the markets and the developing world. So people are voting with their thumb, so to speak, in terms of their usage of big tech products and they're readily checking the boxes to accept all the conditions and sophisticated people we know don't even read the terms and conditions. So there's this really big disconnect that we need to sort of try and address at all between what people say they think about data, but what they what they do in practice, because I think that's just as important as the regulation. The regulation will make it a requirement to have the check box but if people don't take the time to understand the checkbox, then it's a whole different issue.

Gigi Dawe: I think it's so much broader in terms of understanding, quality, understanding a lot of the other areas surrounding this. John, do you think to an extent this might be an education issue versus a standards and a regulatory issue?

John Howchin: I think it's early days. This has been moving very quickly, I'm pretty tired of all these cookies, to be honest, I think the cookie world is disappearing. I think somewhere along the line, I mean, I enter a website, or a network and I expect the company to treat me well and treat my human rights in a good way and don't sort of misuse the information I freely give you. I think there needs to be a fundamental sort of



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understanding and that is the responsibility of the company, you know, and it's been a free for all. We've been misused and mistreated for quite a while. And behind the scenes, I think everybody who's in the investment world, there's sort of a war now between Apple and Facebook and the whole discussion on traceability, whether they're going to let your app trace you or not. But this will continue and I think everything is developing rather quickly. How we pay, I mean, we use Google for free, we use Facebook for free, but there's no free lunch, everybody knows that. So you pay with your data and your behavioural data, but there will be passports. I'm a strong believer in sort of identity cards coming into the network where you identify you and these are my sort of restrictions. This is who I am. You can't use me in any way I want to, I think sort of block chain solutions are going to be good for that. I also think there's going to be encryption coming into your phone where you encrypt your profile. When you go into different sites, it will be in your computer as well. So this whole discussion on how data flows and what data you're allowed to use and how you pay for what because you pay with data is also going to continue. I'm not sure the vast majority of people, the three billion people that use Facebook, it's going to be aware of it. But I think we as long-term investors and responsible investors, we need to participate in that discussion and I think with people like Andrew and Graham and the others on the panel and people listening to some great people listening and have already seen into question books, I think we have a responsibility to build that discussion platform to dig into these complicated issues because they are complicated, be a bit humble. I'm pretty humble about this, but we need to be there, and we need to do it and I and I think we have that responsibility to do that.

Gigi Dawe: It's interesting, in Canada, we had our Canada Revenue Agency wanted to do more of our taxes online and people absolutely went ballistic and said you must think we're absolutely crazy to give you information. We're not handing that over to the tax. But there is this big Facebook chat about it. In the midst of people chatting about not sharing their information with the CIA, they'd say, Oh, and I just had a grandchild and her name is Julia, blah, blah, blah, blah and here's the date she was born and a picture



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of her, but no thought about sharing information like that. So it's quite an interesting one.

Now we are getting some questions from the participants that I want to go through as well and I'm going to throw these out to any one of you, unless it's clear to me that one or the other should answer it. So someone person has asked, given the scale and breadth of ESG impact on big tech and technology in general, should investors focus more on engaging with governments and regulators and how should they engage?

Graham Thomas: Well, I've got a slightly different take, so I won't directly answer the question, but if it's relevant, I want to bring in the ESG ratings. I think is highly interesting and not just for an ethical point of view, but also under the governance side of the ESG ratings we've got also the compliance side and there was this question about how the company's how going trust with this trust of investors as well as trust of consumers. So one way to gain the trust of investors is obviously with the ESG ratings that companies have. So I think that certainly I would like to see companies can demonstrate that compliance level and the ethical positions through the ESG ratings. So I think that that's certainly an opportunity of more like organizations to try to demonstrate that. But in general, I could not really comment on the best way or the best focus for investors to look at whether they go through the government regulators or directly through organizations.

