

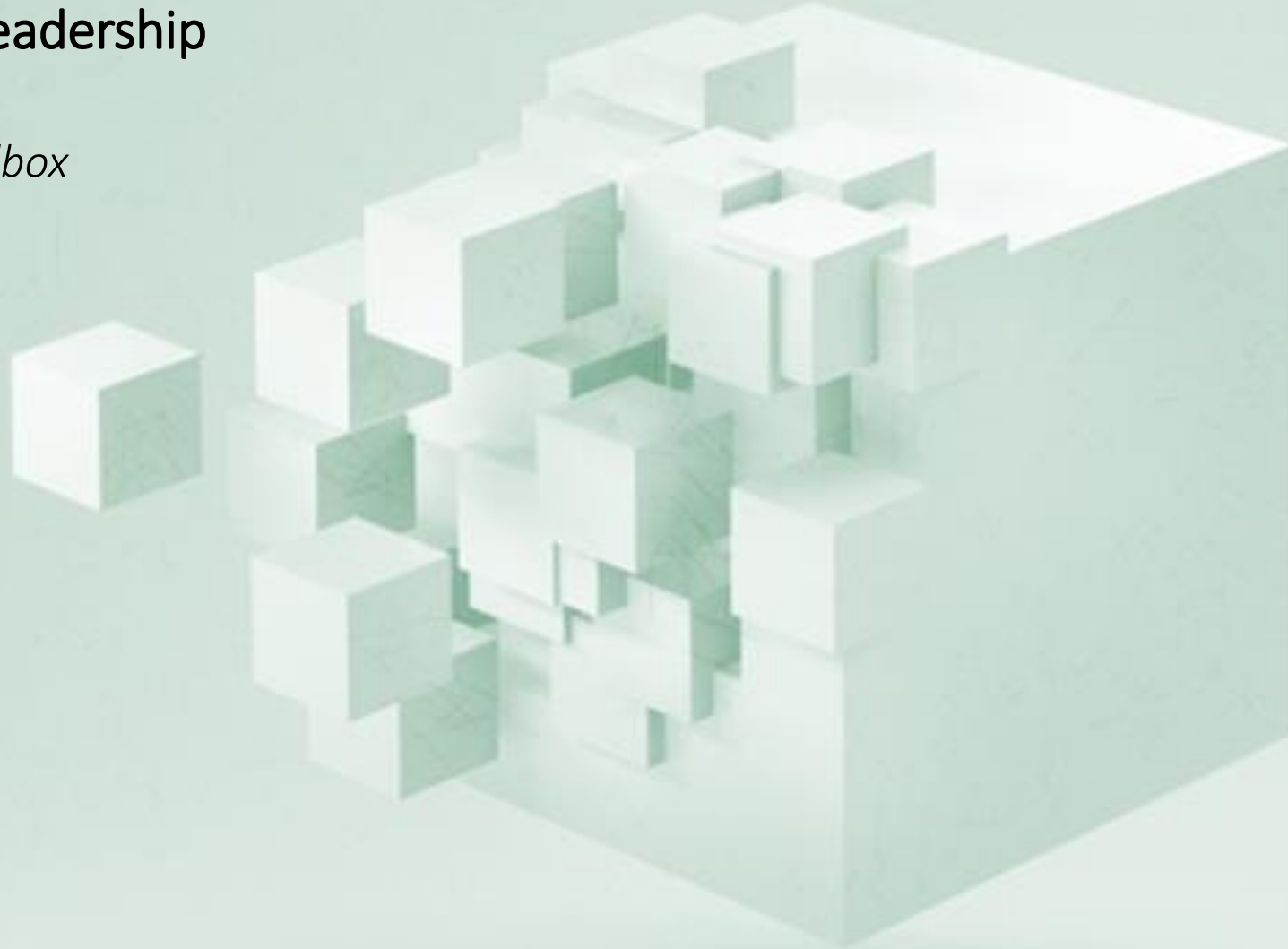
The European Union Artificial Intelligence Act



Driving AI Leadership

AI C-Suite Toolbox

August 2024



For more information on this publication, visit <https://www.ai-and-partners.com/>.

