Rights-Respecting Investment in Technology Companies

A B-Tech Investor Briefing

OVERVIEW

Recent advancements in digital technologies present opportunities for economic growth and the realization of the Sustainable Development Goals (SDGs). However, such innovation can also undermine fundamental rights, including through widespread infringements on privacy, 'algorithmic discrimination'—affecting people in the job market, in the criminal justice system or when accessing public services—as well as enabling the dissemination of hate speech and online violence and undermining democratic processes.

Institutional investors, both asset owners and managers, have unique and systematic influence over how companies in the technology industry are governed, make decisions, and act. This extends to whether or not these companies embed respect for human rights into their operations, products, and services.

In light of this, a key lever to encourage businesses to respect human rights is to activate investors to operate responsibly. In this regard, the UN Guiding Principles on Business and Human Rights (UNGPs) are an important tool. They set the expectation that investors at every stage of a company's lifecycle—from start-up to maturity—have a responsibility to ensure that their investments in the technology sector avoid negative impacts.

Unanimously endorsed by the UN Human Rights Council in 2011, the UNGPs are the authoritative global framework outlining the roles and responsibilities of state actors and business enterprises—including investors—when it comes to the impacts of business on human rights. They rest on three pillars: the state duty to protect human rights; the business responsibility to respect human rights in their own operations and throughout the value chain; and the right to access remedy for victims of harm.

This briefing provides institutional investors with holdings in digital technology companies with high-level analysis and guidance on how to apply the UNGPs framework to these investments. It clarifies the human rights responsibilities of investors, identifies trends in current investor practice and suggests resources for investors.

ABOUT THIS BRIEFING

UN Human Rights' B-Tech Project seeks to address the urgent need to find principled and pragmatic ways to harness the good of technology by preventing and addressing the myriad human rights risks connected with the development and use of digital technologies. In doing so, B-Tech seeks to shed light on the ways in which the UNGPs provide a comprehensive and authoritative framework to inform the efforts of various actors, including institutional investors, to identify and address human rights harms related to digital technologies.

While this briefing builds on the foundation of the UNGPs, it also builds on key sectoral guidance developed by the OECD for investors and key tools and resources developed by civil society. The aim is to outline why and how these standards are a useful tool for tech investors in seeking to embed respect for people in their investment decisions and practices.

The briefing also provides a foundation for understanding the roles and responsibilities of investors across B-Tech's focus areas: addressing human rights risks in business models, human rights due diligence and end-use due diligence, accountability and remedy, and the State duty to protect human rights in the digital era (regulatory and policy responses to human rights challenges linked to digital technologies). Foundational papers on these areas have been released to frame discussions among diverse stakeholders as part of B-Tech's efforts to produce guidance, tools and practical recommendations to advance implementation of the UNGPs in the technology sector.

Papers in the series are listed below:

- An Introduction to the UN Guiding Principles in the Age of Technology.
- Key Characteristics of Business Respect for Human Rights.
- Identifying Human Rights Risks Related to End-Use.
- Taking Action to Address Human Rights Risks Related to End-Use.
- Access to remedy and the technology sector: basic concepts and principles.
- Access to remedy and the technology sector: a "remedy ecosystem" approach.
- Designing and implementing effective company-based grievance mechanisms.
- Access to remedy and the technology sector: understanding the perspectives and needs of affected people and groups.
- The State Duty to Protect and Tech: Advancing a "Smart-Mix" (forthcoming).

HEADLINES

1. **Institutional investors can play a systemic and potentially transformative role in shaping the behaviour of technology companies.** Investors—asset owners and managers—have the potential to contribute to ensuring that the development and use of digital technologies is grounded in respect for human rights.

2. **The UNGPs provide a roadmap for "reimagining investment" such that addressing risks to people becomes an integral part of sound investor decision-making and practice.** Institutional investors must know the risks to people connected to their investments in technology companies and show how they address risks. This goes beyond investment screenings to include actions that aim to change company practices.

3. **Risks to people and risks to investments are rapidly converging.** The overlap between 'salient' risks to people and 'material' risks for technology investments is increasingly evident in venture capital investments, IPO valuations, and SEC risk filings, as well as by the recognition of digital rights as material by investors and standard setters.

