



Building Trust Through a Sound Data Ethics Program

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Welcome



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OVER 25%

of tech CFOs don't always use customer data in ways that fully adhere to their company's privacy policies

ANOTHER 29%

admit that they collect more customer data than they need

74%

of people rank data privacy among their top values

SOURCE: insights.bdo.com/2023-BDO-Technology-CFO-Outlook-Survey

Learning Objectives

Define what Data Ethics is.

Determine what is needed to build a strong ethics framework.

Describe how data legislation is shaping U.S. and global policies.

With You Today



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7 Core Concepts Behind Data Ethics Programs

The Basics of Data Ethics



What Is Data Ethics?

- ▶ Data ethics is about respecting personal data and offering affected individuals, transparency around how their data is used
- ▶ Principles: transparency, consent and control, privacy and security, fairness and non-discrimination, data minimization, and accountability
- ▶ Data ethics is **not** about regulation
- ▶ Some questions to determine whether you are using data ethically, depending on your jurisdictions:
 - Do you notify consumers about their rights when they visit your web page?
 - Do you offer consumers a way to opt-out of data collection and usage?
 - Are the algorithms and AI platforms you use designed to avoid discrimination and biases?

How Are Data Ethics and Data Privacy Related?



Data privacy is about protecting data from theft, loss, or improper use



Data ethics are the principles behind proper data management

Ethical data management is the core of any data privacy program



Strong data privacy programs help prevent data breaches, which can erode trust with consumers and have lasting reputational impacts

Understanding the Role of U.S. Legislation



With some exceptions (e.g., HIPPA, Privacy Act), the U.S. has no overarching federal regulations that govern the collection, usage, storage, & protection of consumer data



While state-level laws do exist – like the California Consumer Privacy Act – each differs significantly in scope and requirements



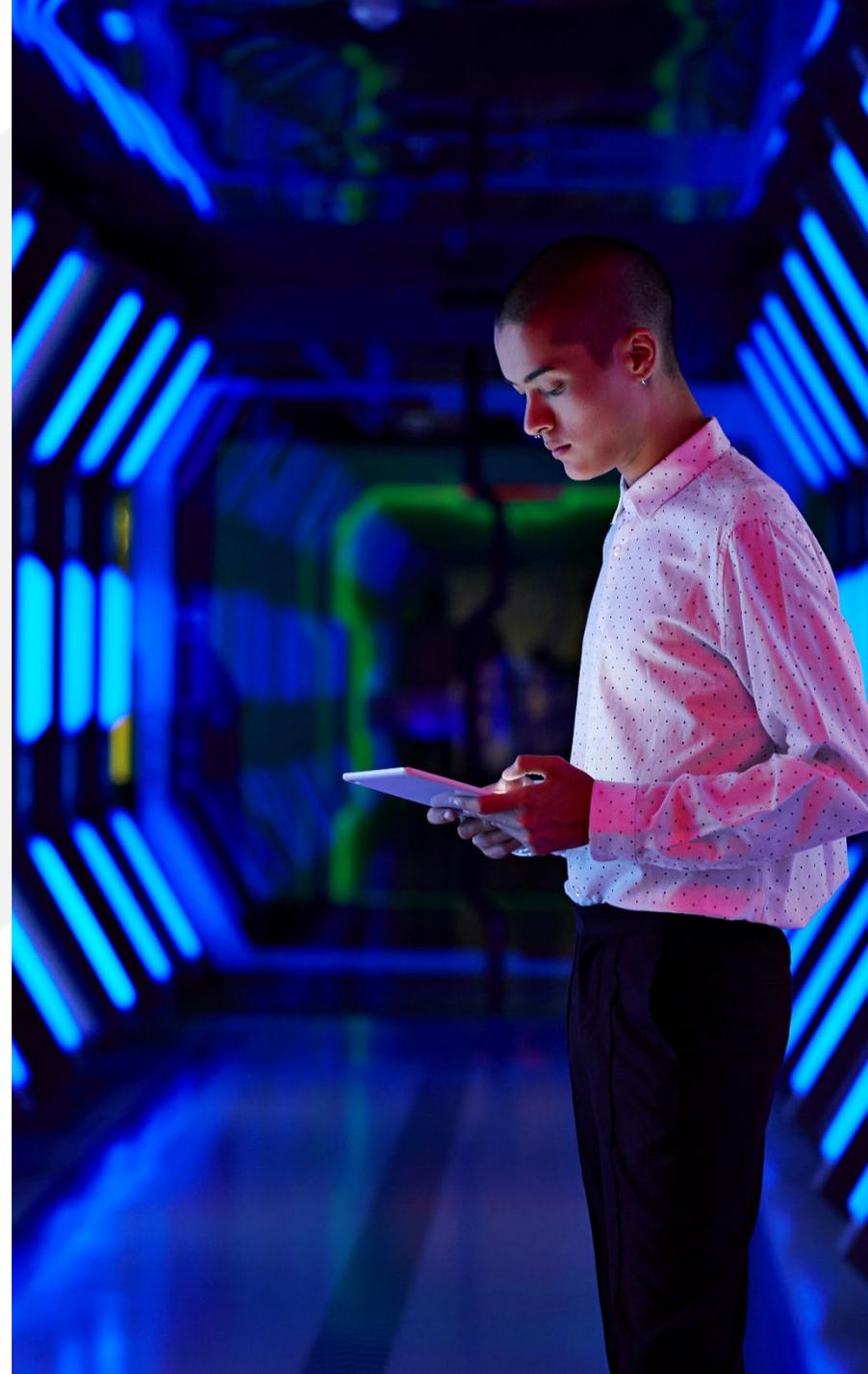
A common tactic is to select the strictest regulation that applies and comply with that one



