Call for Inputs: The Use of Artificial Intelligence and the UN Guiding Principles on Business and Human Rights

This submission is by the Interfaith Center on Corporate Responsibility (ICCR) and the Investor Alliance for Human Rights, referring to our ongoing work with investors on tech and human rights risks in their investment holdings and decision making. ICCR is a coalition of over 300 faith- and values-based investors who view shareholder engagement with corporations as a powerful catalyst for change and the Investor Alliance for Human Rights, an initiative of ICCR, is a collective action platform for responsible investment grounded in respect for people's fundamental rights, with over 240 investor members representing $14 trillion in assets.

Artificial Intelligence impacts human rights beyond the technology sector

The proliferation of artificial intelligence (AI) systems across industries has introduced significant opportunities for innovation, but it has also amplified critical human rights risks. Businesses outside the technology sector increasingly rely on AI for functions like recruitment, supply chain and workforce management, customer profiling, service provision, and operational optimization. However, these applications often carry risks of discrimination, privacy violations, labor rights infringements, and exacerbated systemic inequalities.

Investors are increasingly embracing the UN Guiding Principles on Business and Human Rights (UNGPs) framework in their engagements with investee companies across multiple industries including on human rights risks in the context of environmental and social impacts of technology use. This submission focuses on the human rights risks posed by the procurement and deployment of AI systems in the energy and health care sectors, as well as the impacts of AI systems on workers' rights – responding as Other Stakeholders- questions 2 to 7. It also highlights the gaps in the existing regulatory and policy landscape, and opportunities to strengthen these frameworks. By leveraging their influence, investors can promote responsible practices concerning the use of AI, by aligning their investment expectations of companies to ensure respect for human rights and long-term value creation.

Human Rights Risks of AI in the energy sector

Two key risks underlying the procurement and deployment of AI systems in the energy sector are climate change and energy access.

Climate change risk: With the massive deployment of AI systems across all industries, there has been a sustained and increased demand for energy to power required digital infrastructure, primarily, data centers (annual investment in data center construction has doubled in the past two years). The increase in electricity demand requires the construction of additional generation and transmission infrastructure. The International Energy Agency states that data centers currently use close to 1% of global electricity,

and substantial growth is expected by 2030. This phenomenon is occurring as we simultaneously face the challenge of reaching a net-zero economy as soon as possible, with the objective of keeping global temperature increase below 1.5°C. However, if this AI infrastructure demand is met with renewable energy (for example: as is supported by the U.S. White House), it would compete with the need to decarbonize current consumption. On the other hand, if new coal or gas power plants are built (or soon to be retired plants stay open), carbon emissions will increase. This explosive increase in demand occurs in a critical context for climate action, as the carbon budget compatible with Paris Agreement goals is being rapidly depleted and the effects of climate change continue to grow across the planet. The intensification of the crisis will produce significant human rights risks, especially for the right to a clean environment. This includes access to a safe, sustainable, and healthy environment, which is essential for human dignity, well-being, and the full enjoyment of other basic human rights. Climate change poses an existential threat to this right, as rising global temperatures, extreme weather events, biodiversity loss, and environmental degradation systematically undermine human health, livelihoods, food and water security, and the possibility of living on a safe planet.

Energy access: Sustainable Development Goal 7, aims to "Ensure access to affordable, reliable, sustainable and modern energy for all." As discussed above, the enormous build-out of infrastructure is required for the deployment of AI systems, particularly for energy generation. In the U.S., the use of this energy is concentrated in "hotspots" that will experience energy provision problems, requiring the construction of generation and transmission infrastructure. These large investments must be financed of course, but due to the nature of certain U.S. regulatory structures, they could end up being paid for by consumers through increases in electricity tariffs. Price increases could put energy access for households at risk.

As we work towards a just energy transition where the energy needs of communities, in particular marginalized groups, are met and not ignored in favor of demands by powerful corporates. If a just transition is not implemented, we risk exacerbating existing social and economic inequalities, potentially causing massive displacement, job losses, increased energy poverty, and further human rights violations for communities. The growth in the use of AI could play a significant role in the increase of greenhouse gas emissions in the coming years and poses a threat that needs to be addressed swiftly.