4. **A recent wave of investor action indicates there is momentum among investors to promote respect for human rights among digital technology companies.** Some investors in public tech companies are at the forefront of rights-respecting investment efforts. Efforts include making public statements on the corporate responsibility to respect digital rights, engaging in human rights dialogues with companies, filing shareholder resolutions, and joining peer-to-peer and multi-stakeholder initiatives.

5. **Moving the digital technology market through rights-based investment practices is a priority challenge to address.** A shared understanding among stakeholders on the practical steps investors can take to respect human rights at each stage of a tech company's lifecycle will create a strong foundation for co-creating paths to improve rights-respecting investment practices in technology companies.

ONE

Institutional investors can play a systemic and potentially transformative role in shaping the behaviour of technology companies. Investors—asset owners and managers—have the potential to contribute to ensuring that the development and use of digital technologies is grounded in respect for human rights.

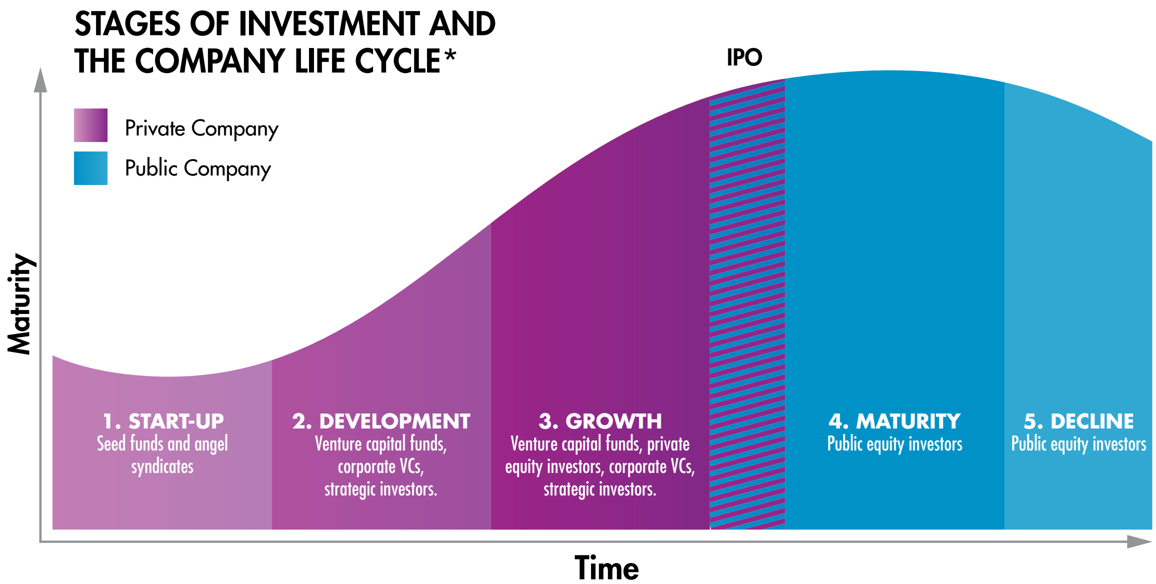
Over the past two decades, tech stocks have been a key segment of financial markets. The presence of technology in all aspects of society, the maturation of dozens of technology companies, and the COVID-19 crisis in particular have led to soaring rates of tech stock ownership among investors. Between January and August 2020, the tech-heavy Nasdaq 100 stock index had seen a 28 per cent rise, compared with a 4 per cent rise in the S&P 500 benchmark which has less exposure to tech stocks.[1]

The momentum behind technology company investments extends to private equity, with tech-focused private equity (PE) firms and venture capital (VC) funds rising in prominence. Between 2016 and 2019, some 1,800 new start-ups focused on artificial intelligence (AI) technologies had raised their first round of equity funding—with $19 billion in equity funding going to AI start-ups in 2018 alone.[2] In 2019, tech-focused funds accounted for 20% of capital raised across North America- and Europe-based PE funds.[3]

While there are a small number of investors using their leverage over technology companies to promote the responsible development and use of technology,[4] there are many investors who have not yet done so,[5] including a large, unengaged group of investors. Even among leading investors, there is recognition that more should be done to fully embed respect for human rights in their technology investments.

