HUMAN RIGHTS ABUSES IN TECH SECTOR THREATEN PORTFOLIOS, SAY INVESTORS

49 global funds issue statement calling for enhanced human rights due diligence in the ICT sector to ensure respect for users’ digital rights.

NEW YORK, NY, TUESDAY, JANUARY 15TH, 2019 – A group of 49 investors representing $US700B in assets and led by the Investor Alliance for Human Rights, a coalition of global funds focused on advancing corporate human rights due diligence, has delivered a statement to 22 Information and Communication Technology (ICT) companies highlighting growing financial and reputational risks in the ICT sector due to the mishandling of user data and real and potential human rights abuses.

Specifically, the statement urges ICT companies to use the Ranking Digital Rights (RDR) Corporate Accountability Index as a tool to help them improve their governance systems and performance on salient human rights risks related to privacy and freedom of expression. The investors say they rely on the RDR Index to assist in investment decision-making and to inform corporate engagements with the ICT sector.

The daily use of technology in all aspects of people’s lives results in users entrusting their personal data and other important information to ICT companies like internet and mobile providers and social media platforms. Investors argue that, as custodians of their users’ data and digital rights, these companies have a responsibility to respect users’ right to privacy and freedom of expression and must be accountable for how they handle users’ data.

Paloma Muñoz Quick, Program Director for the Investor Alliance for Human Rights said, “ICT companies have a key role to play in realizing human rights and achieving the vision laid out by the United Nations 2030 Sustainable Development Agenda. Yet, without the necessary oversight structures in place, these same companies may cause or contribute to a wide range of human rights abuses affecting billions of people worldwide. The RDR Index provides critical guidance to companies to improve human rights performance and our investor members rely heavily on its data to inform our engagement strategies.”
Since 2015, RDR has produced 3 editions of its Index evaluating and ranking many of the world’s most powerful internet, mobile, and telecommunications companies on their disclosed policies and practices affecting freedom of expression and privacy. In 2018, the RDR Index found that many ICT companies disclose little or no information on due diligence or board oversight of risks affecting online privacy and expression.

“While more than half of the companies evaluated for the 2018 Index made some meaningful improvements, most still fell short of disclosing basic information to users about the design, management, and governance of the digital platforms and services that affect human rights,” said Rebecca MacKinnon, director of RDR. “Companies don’t disclose enough about how user information is handled, including what is collected or shared, by and with whom. Nor do they adequately inform the public about how content and information flows are policed and shaped through their platforms and services.”

In 2018 alone, massive data breaches affected hundreds of millions of users around the world. Social media platforms were manipulated to aid illegal and discriminatory political agendas. Companies censored content of human rights advocates at the behest of authoritarian governments while providing direct access to real-time user communications to monitor citizens’ social, political and economic behavior. Investors argue that these high-profile incidents have long-term legal and financial consequences that threaten portfolios and erode stakeholder confidence.

Notable among these scandals was the revelation that, unbeknownst to its users, Facebook (FB) user data was shared with the political research firm Cambridge Analytica in order to influence the 2016 U.S. presidential election. In another example, backlash from legislators, human rights groups and employees forced Google (GOOGL) to abandon plans to implement a new censored search product for the Chinese market, codenamed Dragonfly.

"Privacy breaches and data controversies put users at risk and can impact the value of the companies involved," said Rosa van den Beemt, Senior ESG Analyst at NEI Investments. "With major digital economy companies representing such a large weighting in stock market indexes, the investment community is increasingly exposed to the ICT sector's digital rights risks. It is absolutely critical for companies with business models based on user trust to get this right. As investors, we are committed to using the transparent and comparable data the RDR Index provides to hold companies accountable.”

Danielle Essink, Engagement Specialist at Robeco added, “One of the key resources we used for the assessment of companies in our data privacy engagement since 2016 is the Ranking Digital Rights Index. Having experienced the added value of the research first hand, we welcome the opportunity to engage collectively through the Investor Alliance for Human Rights on further uptake of the RDR by companies and investors.”

About the Investor Alliance for Human Rights
The Investor Alliance for Human Rights provides investors with a platform to engage companies on human rights, as well as policy-makers and multi-lateral organizations to ensure they create environments for responsible business conduct. Alliance members comprise a cross section of institutional investors representing over $3 trillion in assets under management, and include public and union pension funds, asset managers and faith-based investors. The Investor Alliance for Human Rights is an initiative led by the Interfaith Center on Corporate Responsibility. Visit our website at: https://investorsforhumanrights.org/

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