Human Rights Risks of AI in the health sector

The rapid advancement and deployment of AI systems present significant human rights risks for managed care organizations, medical device companies, and other businesses that influence health care delivery. Health care systems use of technology to enhance provider capabilities, expand patient access, and improve outcomes through tools such as clinical support systems, electronic health records, and AI-driven data analysis, raise critical questions. Due to implicit and explicit biases - who develops these AI systems and for whom, can influence whether these tools actually improve patient outcomes, or exacerbate inequities among communities of color, low-income communities, and queer and gender non-conforming individuals. Additionally, these AI advancements introduce ethical and legal dilemmas for healthcare systems as they navigate regulatory requirements while grappling with unintended consequences that can perpetuate health disparities by impacting access to health care and patient outcomes.

These concerns are compounded by the potential of AI systems to reinforce existing and systemic biases and infringe on privacy rights, raising urgent questions about their responsible deployment. The opaque nature of AI algorithms adds to the challenges of accountability and transparency. Without robust

regulatory frameworks and comprehensive risk assessments, the risks to human rights include privacy violations, insufficient informed consent, discrimination, and bias.

Companies that create and market such technologies for widespread global use have a responsibility to ensure AI-based technologies are built to be equitable, and to reduce, if not eliminate potential harm to people. Despite several attempts by government agencies to enact accountability policies, the technology industry and its subsequent impact on the healthcare sector remains largely unregulated.

In response to these challenges, many organizations are beginning to propose frameworks to mitigate risks. For example, the NHS AI Lab, in collaboration with the Ada Lovelace Institute, has released an assessment framework for algorithmic impact assessments (AIAs) in healthcare. This framework requires anyone seeking access to patient data in the UK's NHS National Medical Imaging Platform (NMIP) to first assess any potential risks of their algorithmic systems before they are given access to the platform.

Despite some progress, healthcare companies often lack explicit integration of AI-related risks into their human rights policies. While some healthcare companies may conduct human rights impact assessments, their policies frequently fail to connect these assessments with AI-related risks. To close this gap, companies must update their human rights frameworks to explicitly address the development and use of AI systems. This linkage is essential for ensuring that human rights considerations are embedded in all stages of the deployment of AI systems.

Collaboration between businesses, states, and civil society organizations is also crucial. Pharmaceutical and healthcare companies, particularly in the US, have been facing increasing scrutiny over high drug prices, limited insurance coverage, and inequitable access to care, emphasizing the need to affirm health as a human right. Amplifying patient voices and prioritizing accountability and transparency are critical. Rights holders should be involved in the development of stronger rights-respecting regulatory frameworks for AI in healthcare, ensuring that algorithms do not perpetuate bias and that AI-based healthcare systems prioritize equitable outcomes.

Access to effective remedy remains one of the least addressed aspects of human rights due diligence in the healthcare sector. While pharmaceuticals and medical devices are subject to quality and safety regulations, the use of AI remains under-regulated. Recent controversies, such as UnitedHealthcare's use of AI in claim denials have drawn significant backlash from medical service providers and the public. These incidents highlight the urgent need for the healthcare industry to revisit grievance mechanisms, strengthen accountability, and reaffirm their commitment to prioritizing patient care over profits. As scrutiny intensifies, the healthcare sector must act decisively to align AI practices with the fundamental human right to health.

Impact of AI on the human rights of workers

More than half of all U.S. businesses are deploying artificial intelligence (AI) in at least one business unit, posing significant human rights risks that manifest in the workplace, impacting workers' rights and the overall dignity of labor. AI deployment can compromise the right to freedom of association and collective bargaining where used to surveil workers, chilling labor organizing efforts. Bias in AI-driven employment decisions can undermine freedom from discrimination, while productivity management tools and content moderation tasks can threaten workplace safety, resulting in psychological harm and overwork. Algorithmic wage discrimination, a practice where workers' wages are calculated with everchanging formulas using granular data on location, individual behavior, demand, supply, etc. resulting in different

hourly wages for broadly similar work, jeopardizes the right to a living wage. The widespread datafication of workers infringes their right to privacy as employers track and analyze workers' personal and behavioral data often without meaningful consent and which may be used to make inferences about a worker's productivity and performance. Automation-driven job displacement, deskilling, and fissured workplaces further endanger the right to work.

To enhance understanding by investors of these risks within their investee companies and to help to develop investor engagement strategies/action, ICCR's September 2024 report, "Dehumanization, Discrimination and Deskilling: The Impact of Digital Tech on Low-Wage Workers-The Case for Shareholder Engagement" provides a critical analysis of the effects of AI systems on vulnerable workers, emphasizing the role of shareholder engagement in driving responsible AI practices.