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This report aims to provide a practical set of tools that can help corporate executives understand the EU AI Act’s potential impact on their roles, ask the right questions, understand the key trade-offs and make informed decisions on AI projects and implementations. This report adapts similar [guidelines](#) produced by the WEF.

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*Split into two sections: (A) **EU AI Act Preparedness Assessment Tool**: This tool can be used by individual executives or as a cooperative C-suite exercise to assess the internal understanding of sustainability's potential impact on their organization as well as their organization's ability to address any inherent implications; and (b) **Guidance Tool**: This tool is useful after the Preparedness Assessment Tool. The suggestions below serve as starting points to brainstorm responses to fill any potential gaps that may have surfaced from the initial exercise.

— A holistic, multifaceted approach to trustworthy AI is necessary

Any technology that has the potential to meaningfully optimise businesses and society raises important challenges for enterprises to adopt, but also potentially new risks that can prove challenging to foresee and manage. New strategic possibilities, processes, practices, skills, culture and other significant organizational changes required to safely leverage major technological innovations make it vital for C-suite executives to stay close to these technological developments, understand their implications and skilfully lead and manage innovation and adoption while minimizing risks under the [newly entered into force] EU AI Act.

Artificial intelligence (“AI”) is arguably one of the historically most impactful technologies for business, the economy and society, considered to be a primary driving factor behind the Digital Decade set out by the European Commission. According to some estimates, it is expected to create a total GDP uplift of about \$15.7 trillion globally by 2030.

AI can enable opportunities and perform tasks unthinkable until recently, such as large-scale visual inspections of physical assets or livestock; medical diagnoses with higher accuracy than the best experts; significant support for the creation of new discoveries and IP, as an example for the development of new drugs; automated conversations with people anytime, anywhere, for example to enable efficient and effective customer service; or full automation of complex tasks, such as autonomous driving.

Conversely, if not managed carefully, it also creates new major risks akin to nothing previously experienced. For instance, as discussed in this toolbox, AI can amplify inequalities and contribute to unfair treatment at scale, create new possibilities for malicious attacks and new unsafe scenarios, or contribute to misinformation and the creation of polarization that can pose threats to democracy and even to national security.

Given the capacity of AI for value creation, disruption and destruction, it is important for executives to better understand "What you have to do and the way you have to do it is incredibly simple. Whether you are willing to do it is another matter." with this technology. This requires a multifaceted approach and holistic understanding of AI, straddling technical, organizational, regulatory, societal and also philosophical aspects, among others. That is the aim of this toolbox: **to provide a one-stop place for the C-suite to identify and understand the multiple and complex issues that AI raises for their business and society under the EU AI Act.** This is necessary not only for the success and potentially survival of their own enterprises, but also to ensure the trustworthy innovation and deployment of AI systems, taking into account the macro, short-term and long-term impact and potential second-order effects.

This document provides a practical set of tools that can help corporate executives understand the EU AI Act’s impact on their roles, ask the right questions, understand the key trade-offs and make informed decisions on AI projects and implementations. This toolbox is targeted towards the C-suite executives who will operationalize the strategy. A practical set of tools can empower them to understand the positive and negative aspects of using AI or machine learning in their businesses and oversee the trustworthy operationalization of AI in their enterprises.

The toolbox is organized according to themes covering the key aspects every C-suite needs to consider in five broad modules:

- 
- 1. AI strategy
 - 2. People and organization
 - 3. Trustworthy AI
 - 4. Implementation of AI
 - 5. Annexes

— Assessing the EU AI Act landscape when considering trustworthy AI

How will AI be used?

New business model	<p>Risk: Misalignment with requirements</p> <p>Reaction: Re-evaluate system capabilities</p>	<p>Risk: Maximum, due to untested technology</p> <p>Reaction: Conduct full risk assessments</p>
	<p>Risk: Compliance gaps with legacy technology</p> <p>Reaction: Conduct regular audits and updates</p>	<p>Risk: Integration issues & unforeseen impacts</p> <p>Reaction: Implement through phased rollouts</p>
Operational improvement	Existing AI System	New AI System

What type of AI System?

