Ethical
CORPORATION

NEW Ethical Corporation report on the future of digital on reputation

'Our promised digital utopia has minefields' Sen. John Neely Kennedy at the Facebook Senate hearing.

The 2nd Responsible Business Summit West

November 12 -14, 2018 | Sheraton Mission Valley, San Diego, USA

Ethical CORPORATION

Ethics and Responsibility in digital business

'Our promised digital utopia has minefields'

- Sen. John Neely Kennedy at the Facebook Senate hearing.

Dennis Yu
Chief Technology Officer
blitzmetrics

Megan Bell
Chief Privacy Officer
HUMAN API

Mike Pinkerton
Chief Operating Officer
MODSQUAD

Olivia Jeffers
CEO
COMPASSIONATE TECHNOLOGIES

Annukka Dickens
Director, Human Rights and Supply Chain Responsibility
hp

Nancy Sutley
Chief Sustainability Officer
LA DWP Los Angeles Department of Water & Power

Steve White
Chief Security Officer
FORGEROCK

Jon Drimmer
Chief Compliance Officer, Deputy General Counsel
BARRICK

Mike Johnson
General Counsel
digicert

Malcolm Harkins
Chief Security and Trust Officer
CYLANCE

3 CONFERENCES 1 EVENT!

Exclusive insights on the three core pillars of responsible digital business. Deep dive on one topic or customize your experience with sessions from each stream.

DIGITAL

- Manage data ethically to protect reputation
- Go beyond compliance with a privacy-led culture
- Find new streams for datamonetization

SOCIETY

- Prove that social purpose drives sales
- Drive digital and social inclusion in Silicon Valley
- Understand human rights impacts of big data and AI

CLIMATE

- Advance climate leadership through technology
- Deliver a fully circular business model
- Build the connected, clean and smart city

400+ CEOS, HEADS OF BUSINESS, GENERAL COUNSEL, PRIVACY, COMMS AND SUSTAINABILITY EXECS TO ADVANCE ETHICAL LEADERSHIP. SAMPLE ATTENDEES INCLUDE:

Google | f | ebay | PayPal | virgin atlantic | BLACKROCK | Walgreens

salesforce | Target | Levi's | NEXTera ENERGY RESOURCES | patagonia | IBM | vf | citi | SC Johnson

SAP | flex | Timberland | IRON MOUNTAIN | Nestlé Waters | PHILIPS | zendesk | THOMSON REUTERS | GM

vmware | hp | VISA | A | experian | Microsoft | UPS | FedEx | SIEMENS

▶ **Secure your place at ethicalcorp.com/rbs-west**

#RBSWEST

The future of digital on reputation

By Mike Scott

The rapid advance of the digital economy has had a massive impact on the global economy and society, giving rise to everything from internet shopping to social media, from smart meters to self-driving cars.

It is set to bring about further fundamental changes, with the growing inter-connectedness brought about by the advent of big data, artificial intelligence (AI), machine learning and the Internet of Things enabling the rise of smart buildings, smart grids and smart cities. "Everything that can be digitized will be digitized," said Minna Aila, vice-president for corporate affairs at Nokia at the Responsible Business Summit (RBS) in London in June.

According to the McKinsey Global Institute, "digital flows—which were practically non-existent just 15 years ago—now exert a larger impact on GDP growth than the centuries-old trade in goods." Some 90% of all the data that has ever been generated was created in the last two years and the amount of information is growing faster than our ability to process it.

At RBS London, one phrase occurred again and again – "the pace of change is faster than it has ever been, but it will never be this slow again". Stephen Tiell, senior principal, digital ethics at Accenture, says that the

'Everything that can be digitized will be digitized'

economy is at a transition point. "The technologies that have emerged in the past, their ability to create an impact in the real world was somewhat limited in scope. The impacts that these new technologies can have is outside what we are familiar with."

Techno fears

Until recently, there was a widespread assumption that the rise of the digital economy was an unalloyed good, but that assumption has been shattered in recent months.

Whether it is fears over the job losses that will be caused by AI and auto-mation, the theft of sensitive data, the amount of tax that internet retailers pay or the use of consumers' data in ways they don't expect, the downside of the digital revolution is becoming clearer.

"Digital technology has made the world very fast and very transparent, but it raises fears around privacy," Aila points out.

"I don't think people are aware of how much information they are giving away," says Conan Higgins, general counsel for the Black Rifle Coffee Company, which sells coffee online to more than 60,000 people every month. "People think that buying online is simply a transaction, but it's not. If you buy from a store using cash, no-one knows your name or anything else about you. Online, they know your name, your address and your payment data."

The most high-profile example in recent years of the dangers of handing over your data has been the Cambridge Analytica scandal, in which the now-defunct research company collected the data of up to 87 million Facebook users without their knowledge. The bemused and exasperated look on the face of Facebook CEO and founder Mark Zuckerberg as he appeared in front of lawmakers in the US and Europe suggested that he still wasn't quite sure what his company had done wrong.

