Deloitte.

EU Artificial Intelligence (AI) Act
A glimpse into the proposed AI regulation

Regulation overview

What does it focus on?
- Human-centered AI principles
- Risk-based classification of AI systems

Who does it apply to?
- Providers, users, importers, and distributers of AI systems inside of the EU

When will it apply?
- The implementation dates remain subject to the EU Commission's ratification process. The Act is anticipated to take effect in 2024

Why should you care?
- A growing number of organizations are using AI systems to either improve efficiency, reduce costs, or create new businesses
- Non-compliance with the regulation may lead to a fine and regulatory censure

Overview of the key components

Identification of AI systems

Definition of AI systems includes machine learning, logic-and knowledge-based approaches, and statistical approaches

Risk-based Approach

Higher regulatory burden imposed when an AI system is likely to pose high risks to fundamental rights and safety

Conformity assessment

Conformity assessment procedure based on internal controls, which considers the quality management system, technical documentation

Post-market monitoring

Collection, documentation, and analysis of relevant data on the performance of high-risk AI systems throughout their lifetime

Incident report system

Reporting of serious incidents or malfunctioning leading to violation of fundamental rights

Penalties*

Infringements can lead up **to €30M or 6% of global annual turnover** if violating Art. 5 or Art. 10

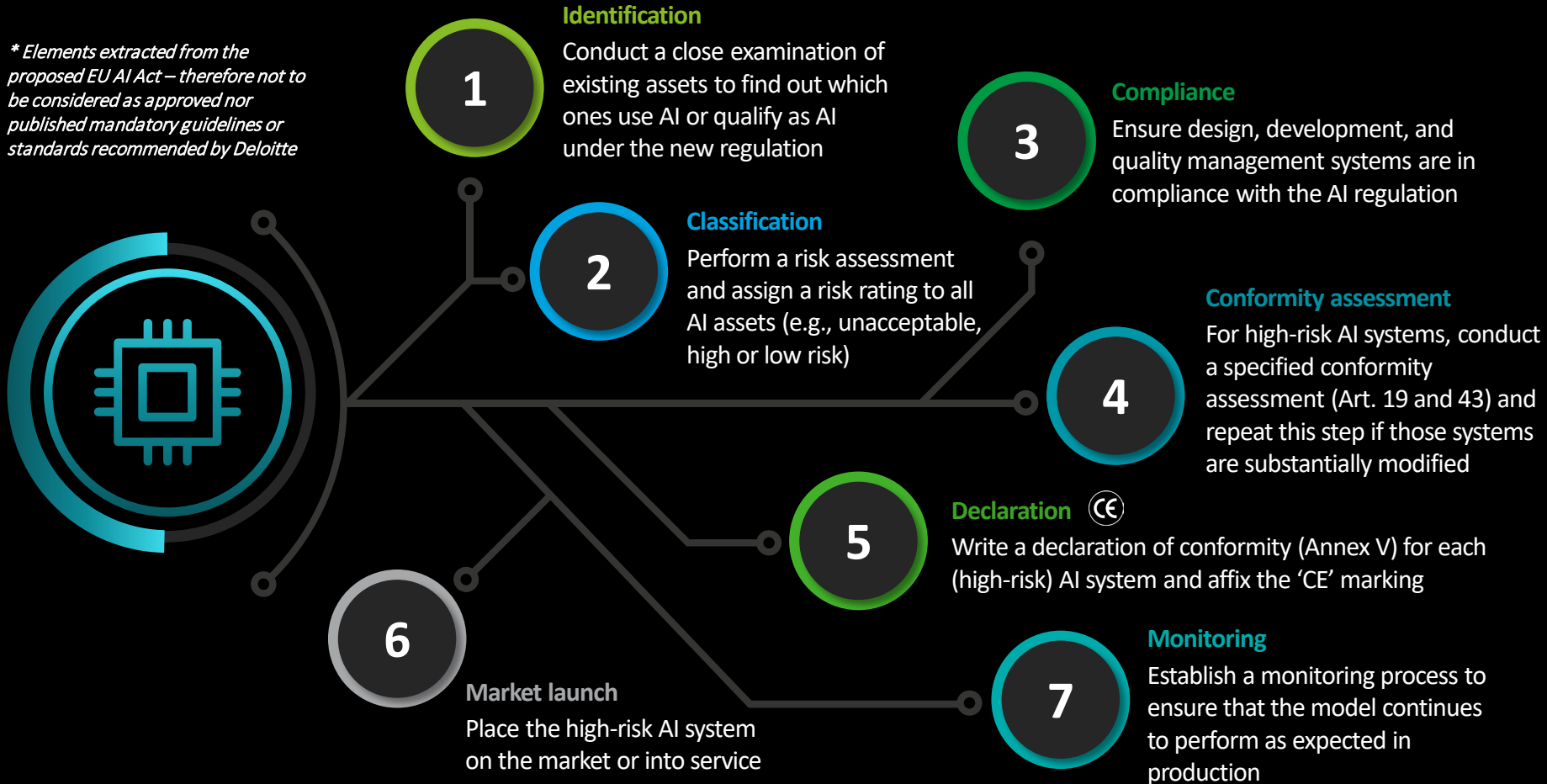Incorrect, misleading information submitted to notified bodies or NCAs: **€10M or 2% global annual turnover**

Other non-compliance with requirements or obligations may result in a fine of **€20M or 4% of global annual turnover**

* resource.html (europa.eu)

Steps towards compliance*

* Elements extracted from the proposed EU AI Act – therefore not to be considered as approved nor published mandatory guidelines or standards recommended by Deloitte

1

Identification
Conduct a close examination of existing assets to find out which ones use AI or qualify as AI under the new regulation

2

Classification
Perform a risk assessment and assign a risk rating to all AI assets (e.g., unacceptable, high or low risk)

3

Compliance
Ensure design, development, and quality management systems are in compliance with the AI regulation

4

Conformity assessment
For high-risk AI systems, conduct a specified conformity assessment (Art. 19 and 43) and repeat this step if those systems are substantially modified

5

Declaration CE
Write a declaration of conformity (Annex V) for each (high-risk) AI system and affix the 'CE' marking

6

Market launch
Place the high-risk AI system on the market or into service

7

Monitoring
Establish a monitoring process to ensure that the model continues to perform as expected in production

How Deloitte can help:

Deloitte has developed a range of algorithm services to assist firms prepare for regulatory requirements and gain comfort over their algorithm frameworks.

Please get in touch if you would like to hear more.

Mark Cankett
Partner, Deloitte Global Algorithm Assurance Leader
mcankett@deloitte.co.uk

Link to the EU AI Act proposal:
resource.html (europa.eu)