— Steps to design an EU AI Act roadmap

- 1 *Articulate* your vision for trustworthy AI
- 2 *Define* the business objectives that you would like trustworthy AI to help you attain
- 3 *Identify* potential use cases for trustworthy AI that can help you attain these business objectives
- 4 *Articulate* and quantify the impact/business value of each potential use case
- 5 *Articulate* and quantify the ease of implementation and costs of each potential use case
- 6 *Prioritize* use cases according to ROI horizons and investment strategy
- 7 *Incorporate* the appropriate EU AI Act governance mechanisms for managing AI risks

— Possible reasons trustworthy AI initiatives fail

- 1 Capability gaps
- 2 Unavailable or poor-quality data
- 3 Technology foundations not in place
- 4 Poor governance structure
- 5 Lack of understanding about AI project finance
- 6 Lack of understanding about AI project management

— Hiring, training, or outsourcing AI skills

AI strategic value?



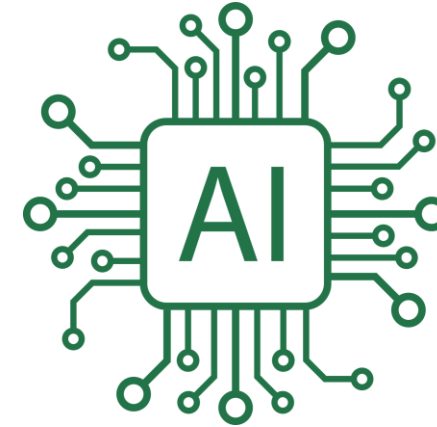
How strong is the enterprise's capabilities?

— What trustworthy AI is and is not



What the trustworthiness of AI is

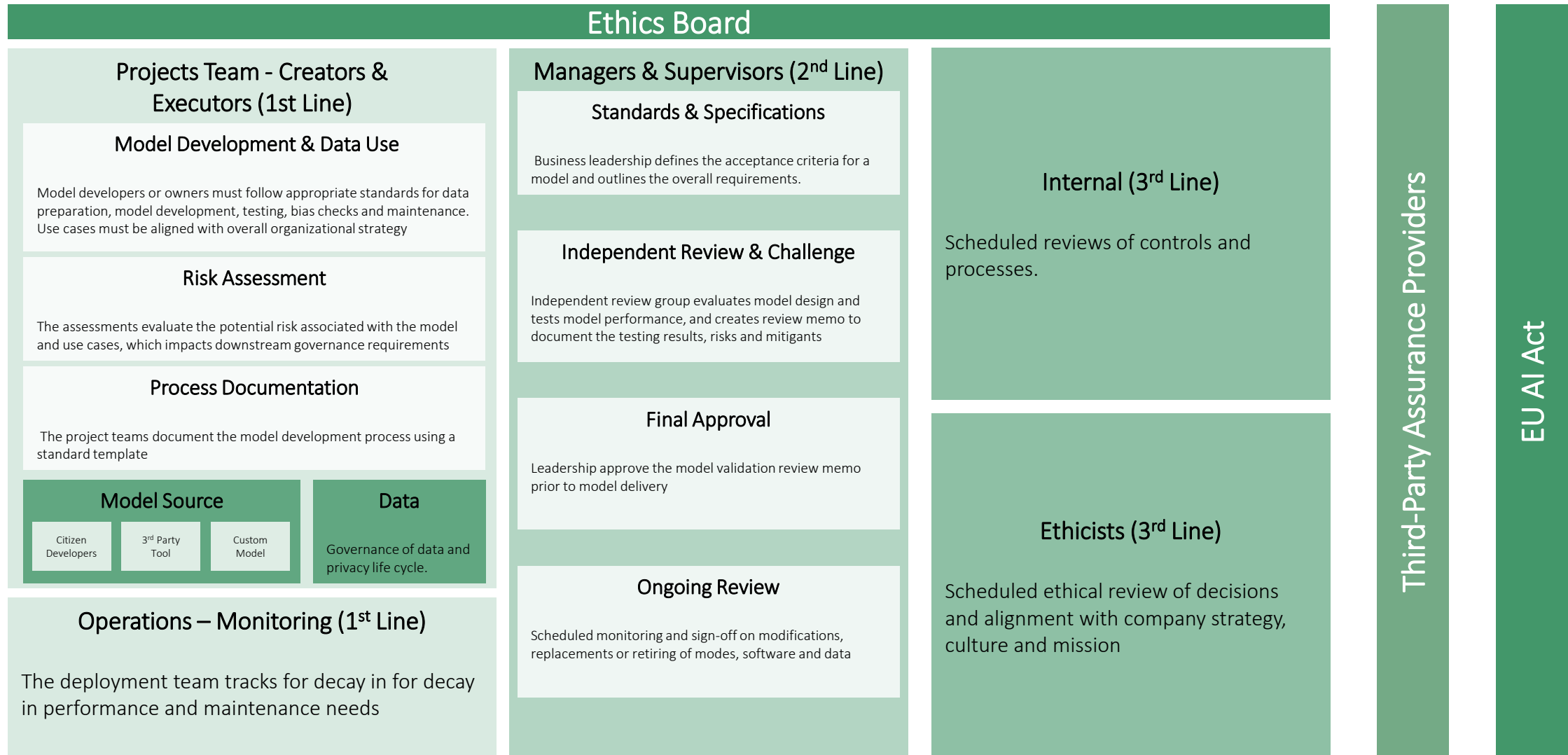
- Doing good work that produces good and trustworthy AI
- Maximizing benefits and eliminating or minimizing harms
- Fairly distributing benefits and burdens
- Understanding the impact and implication of AI systems
- Challenging the status quo and checking the exercise of power
- Bringing and including diverse perspectives
- Navigating dilemmas and trade-offs