John Howchin: So I think on many of these topics and we raised quite a few of them in our document where we sort of expect the big tech to cover this. I think there are some national legislations on many topics that are quite interesting and could potentially sort of become a level playing field on a global basis. We need to think in that framework. It's good to see legal frameworks that has actually been implemented in different countries or your jurisdictions that actually work and actually sort of address this, the purpose it's supposed to address, and the question is then can we pull that up and make that into sort of a global norms framework? I think we should look into that. We are looking into that GDPR is something else we've already addressed is there's



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some really good stuff with that that I think we can use as a baseline as well. So once again, it's difficult because these companies operate on every country in the world, and we need to see that it is feasible as well on a global framework. So challenging but there's a lot of good stuff out there from legal frameworks that we can see with pride and add into the discussion for sure.

Andrew Cave: I think we will need to engage more with governments and regulators. But I think there's a big question, which is, you know, what is our message? And at the moment, I don't think the investment community certainly is clear on what we expect or want beyond fairly well understood areas like privacy. I think we go beyond that into emerging issues it's really difficult to know what we really can expect of governments and regulators. Just take one example, so bias in A.I. and on the application of AI, that feels like a really important area to get right. But it's not really clear what the immediate regulatory response is to that at this stage. So, I mean, what I would welcome is more kind of emerging issues, forums where governments and other stakeholders can come together to discuss the really big issues which are likely to dominate over the next 10, 20 years and then we can maybe get a message back to regulators what we'd like to see.

John Howchin: On the 6th of January, the biggest social networks in the world actually cut away the democratically elected president of the U.S. from their platforms. I mean, it's an historic day and I think for this discussion, it will set the precedent. Having said that, you saw huge debate, both pro that choice it should have been done earlier against that choice to do that. So it's easy to say we need to regulate. I do think when it comes to issues like freedom of speech, we need to be really careful what we're wishing for I mean. To Andrew's point and to Grahame's point previously, I mean, this platform has also brought a lot of opportunities and positive things to the table. I mean, when it comes to freedom of speech and democracy and visibility and identity and all these things that that enabled people to enrich their lives, etc.. So you can see I haven't really seen any suggestions on regulation after that either. So let's be open for the discussion.



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And I think it's important that we participate in that discussion, but we need to be a bit cautious as well and to Andrew's point, I do think we as an investment community has a lot of homework. We have a lot of homework to do on these topics. We have a lot of catching up and understanding quite sometimes complicated topics. But we're here now, we're at the table and I think ICGN setting up this discussion, it showcases that we're interested in it. So it's good.

Graham Thomas: Could I just add to the to the discussion on a slightly different side of the point of this is rather than just looking into the future, I wonder if investors know the degree that organizations have had to go through to be in the current level of capability when it comes to data privacy and regulation. So, I mean, it's been a momentous movement in a lot of companies to know where their data is. One of the biggest challenges companies have right now is to delete data, you know, because they have to now you know- the right to be forgotten. You can only hold data for as long as you have a legal basis to hold it. So you have to have systems in the organization that's cleaning out all that personal data after certain times when you can no longer can hold that. I mean, these are massive changes in organizations that have kept data for 20 plus years and now all of a sudden, they need to know where their data is. They need to clean that data. Customers have the rights to better ask for that data and they got much more control and their consent so. So already now I think organizations have really had to go through the regulations, make fundamental changes to the way that they manage data in their organizations and I think that's a very good basis for organizations for how they now need to tackle the future technology and the emergence with A.I. So I just want to sort of make that point still very clear, because we're working with companies that have had major programs to be ready to have that sort of capability.

Gigi Dawe: So what are the ethical impacts that organizations should consider?

Graham Thomas: I think there's two sides to this. I mean, obviously there's the actual company in terms of their ethical principles and what they're driving into their



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organization and then what you're often looking at, though, is particularly within the A.I development, when they do that A.I development, what is the principles and they are using and what we're working with companies, particularly, as I said, in the public sector, is to actually look at the guideline that you need. I mean, in data protection, you use things like data protection, impact assessments. So when you do any development and we talk about privacy by design, so you try to work in an environment where the developers, before they even start developing, are aware of the things they should consider around things like data minimization, for example, about not collecting data that, you know, long you shouldn't be needing to use and purpose limitation so you don't use the data for another purpose. And it's the same thing that's applying to ethics. We're working with companies so that we do ethic by design, so data ethics by design, we ensure that those developers are actually considering these ethical situations and ethical risks and impacts to human and other factors and society in the design of the A.I and actually assess that to make sure that the bias we talk to you about, Andrew, is mentioned around bias and you can have unintentional bias. You can have, you know, small datasets that are used maybe completely unintentionally but it was just easier to do that for the data set and then you suddenly have unintentional bias. So I think what's important is that in developments within organizations, they need to be considering assessing the A.I, assessing the bias, the fairness they're applying, but also being able to document that and explain that so that if they are ever asked around accountability and I think you said before that some of this is covered by regulation like GDPR. But when it comes to particularly non personal data, because when you do data privacy, it's predominantly around personal data, but there's a lot of A.I and development being done that's using aggregated data or other data that are non-personal. And then where do they get caught by regulation? And that's where I think there's a bit of a gap in my in my view, which doesn't fall under that personal data category.

