Proposed
Investor Statement
on Facial Recognition

We are **N** global institutional investors with $xx billion (€ yy billion) in assets under management as of December, 2020. As responsible investors, our role is to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. This implies that while we seek to create long-term value for our clients, we also strive to positively impacting the economy, the environment and society as a whole. For this reason, we encourage companies and governments in our investment portfolios to address material environmental, social and governance (ESG) issues and improve their respective practices.

New technologies including Artificial Intelligence are changing our daily lives and our vision of the world. Although we sometimes willingly let these new technologies interfere in our lives, there are clearly times when they also trample on our fundamental rights.

Facial Recognition (FR) is one of these new technologies entering our lives. FR, part of the biometric recognition family of technologies, 'identifies' or 'verifies' the identity of a person using a picture or video of their face. No physical interaction is required by the end-user, in contrast to fingerprints, iris scans, voice recognition, or some other biometric systems. FR is easily accessible, rapid, automatic, seamless and cost-effective.

Governments, law enforcement agencies and corporates are rushing to adopt Facial Recognition technology in the hope of increased security and improved efficiency. It is estimated that, by the end of 2021, **1 billion surveillance cameras**[1] will be in operation around the globe; on average, one camera for every 8 citizens of the world. Yet, the way this technology is being used and designed carries social implications and important risks to basic human rights.

We see materialisation of these risks through numerous controversies including :
- The racial and gender biases observed in these systems,
- The questionable accuracy and lack of public testing of most systems in use,
- Possible privacy or legal violations in the sourcing of photos for the training databases,
- The use made by governments, law enforcement agencies or others.

1 **Lin, Liza and Newley Purnell. The Wall Street Journal.** *A World With a Billion Cameras Watching You Is just Around the Corner.* **Updated 6 December, 2019.**

These controversial practices are now being translated into serious reputational, operational, and financial risks for the companies involved. In a (post-)Covid world, public scrutiny of mass surveillance is gathering pace and there are growing reports of bans, fines, and black listings.

Technological innovation is outpacing human rights protection. Pending more clarity on issues surrounding Facial Recognition, some US cities have banned the technology. Most tech giants have placed a moratorium on the sale of their products to law enforcement agencies. There is a pressing need to consider these questions.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) urge companies to respect human rights and correct abuses when they occur. They call on companies to conduct human rights due diligence to "know and show" they respect human rights through their own activities, and the activities directly linked to their products, services, operations, and through their business relationships.

As investors, we recognise the importance of regulating the use of this technology to harness its benefits, while respecting the fundamental rights and liberties of individuals. We also call on corporates to act proactively.

Companies that use or sell Facial Recognition technology in their products or services must demonstrate awareness of related challenges and prioritise actions to identify, prevent and resolve them. They should in particular commit to :

- Disclose the accuracy of their technology after measurement by a recognised scientific assessment institution, such as the National Institute of Science and Technology in the US.

- Disclose the source(s) of their image (training) databases.

- Demonstrate that their technology is constantly monitored to detect algorithmic biases, particularly with respect to race, gender, or age.

- Demonstrate proper due diligence of clients before making the technology available to them, including applicable local regulation.

- Demonstrate that proper human rights impact assessment procedures and follow-up are in place to ensure that their technology is not being used in violation of freedom laws and basic human rights.

- Demonstrate that proper grievance mechanisms are in place to identify and compensate persons wrongfully affected by the technology.

We encourage and welcome other investors to join us in signing this statement.

Signatories:

