

Trusted Technology and Data

Why we engage

Digital connectivity can support international collaboration, economic growth, and sustainable development. However, rapid changes in technology can be disruptive to both society and businesses, creating significant risks and opportunities for investors.

Governments and regulators, including those in the UK, EU, and US, have introduced or proposed new rules to address risks from digital technologies, including from artificial intelligence (AI) and digital assets.³² This follows earlier regulations on privacy and data protection, such as the EU’s General Data Protection Regulation (GDPR). Regulations increase compliance costs and the risk of large penalties for breaches. They may also lag behind innovations, meaning some risks may not be addressed at the company or system level. At the same time, major technology firms are intensifying lobbying efforts to shape regulations in ways that align with their business interests.

Cybersecurity threats continue to grow in scale and sophistication, with attacks posing significant financial, operational and reputational risks to companies and their stakeholders. Protecting companies from cybersecurity threats, particularly those that provide critical infrastructure, is an increasing focus area of governments.³³

Misinformation and disinformation on digital platforms can distort public perceptions and erode trust in institutions. This can pose risks to companies and financial markets, for example, by damaging corporate reputations, amplifying market volatility, or undermining investor confidence. Digital platforms are also subject to shutdowns and censorship by state actors, with implications for human rights as well as business continuity.

Growing demand for digital products, especially AI, is increasing demand for energy and raw materials. The IEA predicts that electricity consumption from data centres could double by 2030.³⁴ Meanwhile, economic shocks (such as COVID-19) and geopolitical competition for key materials and components (such as semiconductors), can impact production costs and output volumes for some sectors.

Issues relating to this theme include:

| | | |
|-------------------------|---|----------------------------------|
| Data Security & Privacy | Product/Service Governance & Responsibility | Product/Service Quality & Safety |
|-------------------------|---|----------------------------------|

32. For example, Digital Markets, Competition and Consumers Act 2024 (UK) (<https://www.legislation.gov.uk/ukpga/2024/13/contents>), Digital Markets Act (EU) (https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AL%3A2022%3A265%3ATOC&uri=uriserv%3AOJ.L_.2022.265.01.0001.01.ENG), and Financial Innovation and Technology for the 21st Century Act (US) (<https://www.congress.gov/bill/118th-congress/house-bill/4763>).

33. For example, UK Government’s Cyber Governance Code of Practice (<https://www.gov.uk/government/publications/cyber-governance-code-of-practice>).

34. International Energy Agency. (2025). Global Methane Tracker 2025: Understanding methane emissions. <https://www.iea.org/reports/global-methane-tracker-2025/understanding-methane-emissions>.



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Engagement approach

We highlight good practices below and encourage priority companies, where trusted technology and data are relevant issues, to work towards these.

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|---------------------------------------|--|
| <p>Technology and data risks</p> | <ul style="list-style-type: none"> ◆ Identify and report on how the company is managing sustainability and financial risks that may arise from their provision of, or use of, technology and data (including bias and misinformation). ◆ Provide transparency regarding the use and impact of AI from an operational and product/service perspective. ◆ Adopt international standards regarding AI e.g., ISO/IEC 42001. |
| <p>Security and protection</p> | <ul style="list-style-type: none"> ◆ Take steps to protect cybersecurity, including within cyber supply chains. ◆ Integrate effective protection, security, and prevention strategies into technology and data-related policies. ◆ Carry out an independent review and verification of technology and data-related policies. ◆ Adopt international standards regarding information security, cybersecurity, and privacy protection e.g., ISO/IEC 27001. |
| <p>Privacy and digital rights</p> | <ul style="list-style-type: none"> ◆ Educate employees and users regarding data collection, storage, processing, and dissemination. ◆ Safeguard data and user rights to privacy, and carry out due diligence on any business model or operations carrying a risk of rights infringement. ◆ Take steps to uphold, protect, and respect human rights within a digital environment e.g., by implementing an independent and expert-driven committee to protect digital human rights in both real and digital environments. |
| <p>Technology and data solutions</p> | <ul style="list-style-type: none"> ◆ Identify opportunities for technology and data solutions that address environmental and social practices. |
| <p>Technology and data governance</p> | <ul style="list-style-type: none"> ◆ Ensure the board has clear responsibility for overseeing material technology risks, including cyber, AI, data governance and operational resilience. ◆ Ensure the board has the necessary literacy and expertise to understand emerging technology threats and opportunities, in order to effectively oversee and challenge technology-related decisions. |