1 Funds branded 'ESG' are laden with technology stock, Financial Times.

What is clear is that investors, either alone or in collaboration with others, have the potential to play a transformative role in shaping the business models, policies, and practices of technology companies for the better. At every stage of a company's lifecycle—from start-up to decline—investors have the ability to leverage their influence, or in some cases, their control, in support of technological development that contributes positively to society rather than undermining the dignity and well-being of people and damaging our societies.



* This graphic provides an overview of life cycle stages and the transition from being a private company to being a public one. However, not all companies go public or go through an initial public offering (IPO) process.

In order to put dignity and respect for all at the heart of our digital and data eco-system, it is vital that investors take steps to identify whether existing or potential investments in technology negatively affect people, and then use their leverage to prevent, mitigate, and address risks and adverse impacts when they occur. They should also at all times expect technology companies to embed human rights throughout their business activities and relationships, including subsidiaries, users, and clients.

At the same time, one size does not fit all—the tools and strategies available to venture capital firms, pension funds, asset managers, and investment banks to influence the conduct of technology companies vary, at times significantly. This is because the degree of leverage or control an investor may have differs considerably at different stages of a company's growth. While the underlying responsibility remains the same, the activities investors undertake to promote human rights may be different.

2 *Reimagining Investing in Frontier Technology*, Belfer Center for Science and International Affairs and Arthur Rock Center for Entrepreneurship, June 2019.

3 Overview of Tech Focused PE Funds, Pitchbook

4 See for example: Investor Alliance for Human Rights engagements with ICT companies

5 See for example: *Role-play Exercise: Silverlake in China: Investor Responsibility for State Surveillance in Xinjiang*, Center for Business and Human Rights, NYU Stern, November 2020.

Moving ahead, it will be important to unpack and create a shared understanding of what rights-based investment practices look like at each stage of a company's growth in order to seize on the transformative power of the investors to drive respect for human rights within technology companies.

EXPLAINER BOX 1

Big Tech in the SME tech company ecosystem

By incubating, acquiring, and providing capital to small and medium- sized tech companies, large tech companies also play a critical role in shaping the behaviour of digital technology companies. Like institutional investors, large tech companies have a responsibility to respect human rights in their investment decisions and stewardship activities.[6]

TWO

The UNGPs provide a roadmap for "reimagining investment" such that addressing risks to people becomes an integral part of sound investment decision-making and practice. Institutional investors must *know* the risks to people connected to their investments in technology companies and show how they address risks. This goes beyond investment screenings to include actions that aim to change company practices.