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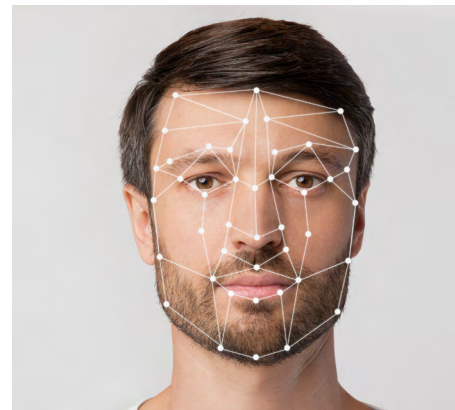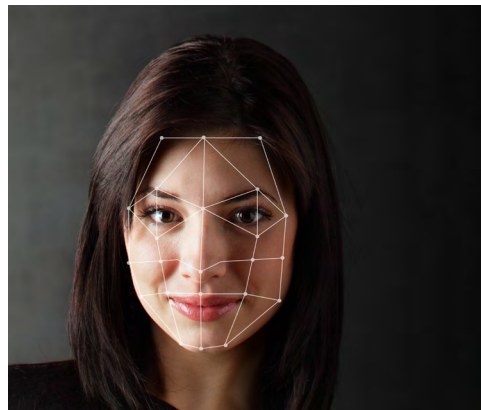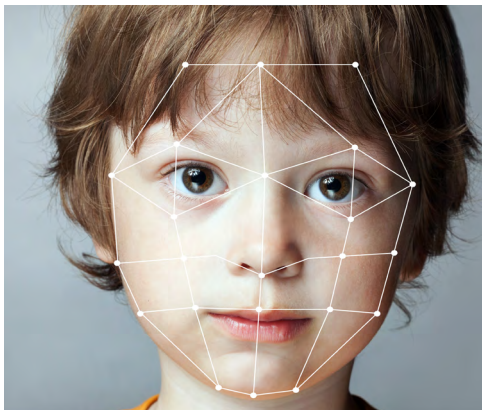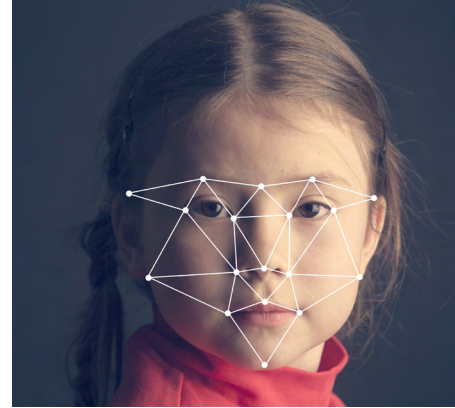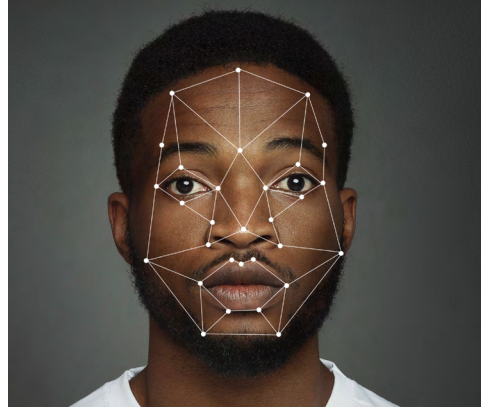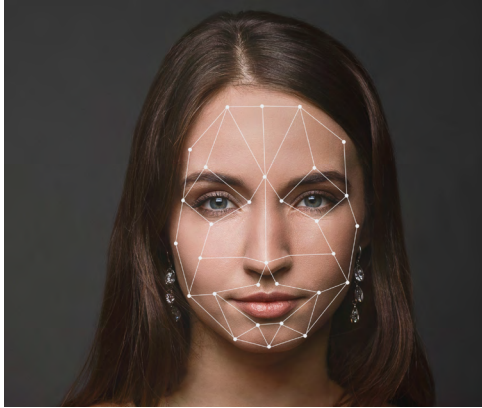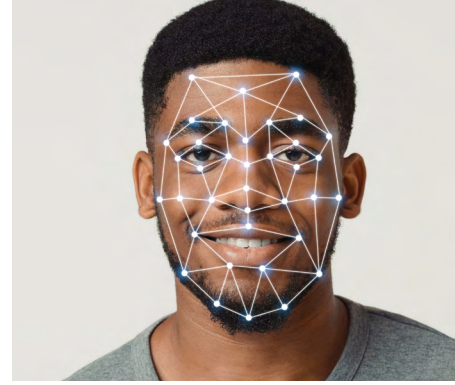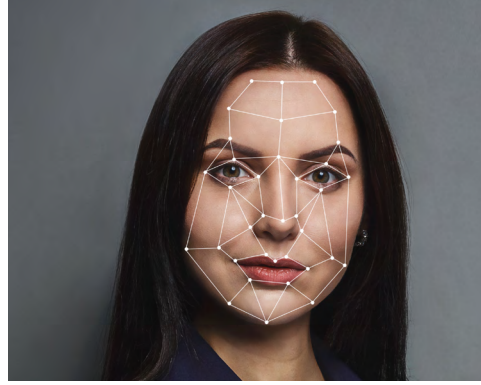
€140 B
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