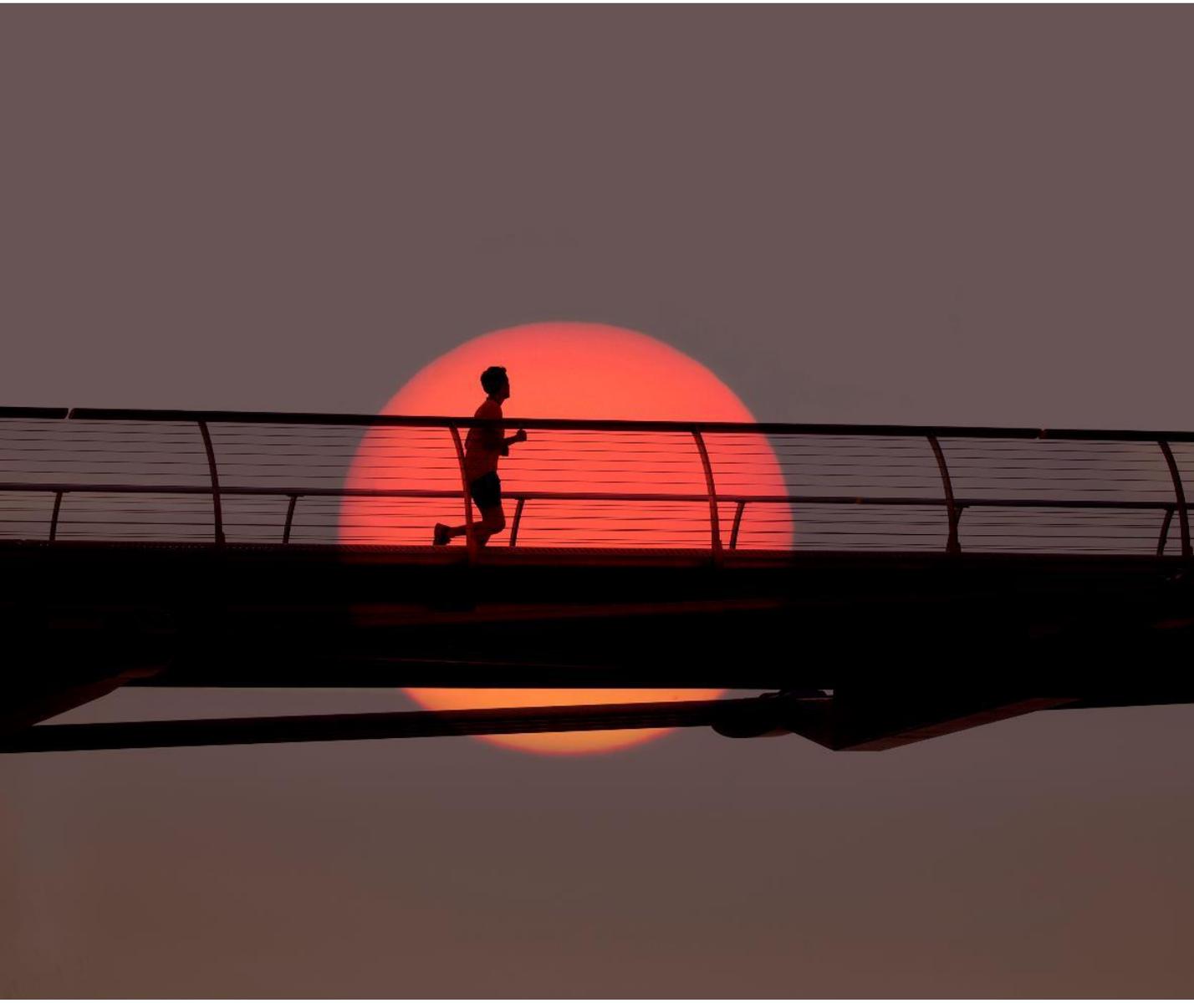


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Spotlight: Data Centres

Sustainability issues that are material to a company's value and prospects are often interconnected with each other, creating dependencies and feedback loops. Sometimes an industry can evolve and advance quicker than regulations and societal expectations, presenting material risks and opportunities to investors that may change or crystallise quickly. These impacts may also send ripple effects across the economy to other industries. One example that we have observed is in the rapid growth of data centres.

