

*Telefonica*

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# AI Principles of Telefonica



Approved by Executive Committee

TELEFÓNICA, S.A.

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## Introduction

Big Data and Artificial Intelligence (AI) are helping people, teams and organizations, through the use of large amounts of data and complex algorithms, to take more objective, data-driven decisions. There are many great examples of AI<sup>1</sup> showing improvements in business, life and society, such as improved medical diagnosis, self-driving cars, automatic translation, personalisation of products and services, supply-chain optimization, management of humanitarian disasters, climate change, to name just a few.

Telefonica has been using AI for several years to optimize its business processes, to improve the customer relation and experience, and to help improve operations of our B2B customers. We see an increasing role for human-machine collaboration to bring our businesses to the next level.

With all those opportunities also comes great responsibility. The application of AI technology may lead to unfair or discriminatory results if the person or team that designs or implements the services is not cautious and aware of potential unwanted outcomes.

We are strongly committed to respecting Human Rights, as is stated in our Business Principles and our Human Rights Policy, as well as all other internal policies that have been derived therefrom. We are committed to developing products and services aimed at making the world a better place to live and mitigating any negative impacts technology may have on society or the environment. Technology should contribute to making society more inclusive and offer better opportunities for all, and we believe AI can contribute to these goals.

In this document, we describe the principles Telefonica abides when designing, developing or using AI. We are committed to implementing them in our products and services. For this, we are implementing a methodology "Responsible AI by Design", to be used internally.

## Fair AI

We seek to ensure that the applications of AI technology lead to fair results. This means that they should not lead to discriminatory impacts on people in relation to race, ethnic origin, religion, gender, sexual orientation, disability or any other personal condition. We will apply technology to minimize the likelihood that the training data sets we use create or reinforce unfair bias or discrimination.

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<sup>1</sup> Artificial intelligence (AI) refers to systems that display intelligent behaviour by analysing their environment and taking actions – with some degree of autonomy – to achieve specific goals. AI-based systems can be purely software-based, acting in the virtual world (e.g. voice assistants, image analysis software, search engines, speech and face recognition systems) or AI can be embedded in hardware devices (e.g. advanced robots, autonomous cars, drones or Internet of Things applications) - <https://ec.europa.eu/digital-single-market/en/news/communication-artificial-intelligence-europe>

When optimizing a machine learning algorithm for accuracy in terms of false positives and negatives, we will consider the impact of the algorithm in the specific domain.

## Transparent and Explainable AI

We will be explicit about the kind of personal and/or non-personal data the AI systems uses as well as about the purpose the data is used for. When people directly interact with an AI system, we will be transparent to the users that this is the case.

When AI systems take, or support, decisions we take the technical and organizational measures required to guarantee a level of understanding adequate to the application area. In any case, if the decisions significantly affect people's lives, we will ensure we understand the logic behind the conclusions. This will also apply when we use third-party technology.

## Human-centric AI

AI should be at the service of society and generate tangible benefits for people. AI systems should always stay under human control and be driven by value-based considerations. Telefonica is conscious of the fact that the implementation of AI in our products and services should in no way lead to a negative impact on human rights or the achievement of the UN's Sustainable Development Goals. We are concerned about the potential use of AI for the creation or spreading of fake news, technology addiction, and the potential reinforcement of societal bias in algorithms in general. We commit to working towards avoiding these tendencies to the extent it is within our realm of control.

## Privacy and Security by design

AI systems are fuelled by data, and Telefonica is committed to respecting people's right to privacy and their personal data. The data used in AI systems can be personal or anonymous/aggregated. When processing personal data, according to Telefonica's privacy policy, we will at all times comply with the principles of lawfulness, fairness and transparency, data minimisation, accuracy, storage limitation, integrity and confidentiality. When using anonymized and/or aggregated data, we will use the principles set out in this document.

In order to ensure compliance with our Privacy Policy we use a Privacy by Design methodology. When building AI systems, as with other systems, we follow Telefonica's Security by Design approach.

We apply, according to Telefonica's privacy policy, in all of the processing cycle phases, the technical and organizational measures required to guarantee a level of security adequate to the risk to which the personal information may be exposed and, in any case, in accordance with the security measures established in the law in force in each of the countries and/or regions in which we operate.

## Working with partners and third parties

When we deliver AI-based products and services to our customers in collaboration with partners or third parties, we contractually reserve the right to verify with our suppliers that the logic and data used as declared by the suppliers are true.