John Howchin: I think it was touched upon in the previous discussion, which I really like, but transparency is also one of the issues here and we don't really know much



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about these things. I think Graham touches on some serious, important stuff here, and we need to get closer to that discussion and we need to know how these algorithms work and I think from a responsible investment community side, if these companies are going to develop the proper artificial intelligence, we don't really have that now. We have we have a piecemeal so that I think they need to have this culture of responsibility and human rights and actually doing all these kind of due diligence procedures we expect them to do in order to feel secure that they are actually developing these and there needs to be quite a high level of transparency if they want us to participate in that. So that's what we're building now, and that's actually what the picture on our expectations alludes to, that we can't really see robots becoming the big, big lord himself. I think it's really important that we start doing that and to get that level of transparency, they've been left to their own devices for far too long and they're doing some great stuff. I'm with Andrew, I see huge possibilities. We can do so many things in a very, very positive way, but we need that sort of responsible culture to manage that.

Gigi Dawe: How would an investor assess that responsible culture?

John Howchin: We have our traditional ESG ratings, of course, but I think having said that, I think to my initial point, we haven't really seen when it comes to and I guess if you engage with companies like many of us do and we engage with many sectors and many companies all over the world, you start looking at that corporate culture of being a bit humbled before the challenges you have and trying to understand whether they can manage the responsibilities they actually see. And do we see the same picture and back to these companies? I haven't really seen that over the years. I've been trying and that's why we did the expectations and why we're engaging with a great group of other investors on this and we have some work to do. I'm quite positive right now because I think the 6th of January was a turning point. Personally, I'm really happy that that the U.S. democracy was not turned over and then I think in hindsight, we're going to see this as an historic day. But, yeah, I mean, you'll have your traditional ESG parameters.



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You can check the ratings and some of the tech giants on these topics if you want, it's quite interesting to read. I think they will become better, to be honest.

Gigi Dawe: Have you seen any case studies where there is political interference with regards to influencing the designing of a macro data and information, human rights ethical standard? That is, if yes, what would suggest that the sustainable remedy to this kind of interference, especially because the issue would have to be handled from a multi sectoral approach?

Graham Thomas: I have got to say that in the examples that we are working with, I haven't had that. In fact, I see a little bit different in that we are working very much with organizations that practically want to get started, that are developing A.I, you know doing A.I sprints and they actually want to start assessing and ensuring they have accountability and documenting their A.I ethics as they're going along. So I mean, what we've actually done is if you look into principles, ethics principles out there, they're coming from lots of different places, from Google, from lots of different directions. And we've practically got most common around bias and fairness, around privacy and security, around sustainability, accountability, these kind of principles and we practically got started with organizations that are starting to document and assess these ethics during the A.I developments. So I actually find that it's more collaborative at the moment, the work I'm seeing where people are trying to come to a standard, but practically they're sharing best practice and I encourage that more so that organizations shouldn't be sort of waiting in this space to do things. But you can get started with foundational principles now. And that's what we're doing with organizations already and that's what I recommend. I'm not seeing so much political interference right now, just getting on and doing it.

