Telefonica Artificial Intelligence Principles: AI Code of conduct

Global AI Coordination team

Artificial Intelligence (AI) is a key technology for innovation, that is making it possible to accelerate digital transformation, and it can ultimately bring a lot of progress to society and industries. We are currently experiencing a democratization stage of this technology, thanks to generative AI and general-purpose AI models, and these types of solutions are already part of our day-to-day life.

In fact, AI is already used to improve the lives of people and society, through the optimization of medical diagnosis, the management and prevention of humanitarian disasters, and to advance the sustainable development goals, among others. In the corporate environment, AI promotes innovation in services and new business models, improves personalized interactions with customers, and generates efficiencies.

At Telefónica, we see AI as an opportunity poised to enhance well-being, drive economic growth, make a positive social impact, and boost our competitive advantage, provided it is developed and used responsibly, with a people-centered approach.

Our strong commitment to human rights makes us work to identify, prevent, and mitigate negative impacts that technology can have on people, society, or the environment. We think AI can contribute to creating a more inclusive society and to offer better opportunities to everybody.

Recognizing the global nature of AI, our principles are in line with the proposals of international standards such as OECD, Europe´s Council and the UNESCO, with whom we cooperate to address the challenges that AI may pose.

The present AI code of conduct is intended to promote the adoption of a trustworthy and people-centered AI and ensure a high-level protection of health, security, fundamental rights, and environment. These Principles have guided us since their definition in 2018 and will keep doing so from this update we present in 2024.

We have a company-wide **governance model**, which was approved in 2023, to put these principles in practice, that allows us to take advantage of the AI´s full potential, while protecting persons and minimizing possible risks. In addition, we realize these ethical goals through the performance of risk assessments and the creation of tools to minimize bias, improve explainability, accessibility, and environmental efficiency.

Human-centered AI

At Telefónica we know the most valuable connections are those between people, therefore, we want AI to contribute to making our world more human.

Thus, we ensure that AI respects and promotes Human Rights, and that is based on values such as non-discrimination, equity, diversity, and social fairness. We are concerned about the welfare of people and the protection of vulnerable groups, so we are also committed to working to preserve personal integrity and to avoid the potential negative impacts of AI in this sense.

We believe human oversight, appropriate to each AI use case, is crucial to preserve human dignity and free decision-making. We seek to develop and implement AI systems attending to human-centered design principles, that enlarge and complement cognitive, social, and cultural aptitudes, and generate a space of multiple opportunities to favor and safeguard human autonomy.

Transparent & explainable AI

Our goal is to achieve trustworthy AI, so it is essential to reach an adequate comprehension of AI systems. We try to comprehend the logic behind the conclusions, recommendations and decisions made by the models, so that we can avoid possible mistakes and increase user trust.

We want to be transparent, facilitating the understanding of how the system works, and ensuring that people are aware of their interaction with AI. We strive to achieve an explainable AI, that would allow us to track the reasons behind results achieved by AI, maintaining a fair balance between performance and explainability.

Transparency and explainability enable us to ensure that appropriate responsibilities are met.

Fair & inclusive AI

We promote the accuracy of the results of our AI systems for fair and reliable decisions to be made. In addition, we work to ensure that our AI is representative and accessible, and to foster that technological applications of AI produce fair results, encourage inclusivity, and guarantee equity, achieving that AI benefits are accessible to everyone.

This implies results should not lead to discriminatory impacts by reason of gender, race, ethnicity, religion, sexual orientation, disability, or other conditions. That´s why, we work on applying technology to minimize the likelihood of training data sets to create or reinforce bias or unfair discrimination, as well as bias that could be introduced in the design and implementation of algorithms. We believe AI can provide a chance for people to make fairer and more balanced decisions, as long as we embrace a responsible, fair, and inclusive design approach.

AI respectful of privacy and security

AI systems rely on data, which in many cases can be of a personal nature, both in the modeling and training stages of the systems, as well as when they are in production. At Telefónica we commit to respecting the right to data protection and privacy of individuals. When processing personal data, and in accordance with our privacy policy, we will comply at all times with the principles of lawfulness, loyalty and transparency, data minimization, accuracy, limitation in its retention period and in its purpose, integrity, and confidentiality, always complying with the principle of active responsibility. To ensure the compliance of our privacy policy, we use privacy by design methodology.

When building AI systems, as with other systems, we follow our security policy. In accordance with this, we apply in all phases of the data processing and analysis cycle the technical and organizational measures that are needed to guarantee a security level adequate to the risk, and, in any case, in conformity with safety measures established in the legislation in force in each country or region where we operate. We will also ensure that our AI systems are solid and robust against attacks or manipulation attempts, thus minimizing possible risks.

We believe traceability is essential to ensure cybersecurity of AI systems, as it enables tracing and documenting the decision-making process, and identifying and mitigating potential security risks since the design and development phase.

AI committed to the environment

Our commitment to the planet leads us to promote AI as a differential tool for preserving the environment. In a world where AI has the power to influence almost every aspect of our lives, it is crucial that we harness this technology in a way that drives environmental sustainability and contributes, for example, to fostering circular economy and alleviating the climate crisis. Through collaboration and compliance with applicable standards, we aim to ensure that AI advances make a positive and responsible contribution to the planet.

Consistent with our goal of being a net-zero emissions company by 2040, at Telefónica we work to minimize the environmental impact of AI, primarily by optimizing the energy efficiency of AI systems, the data on which they are based, and the environments and infrastructures that contain them. To secure the effectiveness of our actions, we strive to assess the environmental impact of our AI systems and to take measures to reduce their carbon footprint.

AI with responsibility and accountability through the value chain

We strongly believe that human oversight, responsibility, and accountability are irreplaceable by AI. We strive to ensure the correct functioning of AI systems we operate with, throughout the entire life cycle, in our own developments, when we include third-party components, and when we commercialize them. This responsible approach contributes to the anticipation of potential negative impacts so that we can mitigate and avoid them.

We are aware of how complex the AI value chain can be and how many actors can be involved in a use case. To avoid omission of responsibilities, we work to ensure the traceability of decisions made throughout the process. In addition, our consultation channels allow us to address questions and comments from our customers, thus taking responsibility for improving our product offerings, services, and experiences.

Our AI governance model defines roles and functions in a way that materializes the assumption of responsibilities by all actors in the value chain. It also provides the necessary mechanisms of accountability in the event of negative impacts, facilitating auditability through the provision of proof and evidence that document the process, and to ensure compliance with applicable legislation and standards.

Notes:
According to the AI Act (European AI regulation approved in December 2023), an AI system is a machine-based system designed to operate with different levels of autonomy, which can show adaptive capability after deployment and which, for explicit or implicit objectives, infers from the input information it receives how to generate output information, such as predictions, content, recommendations or decisions, which can influence physical or virtual environments.

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