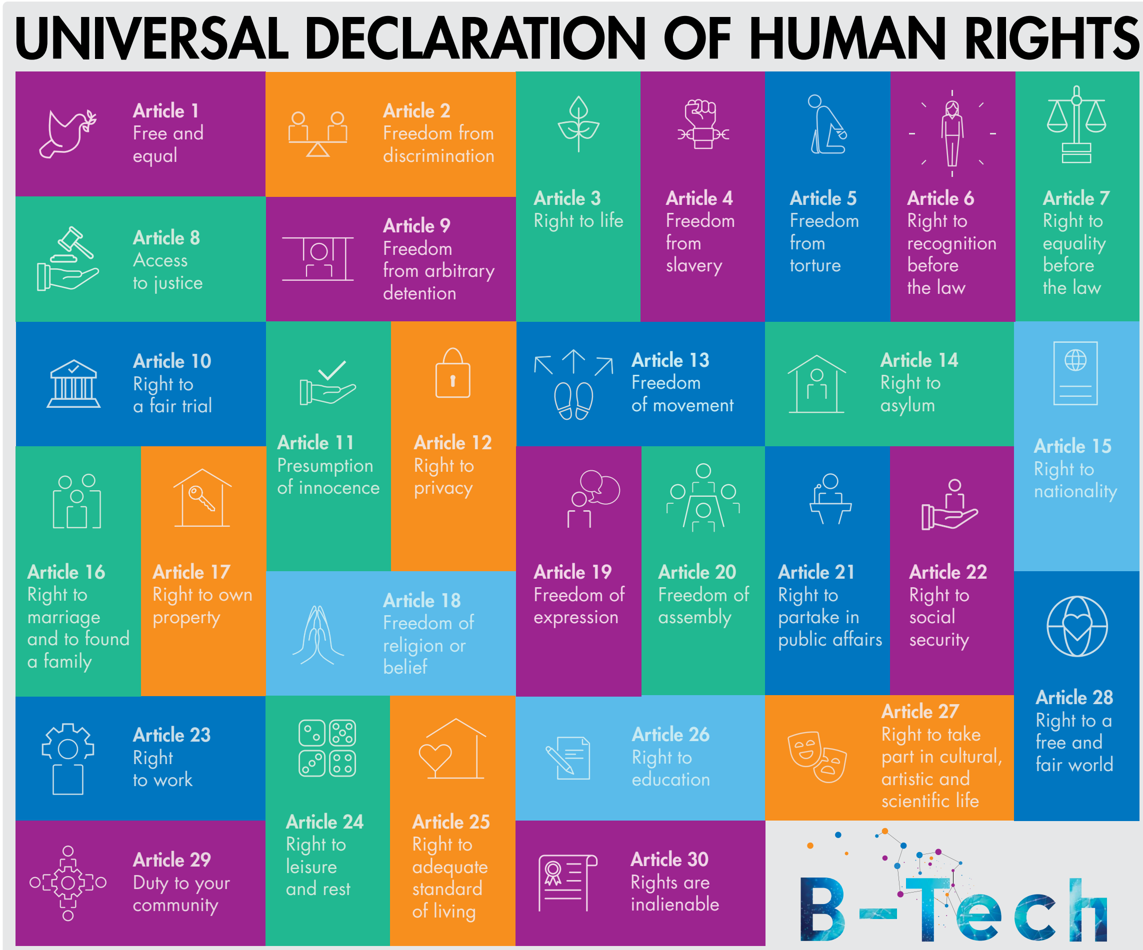
As business actors, institutional investors are expected to have a **policy commitment to respect all internationally recognized human rights**, which, at a minimum, includes those outlined in the International Bill of Human Rights and the core conventions set out by the International Labour Organization (ILO). Focusing on internationally recognised human rights also helps investors pay attention to the most serious impacts on people that can result from their investments.

EXPLAINER BOX 2

Beyond ESG investing

The investor responsibility to respect human rights is not limited to investments categorized as environmental, social, and governance (ESG) or impact investing. While such efforts may be grounded in human rights considerations, the UNGPs **require that investors adopt a human rights risk management approach across *all investment activities*** in order to identify and address harm associated with a specific investment. The UNGPs are clear that negative human rights impacts in one portfolio cannot be offset by positive impacts elsewhere.

[6] See: Timeline of Tech Giants' Billion-Dollar Acquisitions; Tencent outspent Baidu, Alibaba in tech mergers and acquisitions; and Microsoft to Sell Stake in Israeli Facial Recognition Startup



The policy should be **embedded throughout the organisation** including within investment policies and activities, as well as **externally with business relationships** such as portfolio companies, venture fund partners, clients, asset managers, and data providers.

Embedding respect for human rights in the policies, processes, and culture of an organisation often entails a change management process, requiring **leadership from the top**—including the board. Senior management has a key role to play in signalling the importance of human rights, and the responsibility for human rights must be clearly assigned to individuals within the organization.

A core element of respecting human rights is *knowing* the risks to people connected to investments and *showing* how these risks are addressed. Known as **human rights due diligence**, this process entails:

- **Assessing actual and potential human rights impacts of existing or potential investees:** This will include assessing risks inherent to a tech company's business model, tech products, services and solutions. It also involves assessing risks connected to context-specific use-cases, including where, by whom, and for what purposes the technology could be used (whether as intended or not). It is also important to assess whether a company is set up to anticipate these risks by looking to its governance, engagement with stakeholders, policies, and processes.