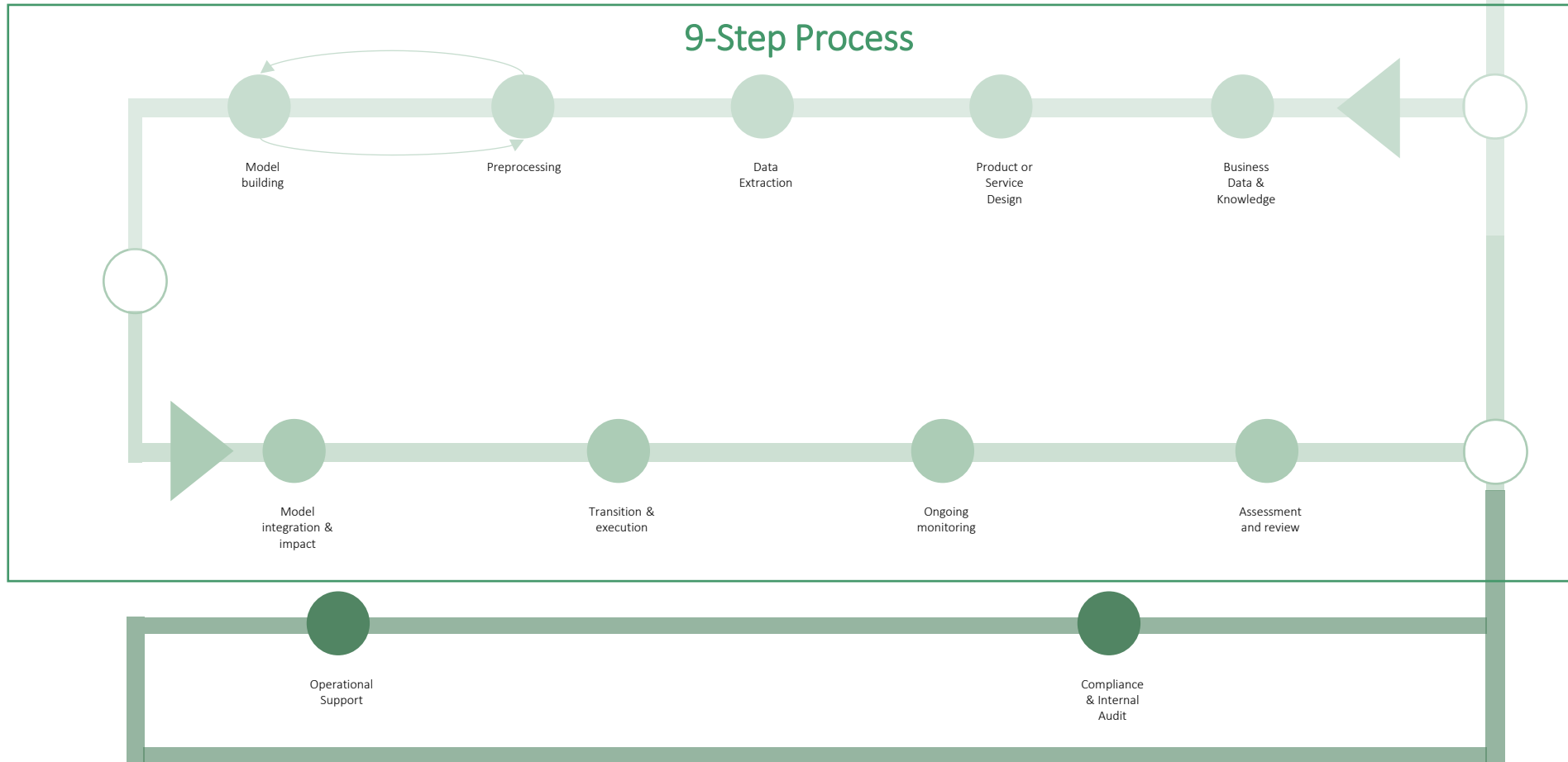
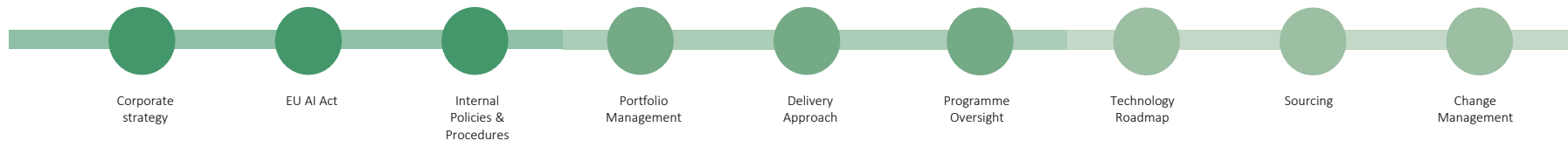
What the trustworthiness of AI is not

