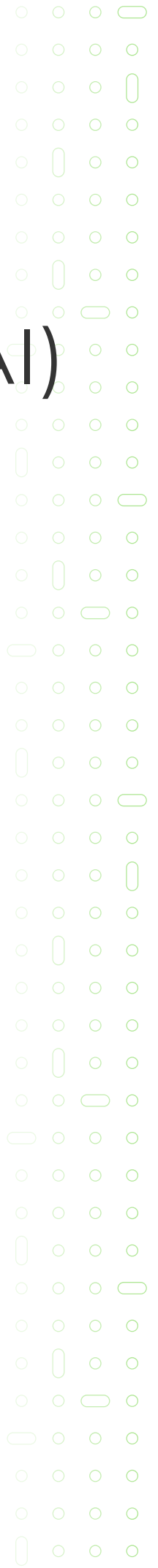


# Artificial Intelligence (AI) Policy

**18<sup>th</sup> December 2024**



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# Artificial Intelligence (AI) Policy

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## Author

<b>Author</b>	<b>Job Title</b>
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## Version History

<b>Version</b>	<b>Summary of Changes</b>	<b>Issue Date</b>
1.0	Artificial Intelligence Policy	Dec 2024 

Please note that printed versions of this document are uncontrolled. Please refer to SHL Sharepoint for the latest version.

# Purpose

The purpose of this AI Policy is to define SHL's approach to the use of artificial intelligence (AI) in its business and services. This policy aims to strike a balance between fostering innovation and ensuring compliance with ethical, legal, and regulatory standards.

# Structure

This policy outlines:

- SHL's objectives in using AI and how these align with compliance and ethical considerations;
- The scope and status of this AI Policy;
- SHL's current use of AI in its products and services;
- Key governance principles and operational frameworks.

# Background

On December 3, 2019, SHL acquired Aspiring Minds (AM), a leading provider of AI-enabled assessments and interviewing services. This acquisition marked a significant milestone in integrating AI into SHL's portfolio of talent solutions.

# Definitions

- Artificial Intelligence (AI): Technologies capable of performing tasks that typically require human intelligence.
- Algorithm: A finite, step-by-step sequence of instructions to generate an output from an input.
- Machine Learning (ML): A subset of AI where systems learn and improve from data without explicit programming for each task.

# Objectives for SHL's use of AI

SHL's goals in leveraging AI include:

- Empowering customers to develop robust digital talent strategies;
- Expanding AI-enabled service offerings;
- Enhancing speed-to-market and operational efficiency;
- Strengthening competitiveness and shareholder value.

# Objectives for SHL's use of AI

SHL is committed to building trust in its AI capabilities by ensuring:

- Respect for privacy;
- Empowerment and engagement of stakeholders;
- Fair, safe, reliable, and secure AI applications;
- Transparency and explainability;
- Ongoing monitoring for validity and fairness;
- Adherence to ethical standards and legal requirements.

## Achieving the Right Balance

To balance innovation with compliance, SHL:

- Supports developers through SHL Labs and fosters collaboration;
- Educates stakeholders on AI issues through communication and training;
- Prioritizes transparency and stakeholder engagement;
- Implements governance frameworks aligned with best practices.

## Scope

This policy applies to all SHL personnel involved in designing, launching, or supporting AI-enabled products and services. It supplements existing policies and outlines specific considerations for AI integration, emphasizing compliance with legal, ethical, architectural, and security standards.

## Status

This AI Policy forms an integral part of SHL's corporate strategy. It is mandatory for all employees and stakeholders involved in AI initiatives. All AI-enabled products and services must receive design approval, ensuring compliance with ethical and legal requirements.

# Ethical Approach to AI

SHL adheres to the UK Government's Data Ethics Framework and incorporates the following principles:

Core AI Ethical Principles	Description
Show clear user need and benefit	Develop AI solutions that address genuine customer needs.
Be aware of relevant legislation	Ensure compliance with applicable laws and regulations.
Use data proportional to need	Collect and process only the data necessary for the task.
Understand data limitations	Identify and address biases or gaps in data.
Ensure robust practices	Maintain accountability, reproducibility, and security.
Make AI explainable and accountable	Ensure transparency in AI decisions and processes.
Embed responsible data use	Promote ethical and sustainable AI practices.

