

Collective Impact Coalition for Ethical AI Investor Engagement Workstream Terms of Reference

1 Introduction and Context

In September 2022, the World Benchmarking Alliance (WBA) launched the Digital CIC the Collective Impact Coalition for Digital Inclusion (“Digital CIC”), now known as the **Collective Impact Coalition for Ethical AI** (“Digital CIC” or “CIC for Ethical AI”). As of December 2023, the initiative comprised 34 investors as well as 12 non-governmental organizations, research institutions, and other entities that collectively form a broad civil society arm.

In its first phase (Sep 2022 – Feb 2024), the investor group of the CIC has coordinated engagement efforts by lead and supporting investors for each company, with the primary aim of adoption of public ethical AI principles with the 44 companies engaged. Through a structured allocation process that incorporated their engagement preferences, investors were assigned lead or supporting roles and actively engaged with these companies, and reported on the outcomes in quarterly CIC investor meetings and via reporting forms.

By September 2023, the Digital CIC supported the following findings, per its [2023 Progress Report](#):

- **19 of the 200 companies** benchmarked in the Digital Inclusion Benchmark had published their first ethical AI principles. Overall, as of September 2023, **52 companies had published ethical AI principles**, up from 33 in the 2021 Digital Inclusion Benchmark;
- Investors had led **outreach to 44 companies** that lacked a public set of ethical AI principles, of which 28 had been responsive to outreach through emails and calls on the subject;
- Preliminary data from WBA revealed that companies consistently failed to disclose information about **how their principles are implemented** (8 out of 52 companies with AI principles) and how AI-related impacts are considered in **human rights impact assessments** (6 out of 52).

For more information and data regarding Phase 1, please see the [2023 Progress Report](#).

The CIC for Ethical AI is currently entering Phase 2. In this new phase, the initiative’s formal scope will expand to include three new expectations of companies which builds on the core expectation of publishing their AI principles. Companies will be asked to demonstrate i) how they are **implementing** their published AI principles; ii) how AI risks are reflected in their human rights **impact assessments**, and iii) what **governance** mechanisms underpin the development, deployment, and procurement of AI technology. The CIC will continue to engage with the companies that do not yet have public ethical AI principles. However, its coverage will expand to **all 200 companies evaluated in the 2023 Digital Inclusion Benchmark**.

This investor engagement workstream is led by two investors who are members of WBA’s group of [Allies](#): **Fidelity International** and **Boston Common Asset Management**. Alongside WBA, they form the Steering Committee of the Digital CIC. Asset owners and managers, especially those with holdings in [benchmarked companies](#), are welcome to sign the Investor Statement on Ethical AI and join the engagement.

2 Objectives

Our engagement seeks to encourage companies to implement policies and mechanisms to ensure the ethical development and application of AI, guided by respect for human rights and the principle of leaving no one behind. The CIC specifically asks that companies implement, demonstrate, and publicly disclose:

- (1) a set of **ethical principles** that guide the company's development, deployment, and/or procurement of AI tools;
- (2) strong AI **governance and oversight** across the value chain of AI development and use;
- (3) how these principles are **implemented** via specific tools and programs of action relevant to the company's business model, including on the product and service level;
- (4) **impact assessment** processes applied to AI, emphasizing human rights impact assessments (HRIAs), especially in high-risk use cases.

Such actions and disclosures will signal that a company gives serious attention to this issue from the highest levels of management.

3 Expectations of Investor Participants

Investors are considered members of (or participants in) the CIC for Ethical AI upon signing the 2024 Investor Statement on Ethical AI.

Investors, when signing up for the initiative, may indicate which company or companies they would like to engage with and whether they would like to engage in the capacity as lead engagers or as supporting engagers. There will be a limit of **five to seven investors per focus company engagement team**. The purpose of this limit is to ensure efficient and effective engagement. The allocation of companies will be decided by the Steering Committee on a case-by-case basis, in coordination with the investor in question and consideration for their preferences. Please note: There are existing engagements with at least 40 out of the 200 companies, hence we are unable to guarantee allocation according to your preferences. However, we will make every effort to discuss your allocations with you before finalizing them.

Lead Engagers:

Lead engagers will represent and run the engagements with their focus company/(ies) and take responsibility for:

- securing and organizing each engagement and maintaining the relationship with the company;
- preparing a brief engagement plan for each focus company, including objectives, milestones, and list of engagement questions (consistent with the overall plan for the engagement initiative);
- keeping minutes of each meeting;
- reporting on engagement progress to WBA and the overall co-leads, FIL and BCAM which comprise the Steering Committee for the Ethical AI Engagement Work Stream.

It is also the role of the lead engager to ensure active involvement of the supporting engagers and to leverage their assistance where required.

Where multiple investors are seeking to take a lead engager role for the same company, the Steering Committee will make the determination of the lead engager based on the following:

- The investor's exposure to / investment in the company
- Level of engagement with the company to date
- Investor capacity / resourcing to adequately engage

Support Engagers:

Support engagers will provide feedback to the lead engager on the engagement plan, provide assistance in preparing for engagements (where indicated by the lead engager), and attend the engagement meetings with the target company.

Regardless of their role, investors are requested to play an active part in engaging with their assigned company, prepare adequately for such engagement and take ownership of driving progress on the company ask.