- **Integrating and acting on the findings of assessments:** Where real or potential risks to people among portfolio companies are identified, investors are expected to use, or if necessary, increase their **leverage to promote (1) the adoption of human rights policies, governance, due diligence, and effective grievance mechanisms; and (2) the provision of remedy for victims of adverse impacts**. This may be done by engaging in company dialogues, filing shareholder proposals, proxy voting, participating in peer-to-peer and multi-stakeholder platforms that promote responsible business conduct among technology companies, and engaging policy-makers on relevant policy matters. In the case of venture capital, it may involve providing a company with human rights training and creating a human rights oversight structure.
- **Tracking responses:** Investors must also track the effectiveness of their due diligence efforts to respect human rights. Among other things, this includes monitoring and tracking the progress of portfolio company efforts to address human rights risks so as to evaluate whether they are improving their human rights performance.
- **Disclosing how severe human rights risks and impacts are addressed:** Not only should investors expect investee technology companies to disclose their human rights performance, investors, too, should communicate how human rights are integrated into their own governance structures and investment activities.

EXPLAINER BOX 3

Using leverage to drive better outcomes for people

The UNGPs expect investors to use their leverage to ensure that those with whom they have business relationships, including portfolio companies, respect human rights. Where an investor lacks sufficient leverage to affect change in the behavior of a portfolio company, and is unable to increase its leverage, it may consider responsible divestment.

While there may be practical limitations in the ability of investors to change investee behavior, the degree of leverage an investor has does not determine the degree of responsibility it has to carry out due diligence and effectively exercise any leverage it may have.

THE HUMAN RIGHTS
DUE DILIGENCE PROCESS

At the institutional level, investors should also have in place effective grievance mechanisms to ensure victims of harms 'caused' or 'contributed to' by the firm have access to remedy. An investor **causes** an impact through its own actions or through its own failure to act; investors **contribute** to an impact through its activities either alongside or through a portfolio company. In most cases, minority shareholders in public companies do not cause or contribute to human rights harms, but are instead **'directly linked'** to human rights risks or harms through their holdings. In such cases, investors may use their leverage with companies to promote remedy for victims of harm, and increasingly, they are expected to do so.[7]

Determining whether an investor contributes or is directly linked to a harm depends on the extent to which it enabled, encouraged, or motivated the harm by the company; whether enough information was available to indicate the investor could or should have known about the harm; and the quality of any mitigation measures the investor put in place. **The OECD provides additional analysis on business relationship responsibilities in the context of institutional investors.**

In order to inform their due diligence efforts, investors are expected to **engage stakeholders**, including civil society, relevant and credible experts, and representatives of impacted people, such as trade unions and human rights defenders. Where investors cause or contribute to harms, they are again expected to engage directly with those affected.

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[7] See the Dutch Pension Funds Agreement, "The objective of this Agreement is for the Parties to prevent, mitigate and/or remediate (or have remediated) the negative social… consequences of investments by pension funds." An investor party to the agreement is expected to, "Use and, where necessary and possible, increase leverage by imposing time-limited demands in which it encourages listed investee companies that cause or contribute to an adverse impact to…provide access to remedy."

In 2020, the Principles on Responsible Investment (PRI) published *Why and How Investors Should Act on Human Rights* and the Investor Alliance for Human Rights published the *Investor Toolkit on Human Rights*. Both are key resources to support investor efforts to implement the UNGPs in their activities.

THREE

Risks to people and risks to investments are rapidly converging. The overlap between 'salient' risks to people and 'material' risks for technology investments is increasingly evident in venture capital investments, IPO valuations, and SEC risk filings, as well as by the recognition of digital rights as material by investors and standard setters.

An increasingly wide range of research has documented the correlation between attention to human rights risks, corporate financial performance, and risks to investment.[8]

For instance, Harvard's Belfer Center found a link between start-up technology companies that fail and bad performance in addressing environmental, social, and governance (ESG) risks, including risks associated with product integrity, stakeholder management, and governance. These venture companies often experience ESG risk-linked failures at an advanced stage of the venture after having made significant investments into a company. As more start-ups begin developing a range of avant-garde emerging technologies, ESG risks are increasingly likely to contribute to early stage company failures.[9]

The costs associated with how well companies manage human rights risks persist when companies reach maturity. For example, recent IPOs including Uber and Lyft have seen significant losses in valuation due to issues involving their business models, labour rights, and governance.

