

Privacy Requirement

# Artificial intelligence

Deutsche Telekom Group

Version	1.0
Date	Oct 10, 2023
Status	final

# Publication Details

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Published by  
Deutsche Telekom AG  
Law & Integrity  
Group Privacy  
Friedrich-Ebert-Allee 140, 53113 Bonn  
Germany

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File name	Document number	Document type
	P-00000944	Privacy requirement

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Version	State	Status
1.0	Oct 10, 2023	final

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Contact	Validity	Released by <b>GPR</b>
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## Summary

This Data Protection Requirement has been prepared based on the provisions of the General Data Protection Regulation and the "Binding Corporate Rules Privacy" Group Policy. This document sets out the requirements for the use of AI within the DTAG Group. The aim of this Data Protection Requirement is to ensure that AI solutions are legally compliant. There must be uniform standards within the Group when it comes to the assessment and development of AI solutions.

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# Table of Contents

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1.	Introduction	4
2.	Definitions	5
3.	General Requirements	6
3.1.	Data management and legal basis	6
3.2.	Transparency	8
4.	Special Requirements	10
4.1.	Automated individual decision-making	10
4.2.	Generative AI	11
5.	Applicability	12
6.	References to other documents	13
7.	Glossary	14

# 1. Introduction

In order to provide a starting point for the privacy-friendly development and use of AI systems within Deutsche Telekom Group, in line with the applicable privacy laws and regulations, including the General Data Protection Regulations as well as the applicable internal rules and regulations of the Group, such as the “Digital Ethics Guideline on AI” and “AI Engineering and Usage – Deutsche Telekom professional ethics”, we hereby provide privacy requirements on AI.

The AI guidelines from the DT Digital Ethics Guideline on AI are as follows:

- We are responsible.
- We care.
- We put customers first.
- We are transparent.
- We are secure.
- We set the grounds.
- We keep control.
- We foster the cooperative model.
- We share and enlighten.

All of the above ethical guidelines have their anchors in ensuring human rights, including privacy. This means that in order to fully meet the ethical standards of using AI within Deutsche Telekom Group, privacy requirements must also be taken into account and fulfilled. Transparency regarding the training, validating, testing and/or operating the AI system and the lawfulness of data processing in AI systems are key to have a privacy-compliant framework and also to meet the above ethical guidelines.

This Privacy Requirement on AI aims at elaborating the above AI guidelines from a privacy perspective, with a strong focus on the application of privacy principles (lawfulness, fairness and transparency; purpose limitation; data minimisation; accuracy; storage limitation; integrity and confidentiality; accountability) to the use of AI systems, in order to provide practical guidance across Deutsche Telekom Group to AI-related projects and for the implementation as well as the use of AI systems in different business areas and for various use cases.

This Privacy Requirement shall be subject to continuous review and fine-tuning, for providing a flexible framework for AI-related activities in a privacy-preserving way within Deutsche Telekom Group.

## 2. Definitions

**Artificial Intelligence system (AI system)** means a machine-based system that is designed to operate with varying levels of autonomy and that can, for explicit or implicit objectives, generate outputs (including predictions, recommendations, or decisions) that influence real (physical) or virtual environments. (OECD´s Recommendation of the Council on Artificial Intelligence, Section I, *see also in Amendments adopted by the European Parliament on 14 June 2023 on the proposal for a regulation of the European Parliament and of the Council on laying down harmonised rules on artificial intelligence (Artificial Intelligence Act) and amending certain Union legislative acts, Art. 3 (1)*)

The definition of AI system also covers systems with AI-based component(s).