Explore compliance options and carefully document your compliance activities

Understanding the Role of Self-Regulation

- ▶ The goal of your data privacy program should be doing what is right for your customers, regardless of whether regulations exist
- ▶ To that end, a strong data privacy program relies on self-regulation, such as:
 - Setting internal requirements consistent with ethical data management
 - Actively managing each employee's role in upholding these requirements
 - Developing controls and frameworks to identify and address issues



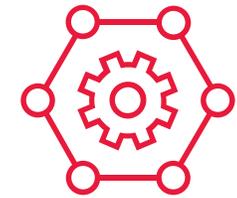
Benefits of an Ethical Data Strategy



Ethical data management is key to protecting your brand, improving your customer service, and cultivating trust with your customers



Offering customers the ability to control their data, responding quickly and comprehensively to data requests, staying transparent about data privacy practices, and offering opt-out options for data collection can improve your relationship with customers



Having an ethical data strategy is more than just the right thing to do – it is crucial to your long-term success

7 Core Concepts Behind Data Ethics Programs





Data Governance

Processes, standards, policies, and frameworks that ensure the proper collection, handling, storage, usage, and protection of customer data

Questions to consider:

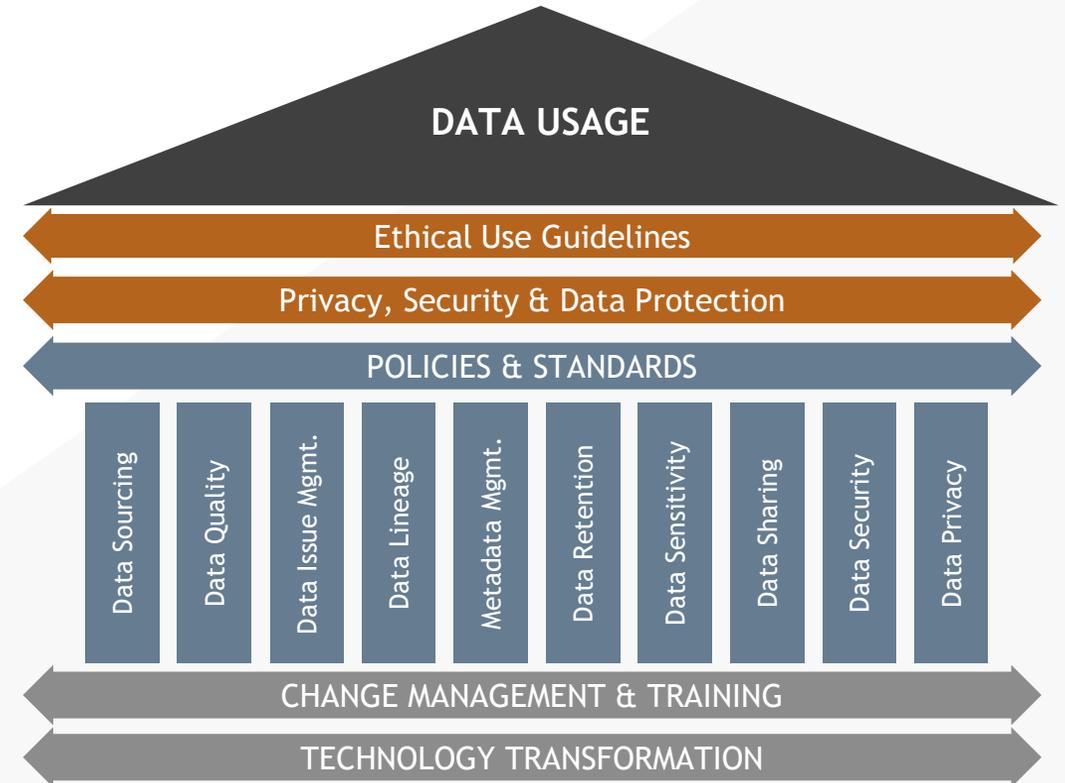
- ▶ What is your timeline for developing a data governance program?
- ▶ What standards are you building this program on?