There is a feeling, Higgins says, that the tech companies have been acting with impunity and a lack of accountability. Nor do tech companies see any great need to change, he says, despite the outcry from the public and lawmakers. "There is a bit of a disconnect between the attitude of companies and that of the public and policymakers. We're 20 years from the .com heyday, but the internet is still the wild west in some respects. Even though people are buying more and more online and social media is a huge part of daily life, it's still not very well-regulated."

There is still a certain arrogance in the tech community, agrees Rebecca Mackinnon, director of the Ranking Digital Rights project, which evaluates 22 of the world's most powerful internet, mobile and telecoms companies on their disclosed commitments and policies around freedom of expression and

'the pace of change is faster than it has ever been, but it will never be this slow again'

The future of digital on reputation will be a key component of the
Responsible Business Summit West 2018

Download the full event brochure here

privacy. "There has been a utopian assumption that if you put everyone on the internet, the world would be more democratic and free – you just need to get the technology out there and it would improve everything. But just because it's digital, it doesn't mean you are on the side of the angels," she adds.

Hunger for data

Many tech companies' business models are based on their ability to capture vast amounts of data on their customers, points out Higgins. "The advance of AI means companies can collect more information without individuals realising it. Businesses want to capture customer data to better understand the people they are reaching.

"At what point, though, do you cross the line, from better understanding your market to snooping? Recent events are creating a body of evidence of where the line is," he says.

Privacy is an incredibly complex issue, adds Olivia Jeffers, director of Compassionate Technologies, a not-for-profit research and publishing group. "On the one hand we are afraid of being looked at and on the other hand we are over-exposed. Privacy is something we lose when we pay for convenience. For all the amazing and free services that Google and Facebook provide, the price is privacy. Maybe there is information that we should not be collecting."

'I don't think people are aware of how much information they are giving away'

Jeffers, who says that "my phone probably knows me better than I do," adds that "we are giving our data to companies that then sell it to people who want to advertise to us. The way social media makes money off advertising is unethical. Not only are aspects of ourselves being commercialized but they are then being fed back to us in a negative way. A lot of products focus on how to become better than you are – it makes you feel like you're not good enough."

The rise of digital has created a number of issues, Mackinnon points out, including privacy – "who has access to my personal data and digital activity, in what circumstances and on whose authority?", expression issues – "who has the power and influence over public online discourse and what can I see online?", the growth of hate speech, harassment and trolling. "The industry needs to move from assuming technology is all good until something horrible happens. It needs to do risk assessment up-front."

This is something that companies in the rest of the economy have to do as a matter of routine. It is also the kind of thing that tech companies do very well in other arenas. "Just as industry and markets have had to shift to take into account sustainability, they need to make a similar shift in thinking about digital technologies and business models and who they affect society in terms of inequality, the democratic discourse and privacy," Mackinnon says.

However, the tech industry has a tendency to be "ahistorical", she adds. "There is a view that there is nothing to be learnt from other companies because the tech industry is special. But actually, in a field like human rights, for example, tech companies can learn a lot from other companies that have had to deal with these issues."

There are many opportunities for companies to take a step in the right direction, says Tiell. Microsoft published principles on AI a couple of years ago, and Google has recently followed suit. "There is momentum for the industry to start really paying attention to what the ethical implications of technology are," he says.

Because of the greater availability of data, the enhanced ability to process it and the spread of social media, companies are now moving to a "post-transparency" era," Aila says, where they "must seriously focus on building trust. They have to be seen to be doing the right thing."

This is an area where tech companies may struggle, suggests Tiell, because "a lot of technologists don't have a social science background, and this is a new endeavour for them. They realize there is a problem – they just don't have the expertise to deal with it."

Drive for diversity

The best way to tackle this challenge is to increase diversity within the company. "What is really effective is diversity in all its colours – race, gender, background. Those are the most effective teams. Those that are more homogenous will be victims of their own culture more than others," he adds.

A lack of diversity is becoming a significant risk issue, says Mackinnon. "You do see a sort of arrogance in many tech people and a lack of diversity makes it worse because it makes it less likely that the company will understand the risk profiles of its users. You need a pool of people with different experiences."

The option for tech companies to change is increasingly being taken out of their hands, says Tiell. "There is an appetite for regulation, not just in North America but in many parts of the world." The most obvious manifestation of this is the European Union's GDPR (General Data Protection Regulation), currently the world's strongest data protection law.

GDPR creates new rights for people to access the information that companies hold about them, obliges businesses to manage their data more effectively and introduces stricter fines for non-compliance. In particular, there is a greater emphasis on data breaches, which have to be reported to data protection regulators and affected customers within 72 hours of discovery.

'Just because it's digital, it doesn't mean you are on the side of the angels'

The future of digital on reputation will be a key component of the
Responsible Business Summit West 2018

Download the full event brochure here

When the EU first started working on GDPR, several years ago, it was seen as an unwarranted imposition on tech companies, not just by the companies themselves but by the general public, too. Today, "GDPR is seen to be part of the zeitgeist", Higgins says.