Andrew Cave: It's an interesting thought. I'm sure, you know, lots of governments have their own perspective. So I would say in this area, what might difference, political interference might equally be seen as valid input from governments in terms of ensuring



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that rights are taken into account when these standards are developed. So, yeah, I think it's a sort of journalistic complex of evolving areas where actually lots of views are welcome. I certainly haven't seen political interference to undermine efforts, if that's what the question's getting at. But others in the call might have seen that. And I do think there is an important point there that it's a more fundamental point of least the debate, which is often when we think about data governance, the issue is there's actually trade-offs required. There are moral quandaries, and that's why it needs good governance, because there isn't a perfect solution where you can respect rights and develop a much more useful product, for example. So if you take I mentioned insurance as a sector, A.I and data's massively helping to hone the whole underwriting process to ensure that the actual premiums are much better matched the individual now.

The moral quandary there is as insurance companies collect more and more data that might prejudice certain groups and society will end up paying more for their insurance. And that might be seen as bias, but actually it might just be better data. So the people start to get a spread of premiums, whereas in the past you would have had more sort of high level convergence rounds of price points and so on just based on some very simplistic data. So that's a really complex area where you actually get the board involved. That's why I think data governance has to ultimately come to the boardroom and I think it's really important that we are engaging with companies to think about how will the board think about data right across the organization, not just privacy, but the entire way that data is collected and commercialized and used by that company, because ultimately the board is best placed to sort of intervene on some of those trade-offs and to the quandaries which are important to long term business decision making.

Gigi Dawe: I think yes, and some of what even some of the concerns, I would think with something like an insurance company would be the biases that could easily be built into these unintentional biases built into some of the algorithms that would get in the way there, too.



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Graham Thomas: Just to add there, what was really interesting came up with me yesterday as we've been working with companies and private companies on A.I development and building in the process for data ethics. But what's also interesting is a lot of companies will procure systems and platforms that will have A.I. built into them. So it's not just the development of A.I., but it could be in HR. It could be in many different places, an organization you suddenly have, you know, the new A.I. feature set of a platform. And then they're actually, you know, what do they configure around that? And are they the ones who are setting the parameters? Are they setting the bias? You know because what is it that you have? And that's also a really interesting angle there, because that's something when you buy a system, you need to understand what is the actual data sets that they use to build up their algorithms. So it is an interesting area that's emerging. And I think even from procurement perspective, that's a new area to consider as well in organizations.

Gigi Dawe: Yeah, just even though the data overall is a huge issue. Another question, much of the conversation today has been about public companies, what about how you would hold private companies accountable?

John Howchin: Well, my responsibility is public companies, but to my previous point, I do think what we're talking about and I think it's been a good discussion today, and I think what we've done with the expectations and why we're trying to raise this discussion with a whole tech scene. And I think we collectively need to engage across the whole tech scene and that comes into known listed companies as well, is to build that transparency and responsibility and how you behave and what you tell people about your algorithms and your choices being made, etc. We need to have a much more transparent discussion about this. It's been all too quiet and too many things. It's been, quite honestly, being done by geeks in small rooms to late at night and a bit like I can do this, this is going to make us a lot of money and it's not going to work that way anymore because it's impacting people and societies all over the world and we need to do it in a responsible fashion. So I think it's going to move into private equity. I can see



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there's some expectations in private equity in Sweden. I've seen some really good expectations on slower development, more responsible development and on these kind of things, asking the right questions. And you can see it's moving that way.

Andrew Cave: I think it's an interesting area. We do have a private company's desk, so we're engaging actually with a number of those holding, but we've been working through a program of outreach honesty to those companies over the last few months. But the really interesting thing is actually they are very keen to engage on these kind of topics so I think there's as a sort of presumption that governance gets better as companies go from private to public markets and mature. But the data doesn't really back that up. If you look at some of the high-profile data issues that have often been from quite mature, seemingly well governed public companies, but what we're seeing is the private companies absolutely understand how important it is to get these issues right as they plan their business over the next 10, 20 years. So they are actually very keen to hear from us and discuss these kind of topics. So, you know, I think the interest is there. John you said a few times about how we're into this sort of more optimistic phase where there is commitment to come to the table. And we really see that. I think old companies with their eyes wide open understand the importance of getting these issues right. So I don't think I think a person who can open door, if we can figure it out as investors, how to sort of approach this in a sort of logical, coherent way and in a structured way that gives companies some meaningful ways to progress in this.

Gigi Dawe: So giving them the information, that's great. Graham, did you have anything to add to that?

