1. Introduction

Open MIC (Open Media and Information Companies Initiative) works to foster greater corporate accountability at media and technology companies, principally through shareholder engagement. We identify, develop, and support campaigns that promote values of openness, equity, privacy, and diversity – values that provide long-term benefits for individuals, companies, the economy, and the health of democratic society. Open MIC works with investors who have both shareholder value and social impact in mind – investors who are concerned that the growth of the technology industry often comes at the expense of social, political, economic, and environmental well-being.

We believe investors play a critical role in shaping rights-respecting companies and furthering the implementation of the United Nations Guiding Principles on Business and Human Rights. Investors are thus important stakeholders when incorporating human rights considerations into technical standard-setting processes. Investors possess considerable leverage to encourage companies to adopt and implement these standards and can opt to reallocate their capital to those demonstrating better compliance. For these reasons, we believe it is critical that human rights-related technical standards for emerging technologies be accessible to investors.

In this submission, we offer findings from a recent research project Open MIC undertook to evaluate existing attempts to standardize or measure responsible technology practices. We found that no existing initiatives offer investors comprehensive, decision-useful data to guide their responsible tech investment practices. Our analysis reveals that the qualitative nature of digital rights impacts, the breadth of tech products and services, and the rapid pace of technological innovation impede the creation of effective tech sector human rights standards that would support investors and other stakeholders in holding tech companies accountable.

To meet these challenges, our research supports a strategy of developing standards geared toward sub-industries as opposed to broad, top-down thematic standards. It also supports undertaking parallel projects of developing more readily applicable, higher-level standards in the short-term while conducting longer-term research into more in-depth, substantive methods of measuring the human rights impacts of new technologies.

2. Open MIC's Research on Standards and Metrics for Tech Sector Social Impacts

In September 2021, the NetGain Partnership initiated a research process designed to explore finance-focused strategies that would hold leading internet platforms accountable and "create a healthier digital public sphere." The partnership said it was interested in supporting shareholder engagement while also developing stronger ESG screens on tech issues. In April 2022, the partnership commissioned Open MIC and Whistle Stop Capital to produce a series of reports that addressed those issues.

Since then, we have conducted interviews with more than 40 practitioners, analysts, and observers of shareholder engagement and finance-focused strategies in the global technology sector. The team has also done substantial research exploring current tactics and strategies

employed in the finance-sector globally to check the power and harmful behaviors of Big Tech companies.

As part of Open MIC's *ESG(+D): Bridging the digital rights data gap* report, we set out to identify existing standards, datasets, and tools that attempt to either define or measure responsible technology development and use in practice. The resulting database contains 90 initiatives that we categorized according to the issues covered, including algorithmic fairness, privacy, content moderation, end user due diligence, internet access, bias and discrimination, international human rights standards, freedom of expression, and disinformation. These initiatives fell into one of five broad categories:

- **High Level Guidance**: Initiatives in this category either seek to define or problematize a social issue related to technology use or development, offer broad principles for guiding behavior with respect to technology, and/or call for action around the use or development of particular technologies. Examples include the Asilomar AI Principles, the Fair Information Practice Principles, and the Global Network Initiative Principles.

- **Company Rankings**: Initiatives in this category most closely resemble ESG ratings in that they evaluate the relative performance of specific companies in the technology sector on a subset of issues of social concern. Examples include the Ranking Digital Rights Corporate Accountability Index, EthicsGrade, and Investigate.

- **Industry Standards**: These refer to technical guidelines, recommended processes, and risk mitigation tools for individuals and organizations developing or using particular technologies with the aim of reducing adverse social impacts. Examples include the PAS 440 Responsible Innovation Guide & Framework, the Institute for Electric and Electronic Engineers (IEEE) Algorithmic Bias Considerations, and the International Standards Organization (ISO) Information Security Management ISO/IEC 27001 Standard.

- **Investor Guides**: Initiatives in this category aim to brief investors on important issues related to the social impacts of particular technologies. Some go further in providing methods for assessing social risk in the investment context. While some are initiatives of investors themselves, others come from industry associations and civil society organizations. Examples include the Sustainability Accounting Standards Board (SASB) Internet Media & Services Sustainability Accounting Standard, the Investor Alliance for Human Rights Salient Issue Briefings, and Federated Hermes' *Investors Expectations on Responsible Artificial intelligence and Data Governance*.

- **Tools**: Tool-based initiatives offer step-by-step processes or questionnaires to be followed by the individuals and teams developing and/or auditing the impacts of different technologies in the course of their work with the aim of reducing adverse social impacts. Examples include the American Civil Liberties Union (ACLU) Algorithmic Equity Toolkit, the EthicalOS Toolkit, and the UNICEF Data for Children Collaborative Ethical Assessment.