- Only compliance
- A set of fixed rules to follow
- A purely negative frame, more than risks
- A one-off event (“set it and forget it”)
- A technical “bugfix”

Three Lines Model for trustworthy AI governance



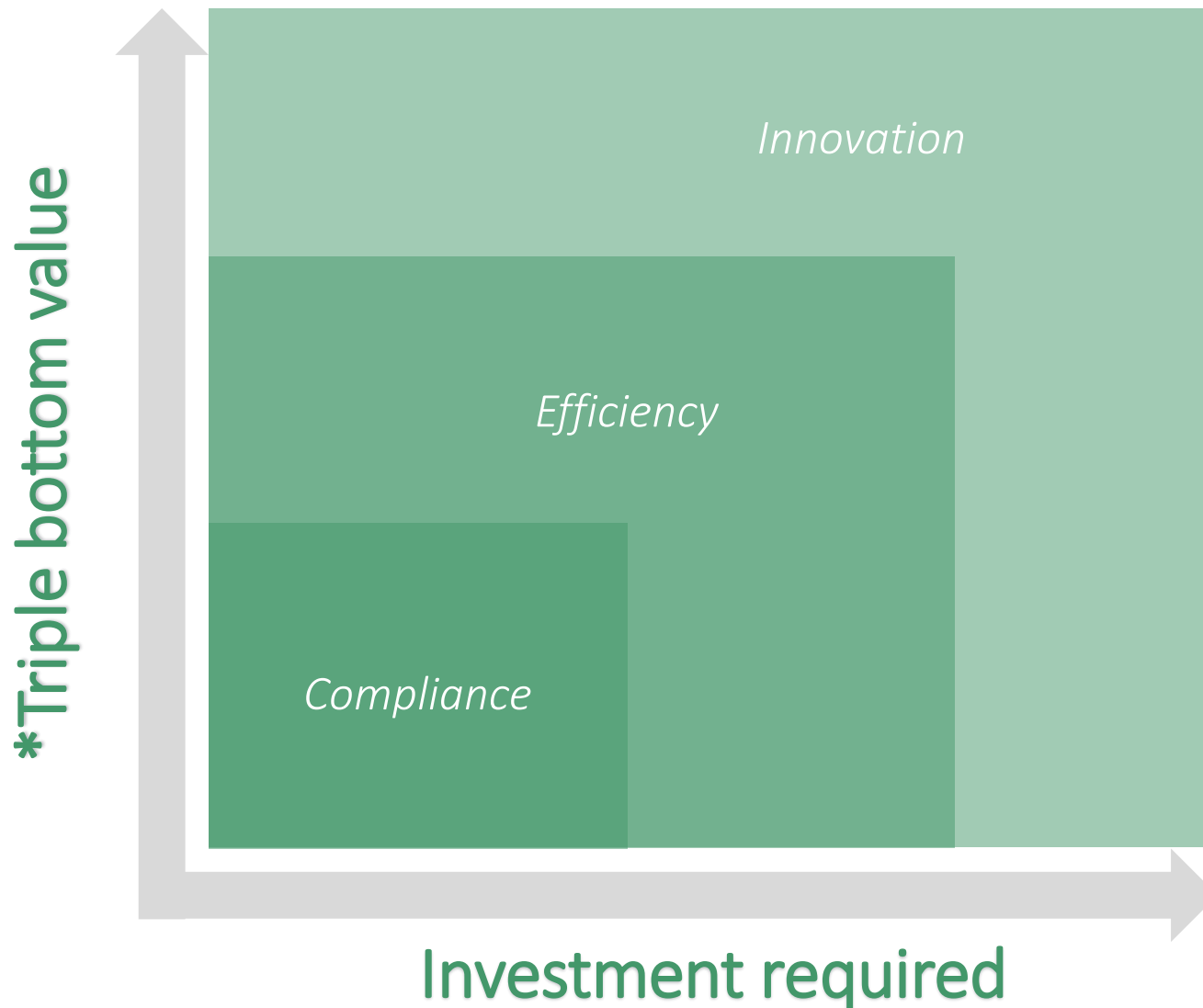
End-to-end governance for trustworthy AI