Data Usage Frameworks

Frameworks are well-documented standards for how you will and will not use data.

Questions to consider:

- ▶ Is there an existing framework that meets your needs?
- ▶ Are there frameworks specific to the industries you serve?
- ▶ How will you communicate this framework to your customers?



Sample BDO Framework

Asset Inventory

Understand what data you already have in your possession

Key steps:

- ▶ Identify sources of sensitive and personal data.
- ▶ Map the flow of personal data to identify and mitigate risk.
- ▶ Manage data classification and retention requirements.
- ▶ Integrate privacy and legal hold obligations.
- ▶ Automate and manage data subject fulfillment obligations.

Questions to ask:

- ▶ What kinds of data have you stored?
- ▶ How old is the data?
- ▶ Who has access to data categories?
- ▶ Is responsible data use and protection clauses built into your employee handbook?



Asset Inventory

DATA MAPS

PROCESSES & DATA ELEMENTS



DATA STORES



Business process and data flow diagrams are valuable tools for promoting ethical data practices. They provide insights into how data is managed within the tech industry and help to facilitate transparency, risk management, and strategic decision-making that aligns with ethical principles and legal obligations.

Data Disposal

The process of getting rid of old or legacy data in your possession.

If you don't have it...

- ▶ You don't need to store it!
- ▶ You don't need to protect it!
- ▶ You don't need to be transparent about its purpose!

Questions to consider:

- ▶ How often do you review your retention schedules?
- ▶ How often do you review old data?
- ▶ Are there automated processes to purge old data?
- ▶ When do you consider data “outdated”?

Data Rights

Understand what rights your customers have regarding their data, both under the law and according to your company's data policy

- ▶ Department/Function
- ▶ Purpose (Legitimacy)
- ▶ Categories (Data Subjects, Personal Data)
- ▶ Retention / Destruction
- ▶ Data Sharing / Transfers
- ▶ Security
- ▶ Special Handling

A row of seven light-colored wooden blocks, each with a white letter on its top surface, spelling out the word "PRIVACY". The blocks are arranged in a slightly receding line on a dark, textured wooden surface. The lighting is dramatic, with strong highlights and deep shadows, emphasizing the texture of the wood and the three-dimensional nature of the blocks.

Data Rights

BDO’s approach to meeting global standards leverages our Privacy Compliance Framework® to drive accountability, lawfulness, transparency, and efficiencies.