These principles are integrated into product and development tracking systems to ensure ongoing compliance.

## SHL's Use of AI

### 1. Current AI-Enabled Services

SHL leverages AI across several platforms and services. Below is an overview:

Service Name	Description	Current Regions	Planned Expansion
Autoview	AI-enabled video interviewing (English)	USA, EU, China, Philippines and India	Spanish, French and Mandarin
Automata	AI-enabled coding assessments	USA, EU, China and Philippines	

Essay & Email Assessment	AI-NLP evaluation of essays and emails		
SVAR	AI-enabled spoken language evaluation	USA, China, India, Philippines and Latin America	German, Portuguese Dutch and Italian
Chat Agent Test (Conversational Chat Simulation)	AI-NLP chat simulations	USA, India, Philippines and Latin America	Multi-chat assessments
AI-enabled Resume Matching	AI-powered resume analysis and matching		Matching resumes for job profiles/skills & learning over time;
Talent Reports (No PI)	Data-driven insights (anonymized)		US, India, China Coding Skills; Interview skills & performance

## 2. Use of AI algorithms in our assessment

*It is important that AI algorithms are provided an input/feature which are predictive of a candidate's job performance and there is proven evidence in the research literature. SHL's expertise in Industrial/Organization Psychology and AI is applied together to make sure that our algorithms operate on data points (input) which are predictive of a job performance or outcome.*

*We do not use data points related to visual appearance (facial features), as these do not have sufficient evidence of relatedness to an individual's job performance. We also do not use any candidate's demographic information (i.e. race, age, gender, location) as an input to our algorithms to limit any unintended correlations or unfair bias in our algorithms.*

## 3. Methodology and Stakeholder Engagement

SHL ensures alignment between AI initiatives and stakeholder interests:

	SHL STAKEHOLDER	INTEREST	HOW THE INTEREST IS ACHIEVED
1	SHL Shareholders	Shareholder value	AI assets add value to shareholding.  Using AI efficiently & effectively reduces cost and increases service functionality, efficiencies, competitiveness and profit

	<b>SHL STAKEHOLDER</b>	<b>INTEREST</b>	<b>HOW THE INTEREST IS ACHIEVED</b>
2	SHL Customers	Business advantage through use of SHL AI-enabled technology/ services	Combination of SHL talent science and acquired 's AI talent assessments enhance customers' digital talent strategies
3	SHL Board	SHL adopts appropriate policies to govern/manage AI use, so increasing the value of AI assets & reducing risk	Effective AI management and governance properly implemented
4	CEO	Manage and ensure effective use of AI aligned with SHL's corporate strategy	Shaping and delivering best practice to achieve AI Governance
5	CFO	SHL AI assets identified, and costs managed	AI assets identified and recorded
6	CRO	Increased breadth, range and depth of AI-enabled service offerings enhances and protects revenue	Risk of non-compliant AI use as threat to revenue generation managed
7	General Counsel	Avoiding legal & regulatory breach & reputational damage through non-compliant AI use	Effective AI Governance to manage risk
8	AI Chief Compliance Officer / AI Working Party	Developing, implementing and ensuring ongoing compliance with AI Governance	AI policy, strategy, process, project plan, training and communication  Remedial actions and audits
9	Product Development	Shape use of AI to sustain & enhance innovation and growth aligned to SHL's corporate strategy	AI assets value maximised and risk minimised
10	SHL Developers	Knowledge that AI use is encouraged and know how he/she can use AI in his/her daily work	Follow AI Governance and do recommended training



	SHL STAKEHOLDER	INTEREST	HOW THE INTEREST IS ACHIEVED
11	Development Managers	Manage the developers	AI Governance Escalation point; manage / review AI Governance implementation
12	SHL Operations	Enhanced and new services, operational continuity	Follow AI Governance

We recognise that “the advent of AI creates business challenges that will, indeed must, reach all the way to the very top of organisations. Boardrooms have to learn to tackle some major issues emerging from AI – notably questions of ethics, accountability, transparency and liability. It is vital that board members do not let themselves be seduced by a 'black box knows best' argument.”<sup>1</sup> Accordingly, we are testing and developing a process design that involves the relevant departments and innovators without losing site of our commitment to our customers to provide meaningful and reliable intelligence in the selection and assessments processes that our customers have relied on for many years.

