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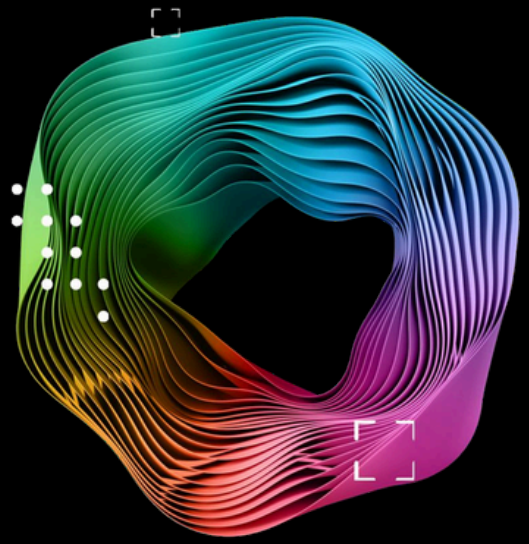


Risk, Regulatory & Forensic

AI Governance and the EU AI Act

What is the EU AI Act?

The AI Act is an EU regulation, which lays down a uniform legal framework for the development, placing on the market and use of artificial intelligence (AI) systems, in accordance with European Union values.
The legislation is designed to support innovation and promote the uptake of human centric and trustworthy AI, while protecting against the harmful effects of AI. This is done by ensuring a high level of protection of health, safety, and fundamental rights.

Who does it apply to?

The scope of the Act is quite broad and extends to providers, users, importers and distributors of AI systems within the EU, EU users consuming AI systems irrespective of their origins, and non-EU providers or users whose outputs are consumed within the EU. The Act captures anyone who could be perceived as a provider or distributor of AI systems and the definitions of AI ans GenAI systems adopted by the legislation are quite broad. In essence, it captures any entity using AI systems either as a user or a provider or distributor.

How will it affect companies?

Most organisations who use AI or GenAI through open sources (such as OpenAI ChatGPT) or through their vendors (such as Microsoft Co-Pilot) could be considered deployers under the AI Act.
Deployers will need to conduct preliminary impact assessments so as to ensure the systems they have adopted or intend to adopt are classified based on the risk classifications of the AI Act and appropriate risk management controls are in place.
The Act requires organisation to take appropriate technical and organisational measures to ensure the use of the systems in accordance with the instructions, and assign human oversight with necessary training, competence, and authority.
At a minimum, organisations should have:
a) an AI Governance Framework in which how and which AI systems are deployed in the Organisation is documented. This should be closely linked with the organisation's GDPR and Information Security processes
b) employee guidelines on how to use the AI systems (dos and donts)
c) an assessment methodology or tool so as to be able to assess the risk associated with any given AI system that s to be introduced in the company.

Enforcement and penalties

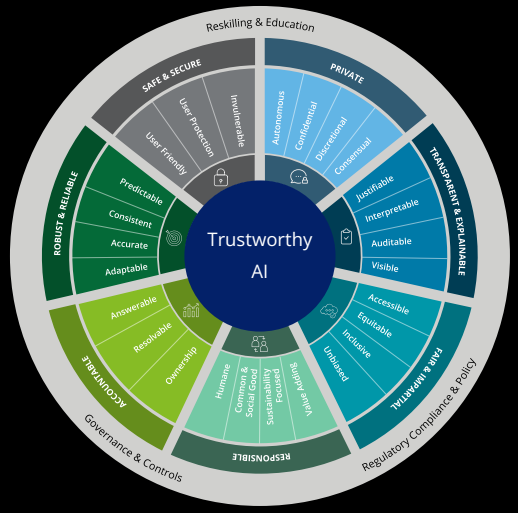
Prohibited practices	Other non-compliance	Incorrect, incomplete or misleading
<35 MIO EUR or 7%	<15 MIO EUR or 3%	<7.5 MIO EUR or 1%

How can Deloitte help?

Through its multidimensional Trustworthy AI Framework, Deloitte helps organisations develop safeguards for trustworthy AI development and deployment at all levels of the supply chain.

Our multidisciplinary capabilities in legal, risk, ethics, audit, assurance, business, and technology consulting enable tailored, efficient, and effective support through all lifecycle stages of AI systems, on a global level and with an in-depth understanding of local specifics.

Deloitte can support organisations adopt an AI governance framework, consisting of policy, procedure, standards and controls to ensure that AI is adopted responsibly and securely and used ethically, transparently and in line with the principles set out within the AI Act. We assist clients in bridging gaps, developing specific solutions, or assessing the value of proposals and implementations, setting organisations on a path to compliance.



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