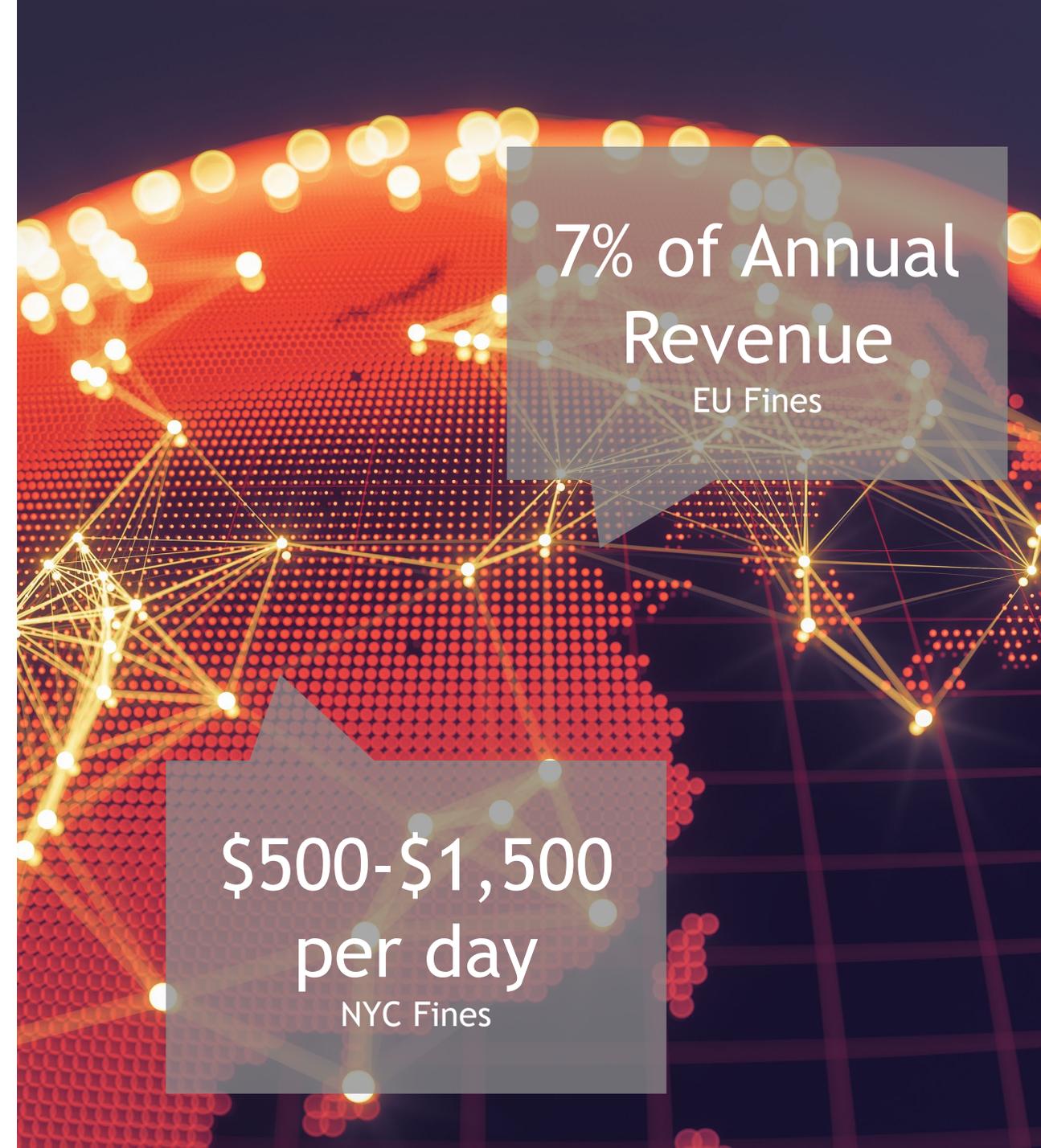


Biased Algorithms

Bias can often make its way into algorithms and AI if we don't take active steps to prevent it

Impact:

Artificial intelligence tools accelerate processes but left unchecked they can lead to biases.





Tracking Technologies

An increasing number of technology companies are moving away from using cookies.

Impact:

Website and Mobile App compliance affects every business. Fines continue to grow, ranging from \$55,000 per site to a \$1 billion.

Questions to consider:

- ▶ What type of information are you collecting via cookies and why?
- ▶ Can website visitors opt out of this data collection?
- ▶ How are you using the information you collect? Is this usage disclosed to visitors?



Privacy and Data Ethics Programs Are Never “Complete”



Always revisit your program to make improvements.

- ▶ Keep pace with regulatory trends
- ▶ Automate, but maintain the human element
- ▶ Refrain from over collecting personal data
- ▶ Educate employees
- ▶ Conduct a 360° privacy and data ethics assessment

Questions?

Thank You!





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