Participants should make continuous efforts to enable the Coalition to meet the objectives above. We anticipate certain milestones may reflect, and could be needed, to measure progress.

Key milestones of each engagement may include:

- Securing an initial meeting with focus company to introduce the initiative and assess the company's position on ethical AI and if work is already underway;
- Establishing and articulating clear 'asks' of the company according to the objectives of the collaborative engagement;
- Gaining commitment from the company to introduce the objectives (if it has not already done so);
- Meeting with subject matter experts within the company (e.g. Chief Information Officer, Sustainability team, etc) to assess implementation;
- Public disclosure from the company of commitment to principles of ethical AI.

Please note: The WBA team will not, by default, participate directly in individual engagements with companies. However, it will provide guidance for engagement teams, including data on the respective companies' performance.

4 Deliverables

At each quarterly meeting of investor participants in WBA's CIC for Ethical AI, each lead engager will be asked to report on their focus company engagement, milestones met, and steps taken to reach the Ethical AI collaborative engagement objectives. Engagement notes and a completed reporting template shall be shared by investor participants with the Steering Committee. We will ask for a summary report twice in the 2024 reporting cycle. The second of which will inform how we report out on the progress at the end of 2024.

All investors are encouraged to attend the quarterly meetings to remain informed on progress and to make use of the information provided by subject-matter experts. These meetings are held under Chatham House rules and are chaired by one or both overall investor co-leads (FIL and/or BCAM).

5 External communications and representation

The Steering Committee of the Digital CIC oversees the coalition's communications strategy on the investor engagement component, with input from WBA and CIC members. Participants can refer to themselves as participants in or members of WBA's Collective Impact Coalition for Ethical AI and are welcome to engage in public communication about their own engagements in coordination with their engagement team. Members are encouraged to share their public impact reporting related to the CIC and any other relevant communications with the full group.

Investors should not state that they represent the whole Coalition, all or any other of the Participants, or the full AUM of the Coalition. Investors may indicate that they are the designated lead or support for specific focus companies where this applies and at their own discretion.

Investors in engagements with focus companies should refer to representing only the assets over which they have fiduciary duty. At no time should an investor claim to represent other investors or their AUM, who may be involved in company engagement, without first obtaining explicit written permission from each relevant investor. Given the sensitivity and individual nature of relationships between investors and their investee companies, no investor may publicly disclose the names of any other investor engaging with specific focus companies unless they explicitly obtain advance permission from those investors.

6 Disclosure

Investors may not publicly attribute specific statements made during company engagement meetings, whether such statements were made by other investors or by representatives of focus companies.

7 Plan and timeline

Two weeks following the sign-up deadline for the Investor Statement on Ethical AI, the Steering Committee will call for a meeting with all investor participants to kick off the collaborative engagement. The Steering Committee will prepare company engagement assignments, taking into account the specific company focus and type of role (lead or support) which each participant has expressed at sign-up.

After the investor(s) are established to engage with a particular company, the lead engager shall reach out directly to the Investor Relations or appropriate contact in the focus company. At this stage the purpose of the Collective Impact Coalition for Ethical AI and its collective engagement workstream shall be communicated to the focus company.

- The lead engager shall then make efforts to arrange a meeting with the focus company to engage under the collaborative initiative, working directly with other lead and support engagers.
- Prior to and following the initial company meeting, meetings will usually be required between the lead engager and all supporting engagers (the engagement team) to agree the engagement plan and priorities for each engagement with the company.
- Further meetings with the target company should be focused and outcome-driven.

It is envisioned that new company engagements will commence in Q1 of 2024 and run for an initial period of 12 months. However, initial outreach should occur no later than April 2024. Investors are also encouraged to arrange their first engagement discussion with the company by April 2024, to the extent possible.

Interim progress and outcomes of the collaborative engagement will be evaluated and shared by the CIC based on the aggregate reporting by lead engagers. One of the key quantitative metrics to be reported at the conclusion of this collaborative engagement pertains to the number of companies who have disclosed a commitment to ethical principles as tracked by WBA's Digital Inclusion Benchmark as well as the other

disclosures outlined above (implementation, impact assessment, and governance).

WBA will update its data on companies' public disclosures related to ethical AI every six months. It will also draft an annual progress report, expected in Q3-Q4 2024.

8 Overall Lead Investors

The overall lead investors for this collaborative engagement are:

1. Fidelity International (represented by Patrick Shortt)
2. Boston Common Asset Management (represented by Lauren Compere)

Investor participants will convene once a quarter. The content of the meetings will include updates on each individual engagement, lessons learned, and future objectives/strategies, as and when required. Investors are encouraged to contribute additional items to the agenda.

9 Observer Status

The Steering Committee of the CIC for Ethical AI may occasionally accept members under a newly established Observer status. The purpose of Observer status is to reinforce linkages and collaboration across initiatives with similar overarching goals. The participation of Observers in the investor workstream shall be limited to attending the quarterly meetings, contributing input, and highlighting opportunities to strengthen engagement on this topic.

Observers must be representatives of collective initiatives tackling related issues. The Steering Committee will extend invitations to potential Observers on a case-by-case basis, providing prior notice to current members, should such cases arise.

CONTACT

If you are interested in understanding more about the ToR and activities, please contact the Digital CIC's Steering Committee, comprising:

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