

Telefónica, S.A.

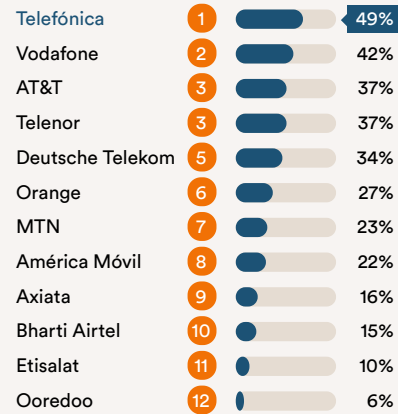
Rank:

1st

Score:

49%

Headquartered in Spain, Telefónica provides mobile and fixed-line broadband and telephony to more than **343 million customers** in Europe and Latin America.



For the second index cycle in a row, Telefónica earned the top score among telecommunications

companies. The company pulled ahead of industry peers Vodafone and AT&T in the 2019 RDR Index for improved transparency across many areas, including how it handles government censorship and network shutdown demands. Since then, the company addressed all three of our **key recommendations** from the 2019 RDR Index, improving policies around security, user information handling, and transparency reporting. Telefónica continued to outperform even the leading digital platforms in our governance category, standing out for its strong remedy **mechanism** to address human rights grievances.

Key takeaways

- Telefónica had the best governance of any company we rank, complemented by strong transparency of policies affecting privacy and freedom of expression.
- Telefónica was the only company to publish an AI-human rights principles policy along with operational-level policies governing the development and use of algorithmic systems.
- Telefónica was more transparent about its handling of user information than any telecommunications company we rank except Deutsche Telekom, though it still failed to clearly explain what user information it shares.

Key recommendations

- Expand due diligence. Telefónica should continue broadening the scope of its human rights risk assessments to include targeted advertising and zero rating.
- Improve on security. Telefónica should continue improving security policies, particularly by pledging not to pursue legal action against external researchers who find bugs in the company's software.
- Give users more control. Telefónica should give users more options to control how it handles their information and explain how it shares data with third parties.

Services evaluated:



Movistar (Prepaid mobile)



Movistar (Postpaid mobile)



Movistar (Fixed-line broadband)

The 2020 RDR Index covers policies that were active between February 8, 2019 and September 15, 2020. Policies that came into effect after September 15, 2020 were not evaluated for this Index.

Scores reflect the average score across the services we evaluated, with each service weighted equally.

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Operating company evaluated:

Telefónica Spain

For telecommunications companies, the RDR Index evaluates relevant policies of the parent company, the operating company, and selected services of that operating company.

Market cap: \$24.83 billion (as of February 4, 2021)

BME: TEF

Website: <https://www.telefonica.com>

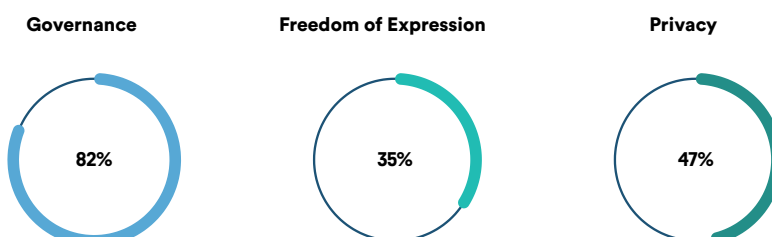
Changes since 2019

- Telefónica clarified that it assesses the human rights impacts of laws and regulations on its existing products and services.
- Telefónica reported more data about government censorship and surveillance demands.
- Telefónica improved its security policies by disclosing that it commissions third-party security audits and committing to notify authorities of data breaches in some cases.
- Telefónica lost points for removing its stated commitment to notify users when access to online content is blocked.



+ 4.3 points

Gained 4.3 points on comparable indicators since the 2019 RDR Index.



We rank companies on their governance, and on their policies and practices affecting freedom of expression and privacy.

Governance 82%

Telefónica earned the highest governance score of any company in the RDR Index, due to its strong commitment to human rights, robust due diligence practices, and remedy procedures.

- **Commitment to human rights:** Telefónica disclosed a clear commitment to protect and respect freedom of expression and information as well as privacy rights, and was one of only two companies in the RDR Index—along with Vodafone—that clearly committed to respect these human rights in their development and use of algorithmic systems (G1).
- **Human rights due diligence:** Telefónica disclosed that it conducts impact assessments on the freedom of expression and privacy risks of government regulations in the markets in which it operates, on its own policy enforcement, and on its development and deployment of algorithms (G4a, G4b, G4d). It did not disclose if it conducts impact assessments on risks of its targeted advertising policies and practices (G4c) or of its zero-rating programs (G4e).
- **Stakeholder engagement:** Telefónica is a member of the multi-stakeholder organization Global Network Initiative. However, GNI focuses primarily on government demands and does not include a wider set of human rights issues that internet users face (G5).
- **Remedy:** Telefónica clearly disclosed its process for providing remedy for privacy and freedom of expression and information grievances. The company also published the number of these types of complaints it received and responded to (G6a).

Freedom of Expression 35%

Although Telefónica published more information about its policies affecting freedom of expression than any of its peers, it lacked transparency about how it enforces rules and about how it handles private requests to censor content.

- **Content blocking and account restrictions:** Telefónica was transparent about what types of content and activities are prohibited on its services (F3), but did not publish any data about content it blocked or accounts it suspended for violating these policies (F4).
- **Algorithmic systems:** Telefónica was the only telecommunications company we ranked to publish an operational-level policy governing the use of algorithmic systems across its services (F1d).
- **Advertising content and targeting:** Telefónica published ad content and ad targeting policies (F1b, F1c), but disclosed no data about what actions it took to enforce these rules (F4c).
- **Network management:** Telefónica was one of only four telecommunications companies to publicly commit to uphold net neutrality principles (F9). It also was among the few companies to disclose the number of network shutdown demands it received and complied with (F10).
- **Censorship demands:** Telefónica was clear about how it responds to government censorship requests, including those submitted by governments in foreign jurisdictions (F5a). It was less transparent about how it responds to private requests to block content (F5b) and provided no data about the number of such requests it receives and complies with (F7).
- **Identity policy:** Telefónica disclosed that it requires pre-paid mobile users to provide government-issued identification, which is **legally required in Spain** (F11).

Privacy 47%

Telefónica had the second-best privacy score among telecommunications companies we ranked, after Deutsche Telekom.

- **Handling of user data:** Telefónica stood out for its stronger disclosure of its data inference policies (P3b) and algorithmic system development policies, which include resources to help internal staff develop algorithms in a privacy-respecting way. (P1b). It also clarified its process for de-identifying the user information it retains (P6). However, the company was not clear about its data-sharing practices (P4) and gave users insufficient options to control its use of their information (P7), such as by deleting it or preventing the company from using it to develop algorithmic systems.
- **Government and private demands for user data:** Telefónica improved its reporting on the number of government demands it receives for user information (P10a). It also expanded this reporting to include all of the countries in which it operates (P11a).
- **Security:** Telefónica lagged behind regional peers Vodafone and Deutsche Telekom, but it improved by disclosing that it commissions third-party security audits (P13). It made a commitment to notify authorities of data breaches when required to do so by law, but remained vague about how it would mitigate harm to users (P15).