Each of the issues on the next page link to the themes outlined earlier in our Stewardship Plan, where we have set out our engagement approach and good practices for companies. In addition to these, where material to a data centre owner or operator, we also encourage specific disclosures such as site-level social and environmental impact assessments, as well as key metrics such as power usage effectiveness, water usage effectiveness, water sourcing, incidents metrics and any remedial actions.



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Demands and Impacts

Key: **CG** Corporate Governance **HR** Human Rights **BNC** Bioeconomy and Natural Capital
CC Climate Change **SO** Social Opportunities **TTD** Trusted Technology and Data

| | |
|---|--|
| <p>Rising energy demand due to significant electricity consumption, estimated to double by 2030³⁵</p> <p>CC BNC HR TTD</p> | <ul style="list-style-type: none"> ◆ Growing investment in renewables, but also natural gas and nuclear energy, locking in more greenhouse gas emissions and nuclear waste.³⁶ ◆ Increased strain on the grid and energy costs for local residents, for example when capital expenditure for power generation expansion is passed to consumers.³⁷ ◆ Higher demand for renewable energy certificates, carbon removal and carbon offset credits can drive growth in innovation and nature-based solutions. However, there are concerns about the integrity, transparency and additionality of these certificates and credits, including concerns about potential double counting. ◆ Potential avoided emissions from AI's efficiency gains but challenging to quantify with no standard methodology yet. ◆ Uninterruptable backup power supply is typically fulfilled by diesel generators. Air pollution and noise from these can negatively impact local community health, leading to community opposition and diminished social licence to operate. |
| <p>Data centres generate a significant amount of heat which require cooling</p> <p>CC BNC HR</p> | <ul style="list-style-type: none"> ◆ Traditional air cooling tends to be more energy-intensive, and there are examples of nearby residents complaining about noise and air pollution from cooling fans.³⁸ ◆ Liquid evaporative cooling consumes less energy but more water, which increases operational, regulatory and reputational risks in water-stressed locations. Initiatives and innovation to recover and reuse waste heat to heat homes and even cities can help to mitigate these risks.³⁹ |
| <p>Replacement of supporting hardware – chips and processors</p> <p>CC BNC HR SO</p> | <ul style="list-style-type: none"> ◆ Shorter asset replacement cycles generate more electronic waste, driving higher demand for minerals and raw materials. This in turn increases socio-environmental risks in the supply chain. ◆ Circular economy models could help to mitigate cost and risks. |
| <p>Talent attraction and socio-economic opportunities</p> <p>SO</p> | <ul style="list-style-type: none"> ◆ Construction-related positions are typically temporary, while the skilled and technical roles to operate a data centre are both limited in number and typically imported rather than hired from the local community. |
| <p>Robust cybersecurity, physical security, business continuity and incident management are critical</p> <p>CG TTD</p> | <ul style="list-style-type: none"> ◆ Requires robust governance and oversight from the board and senior management to functional teams throughout an organisation, with ongoing monitoring through the enterprise risk management framework. |

35. International Energy Agency. (2025). Global Methane Tracker 2025: Understanding methane emissions. <https://www.iea.org/reports/global-methane-tracker-2025/understanding-methane-emissions>.

36. Krall, L. M., Macfarlane, A. M., & Ewing, R. C. (2022). Nuclear waste from small modular reactors. <https://doi.org/10.1073/pnas.2111833119>.

37. Please refer to the following links for examples: <https://www.bloomberg.com/graphics/2025-ai-data-centers-electricity-prices-and> <https://apnews.com/article/meta-data-center-louisiana-power-costs-4ce76b73c102727d71edbbb56abe1388>.

38. Please refer to the following link for an example: <https://www.businessinsider.com/data-centers-northern-virginia-noise-air-pollution-cost-2025-5>.

39. For more information and an example, please see: <https://www.irena.org/Innovation-landscape-for-smart-electrification/Power-to-heat-and-cooling/31-Waste-heat-recovery-from-data-centres> and <https://www.bloomberg.com/news/features/2025-05-14/finland-s-data-centers-are-heating-cities-too>.

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