**Foundation model** means an AI system model that is trained on broad data at scale, is designed for generality of output, and can be adapted to a wide range of distinctive tasks. (*see Amendments adopted by the European Parliament on 14 June 2023 on the proposal for a regulation of the European Parliament and of the Council on laying down harmonised rules on artificial intelligence (Artificial Intelligence Act) and amending certain Union legislative acts, Art. 3 (1c)*)

**Generative Artificial Intelligence (generative AI)** means AI systems specifically intended to generate, with varying levels of autonomy content such as complex text, images, audio, or video. (*see Amendments adopted by the European Parliament on 14 June 2023 on the proposal for a regulation of the European Parliament and of the Council on laying down harmonised rules on artificial intelligence (Artificial Intelligence Act) and amending certain Union legislative acts, Art. 28b (4)*)

**Prompt** means instructions issued to a computer system, including AI systems in the form of written or spoken language.

## 3. General Requirements

In connection with the use of Artificial Intelligence, all the GDPR and BCRP requirements must be taken into account, applied and complied with. However, privacy-compliant use of AI within the Group also requires the adaptation of privacy requirements to the privacy challenges associated with the use of AI.

### 3.1. Data management and legal basis

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Req 1            Data sources regarding the personal data to be used also for training, validating, testing or operating the AI system MUST be legal, traceable and documented.

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*Motivation: To meet accountability requirements and to enable the data controller to fulfill its data protection obligations, it is necessary that the data sets containing personal data are traceable, i.e., the compliance with data protection rules can be tested and audited regarding the data sets that are used by the AI system.*

*SDM Transparency | GDPR Art. 5 para. 2, Art. 7 para. 1, Art. 24 para. 1, Art. 28 para. 3 lit. a, Art. 30, Art. 33 para. 5, Art. 35, Art. 58 par. 1 lit. a and lit. e | BCRP § 8, § 21*

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Req 2            The characteristics, relevance and adequacy of personal data to be used to train, validate or test the AI system MUST be identified, documented, and duly justified ("data minimisation").

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*Motivation: The basic principle of data protection regarding "data minimisation" also applies to the training, testing and validating of AI systems.*

*As the training, testing and validating of AI systems often requires huge amount of data, including personal data, it is especially relevant to find the right balance between the needs for data for training, validating, testing or operating the AI system and to limit the use of data to the necessary extent and to use data that adequate and relevant for the purposes of the processing and the intended use of the AI system.*

*SDM Data minimisation | GDPR Art. 5 para. 1 lit. c | BCRP § 15*

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Req 3            In case of finding inaccurate data in the data set used for the training, validating, testing or operating the AI system, such inaccurate data MUST be erased or rectified without delay ("accuracy").

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*Motivation: Accuracy is a basic principle of data protection and also an important evaluation factor regarding the performance of the AI system. To achieve high quality regarding the use of AI systems, data used for different purposes regarding the AI system shall be adequate and accurate for the intended use. In case of using inaccurate data for the training the AI system, it should be assessed whether the retraining of the system is necessary to avoid inaccurate output.*

*SDM Integrity | GDPR Art. 5 para. 1 lit. d | BCRP § 20*

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Req 4            If personal data collected for a specific purpose is planned to be further used also for training, validating, testing or operating the AI system, the legal basis for this additional (further) processing MUST be provided prior to the commencement of such further data processing activities.

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*Motivation: The further use of personal data must also be based on a valid legal bases that justifies the processing for training, validating, testing or operating the AI system.*

*Where the processing by using the AI system for a purpose other than that for which the personal data have been col-*

lected is not based on the data subject's consent or on a Union or Member State law, for the legality of the processing the following MUST be taken into account:

- any link between the purposes for which the personal data have been collected and the purposes of the intended further processing;
- the context in which the personal data have been collected, in particular regarding the relationship between data subjects and the controller;
- the nature of the personal data, in particular whether special categories of personal data are processed;
- the possible consequences of the intended further processing for data subjects;
- the existence of appropriate safeguards, which may include encryption or pseudonymisation.

*SDM Unlinkability | GDPR Art. 5 para. 1 lit. c | BCRP § 9*

*SDM Transparency | GDPR Art. 5 para. 1 lit a, Art. 12 para. 1 and 3 to Art. 15, Art. 34 | BCRP § 5, § 6, § 7, § 24*

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Req 5            If the processing by using the AI system is based on the consent of the data subject (opt-in), the data subject MUST be informed about the fact that an AI system is used for the processing and if the data subject withdraws his/her consent, the processing regarding the data subject is terminated without delay.