#### 4. Legacy AI Systems and Ongoing Assessments

We have integrated the operations across SHL into one system for reviewing, developing and maintaining SHL products, including the historic Aspiring Minds AI products. As part of this process, we have launched SHL Labs, which allows SHL to explore and share innovations that leverage AI in our products and potential products to see which elements.

Below is the table of the review that was conducted of the Legacy AI products integrated into the SHL product set. This is also the analysis that is used for all new AI development:

	Core Principle	Conformity to UK guidelines / Comment
1	Show clear user need and business benefit	<ul style="list-style-type: none"> <li>Rationale for any acquisition or new product development</li> </ul>
2	Be aware of relevant legislation	<ul style="list-style-type: none"> <li>Existing AI: reviewed to ensure regulatory compliant, such as EEOC, GDPR, NYC 144</li> </ul>

<sup>1</sup> 'AI in the boardroom', UK FCA blog, 1 August 2019 – <https://www.fca.org.uk/insight/artificial-intelligence-boardroom>

		<ul style="list-style-type: none"> <li>Assessment ongoing – e.g. data protection, equality and discrimination legislation in EU/UK <b>new</b> US and EU AI legislation</li> </ul>
3	Use data that is proportional to the user need	<ul style="list-style-type: none"> <li>Assessment ongoing to determine that minimum necessary data to achieve desired outcome is used</li> </ul>
4	Understand the limitations of the data	<ul style="list-style-type: none"> <li>Assessment ongoing to determine incidence of (i) bias and (ii) errors</li> </ul>
5	Ensure robust practices	<ul style="list-style-type: none"> <li>Assessment ongoing to determine (i) accountability of algorithms, (ii) social bias in algorithms, (iii) reproducibility and (iv) extent and scope of testing</li> </ul>
6	Make the work explainable, transparent and accountable	<ul style="list-style-type: none"> <li>Assessment ongoing to determine (i) explainability (i) algorithm transparency and interpretability and (ii) extent of model sharing to assess algorithm accountability</li> </ul>
7	Embed data use responsibly.	<ul style="list-style-type: none"> <li>Assessment ongoing to determine responsibility for evaluation planning, ongoing maintenance, when to retrain, redesign predictive model, etc.</li> </ul>

# Governance and Implementation

## 1. Governance Structure

- AI Working Group: Led by Head of AI and overseen by AI Steering Committee. Responsible for policy implementation, audits, and remediation. Includes Chief Digital Officer, Chief Scientist and Chief Compliance Officer.
- Product Development Team: Ensures AI aligns with innovation and compliance goals.
- SHL Labs: Facilitates testing, feedback loops, and policy iteration.

## 2. Approval and Review Process

All AI-enabled services must:

- Undergo design approval by designated SHL bodies;
- Be reviewed periodically for compliance and fairness;
- Incorporate customer feedback from beta trials.

### 3. Training and Awareness

SHL provides tailored training for employees and stakeholders, ensuring:

- Understanding of ethical AI principles;
- Awareness of legal and compliance requirements;
- Competence in mitigating risks associated with AI.

### 4. Monitoring and Reporting

- AI systems are monitored for accuracy, fairness, and security.
- SHL maintains a reporting mechanism for AI-related incidents or breaches.

## Conclusion

SHL's AI Policy reflects its commitment to responsible AI innovation. By embedding ethical principles, robust governance, and continuous improvement, SHL ensures that its AI-enabled services remain effective, compliant, and aligned with customer needs. This policy will be reviewed annually or as required to adapt to evolving regulations and technologies.

## Review and Maintenance

This policy shall be reviewed by the Chief Compliance Officer as is deemed appropriate but no less frequently than every 12 months unless there is a significant change to the content of the document.