The industry is likely to face more regulation. California recently considered a bill that would give internet users more control over their data than ever before and in November an even stronger privacy law, the California Consumer Privacy Act, will be on the ballot in the mid-term elections. "There will be a slow response unless there is another incident – but I think there will be another incident," Higgins says.

Democrat congresswoman Susan DelBene, a former Microsoft executive and tech company CEO, has drafted legislation to create new user control and transparency requirements.

Companies will increasingly take their own actions in an attempt to stay ahead of the regulators, says Tiell. "Leaders do not follow compliance frameworks, they set them. Individual companies will come up with governance structures and those that are most effective will be adopted. I hope that the industry can get behind some standard practices that will be sufficiently robust to not invite the attention of regulators."

Privacy is something we lose when we pay for convenience

These issues are not just relevant to the tech companies – the rest of the economy is increasingly adopting digital technologies and is just starting to recognize that it may be exposed to greater risks than before it switched. "Every business is becoming more like the tech companies and now they are exposed to digital risks, too," Tiell says.

"Treating data in an ethical manner throughout its supply chain requires a fundamental change in how data is viewed within organizations," Accenture said in a recent report, *Building digital trust: The role of data ethics in the digital age*. Companies looking to get on top of their data issues need to have discussions about informed consent, the nature of harm and universal principles for data ethics.

The ethical advantage

Some companies are starting to use digital ethics as a competitive differentiator. Apple, for example, has updated its software to stop Facebook tracking people while they are online. "We are targeting a practice of people collecting information without the vast majority of users knowing that it's being collected," CEO Tim Cook said in an interview with NPR. "We think that when a person leaves one web site, and goes to another and another and another, they do not have a reasonable expectation that that original web site is still following their every move."

In the digital era, data is the fundamental currency, Accenture says, "and how organizations handle it throughout the data supply chain can have a decisive impact on their reputation and effectiveness. As ethical data concerns continue to proliferate, organizations need to find a new way forward, and should embrace the opportunity: this new ethical frontier offers a way to engender trust and provide vital differentiation in a crowded marketplace. Organizations should begin taking steps now to reduce their exposure to digital risk by integrating a wide array of data ethics practices throughout their data supply chains."

'There is a view that there is nothing to be learnt from other companies because the tech industry is special.'

- Is your company wrestling with any of the issues highlighted here and you'd like to attend?

- Is your company driving new strategies in these areas and want to debate them on stage?

- Does your company have a solution to showcase at the event?

If yes to any of these do get in touch with Krina ASAP.
krina.amin@ethicalcorp.com

The future of digital on reputation will be a key component of the
Responsible Business Summit West 2018

Download the full event brochure here

The 2nd Responsible Business Summit West

November 12 -14, 2018 | Sheraton Mission Valley, San Diego, USA

Ethical CORPORATION

Ethics and Responsibility in digital business

'Our promised digital utopia has minefields'

- Sen. John Neely Kennedy at the Facebook Senate hearing.

Dennis Yu
Chief Technology Officer
blitzmetrics

Megan Bell
Chief Privacy Officer
HUMAN API

Mike Pinkerton
Chief Operating Officer
MODSQUAD

Olivia Jeffers
CEO
COMPASSIONATE TECHNOLOGIES

Annukka Dickens
Director, Human Rights and Supply Chain Responsibility
hp

Nancy Sutley
Chief Sustainability Officer
LADWP Los Angeles Department of Water & Power

Steve White
Chief Security Officer
FORGEROCK

Jon Drimmer
Chief Compliance Officer, Deputy General Counsel
BARRICK

Mike Johnson
General Counsel
digicert

Malcolm Harkins
Chief Security and Trust Officer
CYLANCE

---

3 CONFERENCES 1 EVENT!

Exclusive insights on the three core pillars of responsible digital business. Deep dive on one topic or customize your experience with sessions from each stream.

DIGITAL
- Manage data ethically to protect reputation
- Go beyond compliance with a privacy-led culture
- Find new streams for datamonetization

SOCIETY
- Prove that social purpose drives sales
- Drive digital and social inclusion in Silicon Valley
- Understand human rights impacts of big data and AI

CLIMATE
- Advance climate leadership through technology
- Deliver a fully circular business model
- Build the connected, clean and smart city

400+ CEOS, HEADS OF BUSINESS, GENERAL COUNSEL, PRIVACY, COMMS AND SUSTAINABILITY EXECS TO ADVANCE ETHICAL LEADERSHIP. SAMPLE ATTENDEES INCLUDE:

Google · f · ebay · PayPal · virgin atlantic · BLACKROCK · Walgreens

salesforce · Target · Levi's · NEXTera ENERGY RESOURCES · patagonia · IBM · vf · citi · SC Johnson

SAP · flex · Timberland · IRON MOUNTAIN · Nestlé Waters · PHILIPS · zendesk · THOMSON REUTERS · GM

vmware · hp · VISA · A · experian · Microsoft · UPS · FedEx · SIEMENS

▶ **Secure your place at ethicalcorp.com/rbs-west**

#RBSWEST