*Motivation: Consent is one of the potential legal bases for the processing of personal data. The consent must be freely given, specific, informed and unambiguous indication of the data subject's wishes. The information regarding the use of an AI system must be provided to the data subject to get a valid, informed consent regarding the processing involving the use of the AI system.*

*SDM Intervenability | GDPR Art. 4 No. 11, Art. 7 and 4 | BCRP § 11*

ID: 1383056-5/i15

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Req 6            If a third-party service provider is used in connection with providing services by using the AI system, an exit strategy MUST be in place that delineates how to handle the personal data in case of terminating the cooperation with the third-party service provider.

*Motivation: In case of the termination of third-party services, it must be ensured that personal data is handled in line with the applicable data protection rules (i.e., all personal data processed shall be deleted or returned to the controller after the end of the provision of services). In case of terminating the cooperation with a third-party provider, the further use of personal data by such service provider shall be ceased.*

*SDM Transparency | GDPR Art. 5 para. 2, Art. 7 para. 1, Art. 24 para. 1, Art. 28 para. 3 lit. a, Art. 30, Art. 33 para. 5, Art. 35, Art. 58 par. 1 lit. a and lit. e | BCRP § 8, § 21*

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Req 7            The use of

- synthetic data,
- anonymized data,
- pseudonymized data, and/or
- encrypted data

for the training, validating, testing of the AI system SHOULD be prioritized over the use of clear data, in the order as listed above.

*Motivation: The principle of data minimisation should apply to any information concerning an identified or identifiable natural person. When the purposes of the processing can be achieved without using personal data, such ways should*

be prioritized.

*Personal data which have undergone pseudonymisation, which could be attributed to a natural person by the use of additional information should be considered to be information on an identifiable natural person. However, the use of pseudonymized or encrypted data generally increases the security of processing, therefore such measures should be taken into account also in connection with the use of personal data for processing by AI systems.*

*SDM Intervenability | GDPR Art. 25 para 2, Art. 33, para 3 lit. d, Art. 34 para 2 | BCRP § 20, § 31*

ID: 1383056-7/i15

## 3.2. Transparency

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Req 8            If publicly available personal data is used for the training, validating, testing or operating the AI system, the information about such data processing **MUST** be published in a way that the information is available and accessible to the individuals potentially affected by the processing before such processing starts.

*Motivation: As the training, validating, testing or operating of AI systems often requires huge amount of data, the use of data publicly available (e.g., on the Internet, in social media, etc.) is often considered as a possibility. It must be noted, however, that personal data that is publicly accessible is still subject to data protection laws and the use of such data must also meet the data protection requirements, including the obligation to have a proper legal basis for processing the data and that the processing shall be transparent, i.e. information must be provided to the data subjects.*

*SDM Unlinkability | GDPR Art. 5 para. 1 lit. c | BCRP § 9*

*SDM Transparency | GDPR Art. 5 para. 1 lit a, Art. 12 para. 1 and 3 to Art. 15, Art. 34 | BCRP § 5, § 6, § 7, § 24*

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Req 9            The user **MUST** be informed if she/he directly interacts with an AI system and a feedback mechanism **SHOULD** be provided to the users to make it possible to give feedback by the users on user-identified issues in connection with the functioning of the AI system.

*Motivation: The use of AI system must be transparent for the users. Direct interaction with the AI system also provides the possibility to collect instant feedbacks from the data subjects (users) on potential malfunctioning of the system, also affecting data protection requirements (e.g., accuracy).*

*SDM Transparency | GDPR Art. 5 para. 1 lit a, Art. 12 para. 1 and 3 to Art. 15, Art. 34 | BCRP § 5, § 6, § 7, § 24*

ID: 1383056-9/i15

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Req 10           If personal data is collected for various different purposes, including the training, validating, testing or operating of the AI system, the data subject **MUST** be informed about all purposes and the legal basis of processing linked to each processing purpose, prior to the collection of the data.