3. Our Analysis of Existing Standards & Initial Findings

While our analysis has revealed a plethora of initiatives that attempt to either set standards governing socially responsible technology development and use and/or collect data on the social impacts of companies developing and using technology, very few of these offer investors a practical means of evaluating the social risks of the tech companies in their portfolios or engaging those companies to improve their practices. Broadly speaking, most initiatives suffer from one or more of the following pitfalls:

- **Too broad**: High level guidance documents are not particularly useful in the investment context as their recommendations are often too broad to be applied without further elaboration around practical expectations for companies.

- **Compliance difficult/impossible to verify**: While industry standards and tools offer more structured and practical guidance, investors nevertheless lack access to the internal company information needed to accurately assess company compliance with these initiatives.

- **Require specialized technical knowledge**: Industry standards and tools often require specialized knowledge of particular technologies, which the average investor likely lacks.

- **Not dynamic or timely enough**: While investor guides are helpful in briefing investors on important issues in the tech sector, they are not dynamic sources of information and become obsolete as technologies evolve and new issues emerge. In addition, these guides stop short of offering timely evaluations of company risk levels, which then leaves this task to the investor.

- **Not comprehensive enough**: Company rankings are more useful in a practical investment context because they offer timely assessments of company risks across different issues. However, the offerings in this space are currently limited, both in terms of the number of companies evaluated and the frequency of evaluation. Further, while the four sets of company rankings we identified cover a broad range of issues *when combined*, there are still gaps, particularly around AI.

Despite the limitations of current iterations, standards are nonetheless important for accountability as they provide a means of evaluating and comparing company behavior. As one human rights advocate told us, "Benchmarks and rankings can create a race to the top as many companies care how they score vis-à-vis their peers. Benchmarking calls out both good and bad practice, including allegations of human rights harms related to companies' operations and supply chains. These actions can generate reputational benefits or challenges, which in turn affect shareholder returns and the incentives for investors to act on the issues."

That said, there are substantial challenges to measuring tech sector impacts that impede the development of investor-friendly standards and metrics in the short term:

- **The need for qualitative standards and metrics**: Several of our interviewees cautioned that metrics measuring impacts to human rights, digital rights, and other social goods should not be overly quantitative since "box ticking" exercises are not effective in

practice. As one responsible tech researcher we spoke to put it, "most digital harms lack 'natural attributes' that are countable or physically measurable." It is an unfortunate reality that qualitative metrics are often much harder to define, apply, and validate in practice.

- **The breadth of tech products and impacts**: Unlike other sectors for which human rights standards and metrics have more readily been developed (e.g. extractives, apparel, electronics), the "tech" sector encompasses a much wider set of products, services, and business models and, in turn, a wider set of potential adverse impacts. This is compounded by the fact that, to an increasing extent, companies in all sectors are employing tech in potentially harmful ways. The problem is, as one civil society actor succinctly put it, "When you have something as all-encompassing as the tech sector, how could you have standards that tackle issues comprehensively in a long-term investor perspective?"

- **The rapid pace of change**: Another characteristic unique to the tech sector is its rapid rate of change, both in terms of the creation of frontier technologies and iterations on existing ones. As one ESG expert we spoke to said, "Tech changes so much, which makes standard creation more difficult. We need more dialogue with standard setting organizations to ensure they're keeping on top of emerging technologies."

4. Conclusion: Recommendations for Tech Sector Standard-Setting

In light of the challenges highlighted above, the experts we interviewed suggested two strategies for moving forward toward investor-friendly human rights standards for digital technologies.

To address the substantial challenge of developing human rights standards for the digital space, one impact investor recommended pursuing two parallel and complementary initiatives. First, "better than nothing" standards that investors and other stakeholders can use in the short-term to guide engagements with tech companies about how their products and services impact human rights. Second, investment in longer-term research into a more substantive way of measuring the human rights and other social impacts of new technologies, which can in turn be incorporated into technical standard-setting processes.

We were further advised by an ESG standards creator that standards geared towards sub-industries may be preferable to broad, top-down thematic standards. For example, rather than developing one set of standards or metrics for all tech companies, there is more value in creating separate standards for different types of technologies (e.g. artificial intelligence, social media platforms) and/or different impacts (e.g. harmful content, discrimination, privacy).

This supports a two-fold approach to standards creation for emerging technologies: help bridge the immediate gap by supporting the development of resources investors and other stakeholders can use to better evaluate and engage tech companies on particular types of technologies and their risks in the short run and contribute to a longer-term project of convening scholars, civil society, rights-holders, and industry to build effective, investor-friendly digital rights standards from the ground up.