Graham Thomas: Just a very brief point. I mean, I think that for private for private sector companies as well. I mean, the key thing there is any company that's going to be data centric in the future and that's going to be majority of companies. You know that the top leadership of those organizations have to understand the importance of the governance of privacy, security, ethics around the data that they're using and where we



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are most successful is where we have that that support and leadership in an organizations rather than bottom up from the IT department or the security department. So, you know, I think that it's really important that all levels of organizations understand that responsibility and ensure they get that right. Support and also investment. As I said, you know, you do not know. For me, it's like health and safety. You know, you don't treat health and safety like a project, and you finish it and it's done. It stays within your organization, as always, will be the same thing for data privacy. It needs to continue. It needs to be something that the company invest in at all levels, whether it's private or public.

Gigi Dawe: That leads me to another question. What can the board do to oversee that, that human rights are being protected in the collection? Use privacy, sharing of data. Graham, I'm going to get you to continue with that and then we'll move to the others.

Graham Thomas: Well I think it's the fact that the board need to understand what's being done with the data within their organization, what people are doing with that data in their organization. Are they the ones who are driving that? You know, is it their agenda that's making the organization do that? I mean, we talked about certain business models that's driving people to use certain data and data sets and we talked about surveillance, capitalization, you know, which is all to do with sort of driving that kind of monetization through using information of users, of customers. So I think really at the at the board level, I think they need to set the direction of the organization. They need to set the priority and they need to understand that. And I think it's critical at the board level that they have that accountability. So where's the accountability? The accountability is not with the guy in the security department or somewhere else, In the end, the accountability is at the board. So they need to understand and act upon that.

Gigi Dawe: John, do you think boards are at a place where they're understanding that at a level that they're able to oversee it effectively?



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John Howchin: No, not at the moment, to be honest, and I think I think you need reporting structures from those responsible on these processes and these discussions. So I'm glad to see that Facebook has added that to the human rights policy and the annual reporting they're going to do on this, which I think really sets the standard for every other company to follow now. And you'll have that board responsibility, It's going to be Nick Clegg doing that reporting to the board, which is a good starting point as any but just setting up that framework sort of showcases what needs to be done. So once again, I'm positive. I think we're setting the standards now. It's a bit too late, but better late than never, so let's get that done in every company.

Gigi Dawe: Andrew, what do you think investors need to do specifically to support or encourage the board to be more involved in and better oversee these issues?

Andrew Cave: I think the first thing we do is begin to engage at board level and make it very clear that the expectation is that the board have their own view on data governance, and it's a broad, holistic view across all the different issues. And I think it's really important that boards aren't just beholden to the company executive in terms of how they receive information on this. It's another example of a sort of complex technical area where there's a danger of generalist directors being led by the company and that might lead to unintentional outcomes where they actually the companies think they're doing the right thing, but maybe have a blind spot on how an issue might develop. So it feels like one of those areas where probably external counsel is really important at board level. And I think, you know, in a previous corporate life, I have been involved in a company which set up a stakeholder board. And this was exactly the kind of issue that it benefits to bring in outside experts to educate board directors so they can hold the executive team to account and ask the tough questions. That's the most important thing they can do around in their elected governance. So I think the one that might be helpful to have one of the directors taking a lead on an issue like this. And I would certainly be encouraging any company that has data in its core business model, which is almost all, by the way, to hold a board level session periodically, maybe once a year on data



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governance to really get into the detail of these issues, as I say, beyond privacy, which is which is the best understood. So I think we should keep discussing this and we certainly will be as we understand more homework, we have some homework to do. But as we begin to understand more, we'll certainly be trying to ask the right questions to directors to help them take their responsibility seriously.

Gigi Dawe: I think, you know, I'm just noticing Di Rifai had indicated to you that you're making a critical point about the independence of board members, especially in tech.

The next question that someone sent in - How can companies ensure that human rights and their company's data usage meet that standard in data usage? Many times companies cite that they have a cyber security data privacy training in place from our conversations on data on the privacy topic. But is that same approach the most effective measure to heighten awareness from all employees?