Regulatory measures to mitigate these risks are emerging. The EU Artificial Intelligence (AI) Act of 2024 exemplifies regional efforts to regulate AI responsibly and specifically addresses workers' rights, for example, the ban of AI systems used to infer emotions in the workplace; specific obligations including transparency reporting on the deployment of high-risk AI systems in the workplace (such as recruitment). In the U. S., bills aimed at protecting workers from AI-related harm include the Stop Spying Bosses Act (prohibits surveillance that undermines labor organizing, mandating disclosure of AI-driven data collection practices); the No Robot Bosses Act (prohibits sole reliance on automated decision-making systems for employment actions) and the Algorithmic Accountability Act of 2023 (mandating bias and discrimination impact assessments for AI systems used in hiring and worker management, with meaningful stakeholder engagement as a central requirement).

Worker-centered approaches, including respect for freedom of association and collective bargaining, offer pathways for businesses and states to engage stakeholders meaningfully. In 2023, the Screen Actors Guild - American Federation of Television and Radio Artists and Writers Guild of America - these unions successfully negotiated protections against the misuse of AI in entertainment, while the Communications Workers of America addressed surveillance concerns in call centers to mitigate potential disciplinary abuses. These examples underscore the importance of integrating worker voices in technology deployment strategies. Despite these advances, businesses outside the technology sector largely lack comprehensive human rights due diligence processes that address the risks of AI systems, and positive practices providing access to remedies remain rare, often emerging only after litigation.

The regulatory landscape

Legal efforts to address human rights risks linked to the procurement and deployment of AI systems have gained traction across national, regional, and international levels. This reflects the growing recognition of the profound societal impacts of AI systems. At the regional level, the European Union has taken a proactive stance with initiatives like the General Data Protection Regulation (GDPR), which strengthens privacy protections and ensures individuals maintain control over their data, thereby for example, safeguarding the right to health and dignity in the digital age. The EU AI Act of 2024 provides for risk assessment and management obligations as well as transparency and record-keeping requirements for deployers of high-risk AI systems. Complementing this is the European Green Deal, which incorporates the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), aiming to hold corporations accountable for the downstream risks of policies related to the procurement and deployment of AI. In the US, the Final Rule on Section 1557 Non-Discrimination Regulations under the Affordable Care Act, explicitly addressing bias in clinical algorithms and telehealth tools to enhance equity in AI-enabled healthcare. Additionally, Executive Order on Safe, Secure, and

[Trustworthy Artificial Intelligence](#) underscores the U.S. commitment to responsible AI practices. These frameworks present opportunities to strengthen accountability, transparency, and equity, particularly by fostering international collaboration to establish global standards, investing in education and capacity-building for responsible AI deployment, and integrating human rights protections into the entire lifecycle of AI systems, from procurement to application.

Conclusion

Investors have a unique role in driving responsible use of AI with their investee companies by setting expectations for human rights due diligence, and fostering transparency to mitigate the adverse impacts of AI systems on human rights across different sectors. Investors can standardize corporate accountability and advance sustainable practices by establishing clear [expectations for human rights and environmental due diligence](#) and promoting transparency of its implementation. Investors should utilize their leverage to ask companies to identify and address adverse impacts of their procurement and deployment of AI systems, including the human rights risks that disproportionately affect marginalized and vulnerable groups.

The global landscape of policies and frameworks addressing AI-related human rights risks remains fragmented. Yet, regulatory provisions such as the EU AI Act, US AI Bill of Rights, CSDDD, European Green Deal, CSRD etc. provide valuable starting points. Investors should advocate with policy makers and regulators for the adoption and strengthening of such frameworks while encouraging meaningful stakeholder engagement with civil society at the business and state levels. This includes fostering dialogue with affected rightsholders, workers, and civil society to identify and mitigate risks linked to the use of AI systems across sectors, as well as put in place grievance mechanisms for access to effective remedy in case of human rights violations.

Ultimately, responsible AI procurement and deployment must become a central tenet of investor expectations, to uphold human rights and mitigate companies' legal, financial, business and reputational risks and to ensure continued long term value creation by companies. By driving corporate adherence to the UNGPs and championing collaborative, rights-based approaches, investors can ensure that the procurement and deployment of AI systems align with human rights and sustainable development, in addition to long-term business success.