*Motivation: Purposes of data processing must be determined by the controller prior to the commencement of any processing activity. If the intended processing also includes any processing activity in connection with the use of an AI system, this must be clear also for the data subjects and the legal basis of the processing must also be determined in line with the purpose of the processing. Such information generally can be provided in the privacy policy of the given service or product.*

*Please note that due to the nature of AI systems, the different stages of life cycles of the AI system, different legal basis could be applicable. Each processing purpose and stage must be based on a valid legal basis.*

*SDM Unlinkability | GDPR Art. 5 para. 1 lit. c | BCRP § 9*



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Req 11            If the AI system provides outputs to its users, the users of the system MUST be given understandable information whether the output of the system is a recommendation or a decision.

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*Motivation: It must be differentiated between systems that can be used to support human decisions (e.g., by giving recommendations to their human operators) and systems that make decisions (automated decision-making, please see the specific privacy requirements regarding such systems below).*

*SDM Intervenability | GDPR Art. 32 para. 1 lit. d | BCRP § 21, § 32*

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Req 12            In case of finding inaccurate output of the AI system immediate human intervention MUST be ensured.

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*Motivation: The availability of monitoring also serves the purpose that if it is necessary, inaccurate data can be removed quickly to avoid bias (e.g. discriminative outputs). The outputs shall also be monitored to make the necessary steps (including the use of kill switch) if the outputs are inappropriate or biased.*

*SDM Transparency | GDPR Art. 5 para. 2, Art. 7 para. 1, Art. 24 para. 1, Art. 28 para. 3 lit. a, Art. 30, Art. 32, 33, 34, Art. 35, Art. 58 par. 1 lit. a and lit. e | BCRP § 8, § 21, § 32*

## 4. Special Requirements

### 4.1. Automated individual decision-making

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Req 13            The data subject MUST have the right, with some exceptions, not to be subject to a decision with legal or otherwise significant effect based solely on automated individual decision-making, including profiling.

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*Motivation: Automated individual decision-making means a decision-making process, the output of which is a decision based solely on automated processing, including profiling, which produces legal effects concerning the data subject or similarly significantly affects him or her. (Art. 22 (1) GDPR).*

*If the output of the AI system is not a decision but "only" a recommendation, the provisions regarding automated individual decision-making shall not be applicable.*

*SDM Intervenability | GDPR Art. 22 para 3 | BCRP § 12*

ID: 1383056-13/i15

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Req 14            The logic involved in the automated individual decision making by the AI system MUST be explained to the data subject in a plain language.

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*Motivation: For an AI system to be trustworthy, it must be understood why it behaved in a certain way in a given situation and on the basis of which interpretation this was done.*

*The explanation should cover the following aspects:*

- *the logic of the operation (used metrics and data; error and precision values),*
- *the significance (categories and criticality of data),*
- *the expected consequences of the result (what is decided by the AI system and what not), and*

*the limitations of using the AI system (human oversight & intervention)*

*It is also recommended to use visualization and other tools that make it easier for the data subjects to understand the logic and way of working of the AI system.*

*SDM Transparency | GDPR Art. 5 para. 1 lit a, Art. 12 para. 1 and 3 to Art. 15, Art. 34 | BCRP § 5, § 6, § 7, § 24*

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Req 15            In case of automated individual decisions with legal or otherwise significant effect made by using the AI system, the possibility of overriding such decisions by human decisions, at the request of the data subject, MUST be available. The data subject MUST be provided the possibility to express his or her point of view and to contest the automated individual decision.

