



Investor Statement on Facial Recognition

We are 50 global institutional investors and their representatives with \$4.5 trillion in assets under management as of December, 2020. As responsible investors, we incorporate Environmental, Social and Governance (ESG) factors, including human rights, in investment decisions and stewardship. While our goal is to create long-term value for our clients, we also seek to create positive impact.

Facial Recognition is one of the new technologies which are continuously changing our daily lives and our vision of the world. Part of the biometric recognition family of technologies, Facial Recognition Technology (FRT) 'identifies' or 'verifies' the identity of a person using a picture or video of their face. In contrast to fingerprints, iris scans, voice recognition, or most other biometric systems, FRT does not require any physical interaction by the end-user. FRT is easily accessible, automatic, seamless and cost effective. Governments, law enforcement agencies and corporates are rushing to adopt FRT in pursuit of increased security and improved efficiency.

But in some instances, new technologies such as FRT may also undermine our fundamental rights. Yet this technology is being designed and used in a largely unconstrained way, presenting risks to basic human rights. Facial Recognition Technology has given rise to 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 databases,
- *Misuse* by some governments, law enforcement agencies or others.

These represent serious reputational, operational, and financial risks for the companies involved in FRT, as well as salient risks to human rights. As mass surveillance expands, technological innovation is outpacing human rights protection. There are growing reports of bans, fines, and blacklistings of the use of FRT. There is a pressing need to consider these questions.

As investors, we commit to incorporating the United Nations Guiding Principles on Business and Human Rights (UNGPs)¹ in our investment analysis of companies involved in Facial Recognition Technology. These Principles urge companies to respect human rights and correct abuses when they occur. The UNGPs 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 will collectively engage with companies to demonstrate that they have established human rights policies and due diligence for all their FRT activities, and that they use their leverage in their business relationships. We will urge companies to take reasonable and pro-active steps to anticipate possible impacts of FRT, focusing on the most serious and severe potential harm, as well as on communication with their stakeholders. Specifically, we will ask companies to :

- Disclose the accuracy of their technology after measurement by a recognised and relevant scientific assessment institution.
- Disclose the source(s) of their image 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.
- Demonstrate that effective grievance mechanisms are in place to enable victims to report consequences and to access remedies.

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

¹ Roadmaps for the Identification, Assessment, and Conduct towards human rights and technology are offered by the UNGP's B-Tech Foundational Papers. United Nations Human Rights, Office of the High Commission. *Identifying and Assessing Human Rights Risks Relate to End-Use*. September, 2020. <https://www.ohchr.org/Documents/Issues/Business/B-Tech/identifying-human-rights-risks.pdf>
United Nations Human Rights, Office of the High Commission. *Taking Action to Address Human Rights Risks Related to End-Use*. September, 2020. <https://www.ohchr.org/Documents/Issues/Business/B-Tech/taking-action-address-human-rights-risks.pdf>

Signatories:

A collaborative initiative launched by Candriam



Supporting Investors:

Achmea Investment Management



Aequo



Assenagon Asset Management S.A.



Aviva Investors



BMO Global Asset Management



Bon Secours Mercy Health



Boston Common Asset Management



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C-QUADRAT Asset Management



Church of England



Common Spirit



Congregation of St. Joseph



Dana Investment advisors



Daughters of Charity



DNB Asset Management



EdenTree Investment Management



Ethos Foundation



Glasswing Ventures



Hearland Initiative



ISGAM AG



KLP



Local Authority Pension Fund Forum



Degroof Petercam Asset Management



Domini Impact Investments



EOS at Federated Hermes



Future Super



GW&K Investment Management, LLC



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Le Regroupement pour la Responsabilité Sociale des Entreprises



Regroupement pour la Responsabilité Sociale des Entreprises

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