Companies themselves recognize the material risks stemming from impacts on people. In its recent SEC filing, Palantir acknowledged that the use of AI in its platforms may result in reputational harm or liability, including as a result of its "purported or real impact on human rights, privacy, employment, or other social issues." It adds that relationships with customers whose products or activities are harmful may impair the company's ability to attract new customers as well as hire or retain employees.[10]

In the United States, the Sustainability Accounting Standards Board (SASB) identifies ESG issues, including human rights ones, that may impact a company's financial performance. SASB's Materiality Map identifies data security as likely to affect the financial condition or operating performance of companies, and recognizes how the integration of ESG criteria into business models, including in relation to product design and use, may impact a company financially. SASB is also conducting research on the material risks of Internet platforms' content moderation practices in order to determine whether establishing standardized accounting metrics in this area is warranted.[11]

8 Ruggie, John & Middleton, Emily. *Money, Millennials and Human Rights: Sustaining "Sustainable Investing"*, 2018.

9 Winterberg, Susan. *Responsible Investing in Tech and Venture Capital*, Harvard Belfer Center, September 2020.

10 Palantir Technologies SEC filing

11 SASB to Research Content Moderation on Internet Platforms

Notably, ESG funds with heavy exposure to technology companies have outperformed traditional funds during the COVID-19 crisis, although multiple sources have attributed this improved financial performance to the funds' low exposure to energy-sector companies.

Lastly, investors themselves are aware of and concerned about the significant material risks portfolio companies face when they fail to manage human rights risks. In May 2020, investors representing over $5 trillion in assets under management stated that "where there are the most severe (i.e. salient) risks to human rights, there are material risks to business".[12] In 2019, investors recognized that risks to privacy and freedom of expression are especially material for ICT companies, adding that "companies that do not adequately consider human rights increasingly risk reputational harm, financial loss including significant fines, shareholder lawsuits, and dissatisfaction among employees, customers and users."

As a result, by adopting a risk management approach grounded in human rights, investors are better equipped to assess potentially material risks to investment that stem from harms to people.

FOUR

A recent wave of investor action indicates there is momentum for among investors to promote respect for human rights among digital technology companies. Some investors in public technology companies are at the forefront of rights-respecting investment efforts in the sector. Efforts include making public statements on the corporate responsibility to respect digital rights, engaging in human rights dialogues with companies, filing shareholder resolutions, and joining peer-to-peer and multi-stakeholder initiatives.

Since 2011, the UNGPs have been taken up by a wide range of companies, business associations, governments, and international and multi-lateral organisations. In 2011, the OECD Guidelines for Multinational Enterprises were updated to reflect the human rights due diligence expectation laid out by the UNGPs, and in 2017, the OECD produced a targeted guidance document which further elaborated on the implications of the Guidelines for investors.[13]

Governments are also realizing that to meet their commitments to achieve the 2030 Agenda for Sustainable Development and the Paris Climate Agreement, financial actors must be held accountable for the adverse impacts of their investments. Most notably, the EU adopted regulation that requires investors to disclose their efforts to identify and address risks to people and planet.[14] This regulation comes into force in 2021.

In practice, however, a May 2020 report surveying 75 of the world's largest asset managers, whose collective assets under management comprised over $56 trillion, found that 70% did not have "a policy to exclude or engage with companies in line with international human rights frameworks". Only six investors conducted their own human rights assessments of investee companies, and where investors did engage companies, most did so reactively, responding to harms instead of proactively strengthening human rights due diligence efforts.

[12] The Investor Case for Mandatory Human Rights Due Diligence

[13] OECD guidance on *Responsible Business Conduct for Institutional Investors*

[14] UN human rights experts welcome EU agreement on sustainable investment disclosure

On the other hand, a small but growing number of investors are adopting human rights policies, disclosing their due diligence, and exercising their leverage to promote respect for human rights among technology companies. Investors have cited Facebook's Cambridge Analytica scandal as a wake-up call on the damaging societal effects of digital technologies if left unchecked. [16]

In November 2019, the Financial Times stated that "Digital human rights are fast becoming the latest front in the debate around fund managers' ethical investments efforts".[17] That year, over 50 investors signed the *Investor Statement on Corporate Accountability for Digital Rights Abuses*, calling on internet, mobile, and tele-communications (ICT) companies to use the Ranking Digital Rights Corporate Accountability Index as a tool to improve performance on privacy and freedom of expression.