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*Motivation: The human control over the AI system must be provided. In case of automated individual decision making with legal or otherwise (e.g. financially) significant effect, the possibility of human intervention, at the request of the data subject, must be available. The way of exercising the right of obtaining human intervention shall be designed in a manner to make this easy and accessible for data subjects. Information regarding such right shall be transparently provided. The data subject must not suffer any disadvantages because of exercising his/her right to request human intervention against the automated individual decision.*

*In order to have qualified personnel to operate and monitor the AI system and to provide the adequate human intervention, they shall be provided with the necessary resources to be able to carry out their tasks. The way how such decision can be overridden or reversed must be documented and the persons working with the system must be informed about how the method of overriding or reversing decision can be activated and used correctly.*

*SDM Intervenability | GDPR Art. 22 para 3 | BCRP § 12*

## 4.2. Generative AI

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Req 16 In case of the use of generative AI, necessary measures MUST be in place to mitigate the risks in connection with inaccurate, biased, toxic, hateful, abusive and aggressive output (including “hallucination”).

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*Motivation: The output of the generative AI solution must be monitored, and necessary measures must be taken to prevent harmful outputs.*

*SDM Integrity | GDPR Art. 5 para. 1 lit. d, Art. 22 para 3, 4 in connection with recital 71 | BCRP § 12, § 20*

Req 17 In case of use of generative AI, users MUST be informed if the prompts and / or generations of the users are stored. Such information MUST include the purpose, the legal base of such storage as well as the storage period.

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*Motivation: Transparency regarding the prompts and / or generations shall also be specifically provided.*

*SDM Transparency | GDPR Art. 5 para. 1 lit a, Art. 12 para. 1 and 3 to Art. 15, Art. 34 | BCRP § 5, § 6, § 7, § 24*

Req 18 In case of prompts that may contain personal data, such personal data SHOULD be redacted prior to sending such prompt for further processing by the AI system or the system with AI-based component, unless the personal data content of the prompt is necessary for achieving the purpose of processing and there is a legal basis for doing so.

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*Motivation: To meet data minimization and data protection by design and by default principles, the personal data content of prompts should not be further processed, unless it is necessary. The effective application of data subjects' rights must also be ensured, including the exercise of right to access or right to be forgotten.*

*SDM Data minimisation | GDPR Art. 5 para. 1 lit. c | BCRP § 15  
SDM Intervenability | GDPR Art. 25 para 2*

Req 19 In case of use of generative AI, prompts and generations MAY only be used to train, retrain or improve the base models if the conditions for processing of personal data for such purpose are also provided.

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*Motivation: Prompts and generations may contain personal data. This means that the general requirements regarding the processing of personal data shall apply.*

*SDM Intervenability | GDPR Art. 25 para 2  
SDM Integrity | GDPR Art. 32, 33, 34 | BCRP § 21, § 32*

## 5. Applicability

This Data Protection Requirement has been approved by the Group Data Privacy Officer (L GPR) for implementation in Deutsche Telekom Group companies. Compliance with the requirements listed is a pre-requisite for the release of applications and systems using AI under data protection law. If these requirements cannot be met, alternative measures must be agreed.

## 6. References to other documents

[Binding Corporate Rules Privacy \(BCRP\) - Binding corporate rules for the protection of personal rights in the handling of personal data within the Deutsche Telekom Group](#)

[Deutsche Telekom`s Digital Ethics Guidelines on AI](#)

[AI Engineering and Usage – Deutsche Telekom professional ethics](#)

[Handbook for the Digital Ethics Assessment Portal](#)

[Deutsche Telekom Group`s Privacy Requirements on](#)

- [Processing of Personal Data according to GDPR](#)
- [Big Data](#)
- [Cloud Computing](#)
- [Data protection information for customers](#)
- ["Data transfer to third countries"](#)
- [Anonymization and Pseudonymization](#)

## 7. Glossary

AI

Artificial Intelligence

BCRP

Binding Corporate Rules Privacy

DEA

Digital Ethics Assessment

GDPR

General Data Protection Regulation

GPR

Group Privacy

PSA

Privacy and Security Assessment