John Howchin: Well, no, to my previous point, what is happening now is that many of these companies are also starting to educate regarding their responsibilities on human rights internally and I mean, it's three, three or four people going to educate 65,000 people at Facebook, so they will need help. But there's a lot of interest within these companies as well in regards to what responsibilities they actually have, because there's been so many incidents in to different degrees over the last few years and they want to act responsible and just starting that discussion will raise a lot of issues to the point. I totally agree with Andrew. I mean, we're collecting massive amounts of data within these companies and what are we going to do with all this data long term and how do we do it in a responsible way? So, yeah, challenging topic, to say the least.

Gigi Dawe: I am going to ask the three of you if you can just give us sort of a wrap up point or, some thoughts in terms of your final thoughts following today's session.



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Graham Thomas: I think the final thought is that I think that investors and companies need to understand that everyone's going to be on this data governance journey here. And, you know, there's an awful lot that's coming new, but we've got a lot under our belt. And as the new things are coming through, you know, the importance is that because organizations are seeing all this new technology coming in, so we're working on this kind of rapid journey is so important that they get the basics right now, a foundational right within these organizations to better handle this. You know, they want better handle what's coming with IOT and A.I and everything else if they still don't even know what their data is and they can't even go in and access it or delete it. So organizations have got to get the basics right now and that will give them a much better start going forward. And they need to consider privacy and data, governance and security and ethics as foundational business as usual activities in their companies, not just projects that they do for three or six months, and then they walk away and think it's done. So my message is that we're in for the long run, in the long haul and we need to investors and organizations and board level need to understand that and be with it.

Andrew Cave: Yeah I think we need to work really hard as a collective group of investors to understand the risks and what might go wrong with data governance over the years ahead. But we need to work equally hard to think about the opportunities. So the opportunity for data and connected data to be fundamentally important to the transition to a low carbon economy is one obvious area, but then also the opportunity to transform health care with a personalized sort of targeted interventions for patients based on tracked data and genetic data, for example. These are enormous potential opportunities if we can get them right, so we should work equally hard on thinking what might go right with data governance to sounds great.

John Howchin: I'm with Graham and Andrew, but I'm also very much in the positive side. There's huge opportunities to rationalize bureaucracy so much. If we do this in a smart and responsible way, let's do it.



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Graham Thomas: And gain their customer trust along the way.

Kerrie Waring: Thank you to you Gigi for your excellent chairmanship. Thank you, panel, for an interesting and very educational session. Graham, the whole conversation around GDPR all really struck a chord with me because I know operationally as a company ourselves, ICGN, it's a huge resource. It was very technical, complex, and there's a huge element of communication that needs to go with that. One of the challenges we face, of course, as a global organization is it's only applicable to Europe and therefore, how does it sync them with its agenda? So I do think this this actual subject will be discussed on the next panel where we talk about global rules and regulations and how to get there. And in the absence of a global set of standards, this is where institutional investors are or more important than ever. I'll remind you as well, as I said at the start of the day that, you know, digital transformation is now recognized in the ICGN global governance principles as one of three key systemic risks alongside ecological degradation and social inequality. We need to get our heads around this as institutional investors and companies and talk about it in a more sophisticated way, be educated much more in the space. I feel like it's a little bit of a poor cousin in terms of the way in which we all engage on the subject. I feel like we're all pretty competent in talking to boards about climate change, for example, which is actually an extremely difficult subject in its own right and yet, you know, it feels like conversations around big tech are, I guess, extremely broad, but also difficult to prioritize. So it gets back to something we mooted earlier was how do we prioritize and what is the agenda for engaging with the Big Six? Should we form a coalition such as the Human Capital Management Coalition or Climate Action 100 to get our thoughts right? And maybe the paper that Gigi, Carol, Néstor and George have put together with ICGN viewpoint is a good start for that. A common theme throughout the morning, of course, has been how the companies build trust. Yes, we, of course, all push the button. We all want to use these services, but I don't think any of us like to do that. We all know we're trading more data and we're not happy with it. So companies need to go the extra mile to try to get some balance there. Investors need to understand and be clearer, perhaps, in terms of



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their questioning to companies. You know, if we think about is there a digitalization strategy at a company level, are they publishing their policies to investors on that strategy and our investors then assessing that. So I feel like it would be beneficial if we had some kind of framework to shape the engagement.

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