Investors also expressed growing concerns over the human rights impacts of technology companies such as Alphabet (Google), Amazon, Facebook, Microsoft, Apple, AT&T, Sprint, Deutsche Telekom, T-Mobile US, Verizon, and Twitter in the 2020 US proxy season, the period during which many companies hold their annual shareholder meetings. Investors noted the failure of companies to adopt robust human rights policies and board-level oversight mechanisms; address human rights risks in technology business models; assess human rights abuses connected to the end-use of products and services; and disclose of how salient human rights issues are addressed.[18]

Investors are also joining forces through peer-to-peer or multi-stakeholder efforts. The Investor Alliance for Human Rights launched the ICT and Human Rights Working Group to support investor engagements with technology companies. It has coordinated and supported global engagement efforts with (1) Alphabet over human rights board oversight and governance of AI technology, data privacy, and online extremism;[19] (2) Amazon on human rights policies, governance structures, and end-use due diligence and facial recognition;[20] and (3) direct investors in Palantir on the risks connected to its products and services.[21]

The Principles for Responsible Investment (PRI), which supports investor signatories on incorporating ESG into investment and ownership decisions, has also launched a Human Rights and Big Tech working group. Meanwhile, nine investors are members of the Global Network Initiative (GNI), a multi-stakeholder platform that brings them together with ICT companies and civil society to promote digital rights.

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[15] Engagements have touched on a wide range of issues, including data privacy, freedom of expression, hate speech, non-discrimination, civil rights, labor rights, child sexual exploitation online, conflict-affected areas, and whistleblower protections.

[16] Digital human rights are next frontier for fund groups

[17] Ibid.

[18] See ICCR's 2020 Proxy Resolutions and Voting Guide and Proxy Preview 2020. While shareholder resolutions filed with tech companies appear to receive a small percentage of shareholder support, this is often due to dual-class share structures that provide tech company founders with super-voting shares. For instance, while one resolution calling for a human rights risk oversight committee reportedly received only 16% support, it received 45% support from non-controlling, outside shareholders. Resolutions receiving over 30% are considered to be attention-getters, suggesting that investor interest in how tech companies manage human rights risks is greater than perceived.

[19] Digital human rights are next frontier for fund groups

[20] New slate of ESG proposals at Amazon signal ongoing shareholder concerns

[21] Direct and indirect investors engaging Palantir Technologies on human rights risks

At the same time, a growing number of resources support responsible investment efforts in technology:

- The *Investor Toolkit on Human Rights* provides investors with practical guidance and tools for applying the UNGPs to their investment practices.
- The Ranking Digital Rights Corporate Accountability Index provides an assessment of the policies and processes of public ICT companies relating to privacy and freedom of expression.
- The Council on Ethics of Sweden's AP pension funds' expectations of global technology companies on human rights supports investor efforts to assess and engage tech companies.
- *Engaging the ICT Sector on Human Rights* is a series of briefings with guidance on engaging technology companies on salient human rights issues in the sector.
- The Valuing Respect project led by Shift provides investors with resources to evaluate leadership and governance on human rights as well as tools to identify business model red flags—human rights risks that are integral to specific features of a company's business model.
- The Transparency Reporting Index provides access to the transparency reports of 70 companies.
- The Global Network Initiative publishes regular assessment reports based on aggregated insights of member companies' conduct.

EXPLAINER BOX 4

The contribution of the UNGPs to strengthening ESG investing

While sustainable investment practices have existed for decades, the last five years have seen an exponential growth in economic, social and governance (ESG) investing, with some $40.5 trillion of global assets under management (AUM) in ESG funds in 2020. This trend is a positive sign of movement toward more responsible investment practices.

At the same time, the absence of industry standards on what constitute ESG means that investment analysts and ESG data providers often use different data points and methodologies for evaluating corporate impacts on people. "Human rights" are also often narrowly understood as individual human rights issues such as forced labour or discrimination rather than encompassing the full range of human rights. "Human rights" are also often understood as relevant to certain parts of the business, rather than to the entire value chain (e.g., relationships with clients and end-users). While in some instances companies may be evaluated on whether they have human rights policies, due diligence, and grievance mechanisms in place, these are rarely assessed for quality and effectiveness.[22]

This leads to confusion on what human rights encompass and how to evaluate the human rights performance of technology companies. Furthermore, by aggregating ratings across individual E, S, and G factors, companies that contribute to human rights harms may

[22] Rees, Caroline. Transforming How Business Impacts People: Unlocking the Collective Power of Five Distinct Narratives, Harvard Kennedy School, 2020.

still be deemed strong performers on ESG due to their high ranking on environmental criteria, despite, for example, contributing to widespread proliferation of hate speech and incitement to violence online.

The UNGPs provide a framework for addressing these limitations. By drawing on human rights standards, they strengthen efforts to assess impacts on people and improve comparability of ESG aggregations. They also shed light on what meaningful and effective company policies and processes entail, helping investors to better assess the degree to which companies have internalised their human rights responsibilities.[23]

FIVE

Moving the digital technology market through rights-based investment practices is a priority. A shared understanding among stakeholders on the practical steps investors can take to respect human rights at each stage of a technology company's lifecycle will create a strong foundation for co-creating paths to improve rights-respecting investment practices in technology companies.

The scale, complexity, and severity of human rights risks present in the technology sector makes it a challenging sector for responsible investors. In 2019, the Financial Times noted that one roadblock investors face is detecting and measuring actual risks. "Most investors do not have a very good understanding of the implications of all of the issues in the digital space and don't have sufficient research and tools to properly assess them—and that goes for companies too".[24]

Another challenge is the pace of technological innovation. Technological changes are being quickly driven through by companies but investors and companies alike rarely stop and ask what the human rights impacts might be.[25] For example, investors are grappling with the fact that facial recognition, touted as a tool to make society more efficient, can also be used to undermine human rights.[26]

In this context, seizing on the transformative power of the investment community to drive respect for human rights among digital technology companies will entail further equipping and activating investors at each stage of a company's growth to promote human rights respect in corporate governance and culture, business models, due diligence, and remedy mechanisms. Key next steps to consider are:

- **Mapping responsible investment across the technology company lifecycle:** Identifying and disseminating the practical steps that investors can take to embed respect for human rights across the full lifecycle of technology company growth—from early stage and pre-IPO to operating as a publicly-traded company—will be an important step moving forward. Through multi-stakeholder

[23] Ruggie, John & Middleton, Emily. *Money, Millennials and Human Rights: Sustaining "Sustainable Investing"*, Harvard Kennedy School, 2018.

[24] "Digital human rights are next frontier for fund groups." Financial Times, November 2019.

[25] Ibid

[26] Ibid

dialogue that includes investors, companies, and civil society, opportunities for investor due diligence in the context of venture capital funds, during IPO, and once a company is public should be explored.

- **Engaging leading institutional investors:** To effectively map opportunities for responsible investment throughout the company lifecycle, engaging leading investors at the forefront of efforts to embed respect for human rights among technology companies will be key. Doing so will help shed light on how investors can 1) play a proactive role in addressing human rights risks inherent to the business models of investee companies; 2) advance human rights due diligence related to end-use; 3) provide or enable remedy for human rights harms that flow from the activities of investee companies; and 4) constructively support, rather than undermine, legal and public-policy solutions to address the harms of digital technologies
- **Identifying drivers for activating the broader investment community:** Growing the number of investors aware of and committed to addressing human rights risks in technology investments is essential. This may involve creating additional resources and support systems on certain aspects of responsible investment in technology. The roles of civil society both in holding business enterprises—including investors—accountable for their practices and as stakeholders that inform responsible investors on human rights risks and impacts should also be explored. Finally, the investor responsibility to use leverage to advance public policies that advance responsible investments in technology in another area of interest.[27]

UNITED NATIONS HUMAN RIGHTS OFFICE OF THE HIGH COMMISSIONER

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[27] Investors with US$1.9 Trillion Support ESG Risk Management Legislation for Global Financial Systems