Key

-  1. Strategy
-  2. Planning
-  3. Ecosystem
-  4. Development
-  5. Deployment
-  6. Operate & Monitor

— Three stages of trustworthiness for enterprises



Innovation

Companies acting in this stage typically have Chief AI Officers (CAIOs) who employ strategies that are focused on long-term value. Departments are individually accountable to trustworthy metrics, as CAIOs delegate responsibility and monitor results. This stage involves the greatest amount of focus on trustworthiness as activities are typically positioned to make a larger impact.

Efficiency

In this stage, companies have typically progressed to designating a CAIO and developing a EU AI Act strategy. These activities typically focus on improving a company's bottom line and general perception to stakeholders and improving a firm's trustworthiness impact. This may require new processes and approaches and a greater level of investment.

Compliance

This is typically the beginning of an organization's trustworthiness journey, prior to a formal EU AI Act strategy is in place. Initiatives that fit in this stage are directed towards appeasing stakeholders: government, regulatory bodies, or customer perception. Although these activities can be relatively intensive, they typically present lower benefits to the organization.

*Total value increase for profitability, people and trustworthiness action

— EU AI Act preparedness assessment tool

#	Impact Category	Trustworthiness-oriented innovation (TOI) topics	a) Potential degree of impact (high, med, low)	b) Possession of this knowledge (abundant - A, sufficient - S, insufficient - I)	c) Where internal responsibility is held (e.g. VP/Director/Manager XYZ)	d) The organization's current approach to address potential impact (open answer to discuss the organization's approach to potential impact management)
How is the EU AI Act changing trustworthiness in our industry and markets?						
01	Transparency	<ul style="list-style-type: none"> Algorithmic transparency Data provenance and lineage Explainability of AI models Clear documentation and reporting Disclosure of AI use and limitations 				
02	Accountability	<ul style="list-style-type: none"> AI system auditing and compliance Legal responsibility for AI decisions Ethical governance frameworks Stakeholder engagement and feedback Incident and risk reporting 				
03	Fairness	<ul style="list-style-type: none"> Bias detection and mitigation Inclusive AI design Fairness auditing tools Equity in AI outcomes Diverse data representation 				
04	Privacy	<ul style="list-style-type: none"> Data minimization practices Consent management systems Privacy-preserving AI techniques Anonymization and pseudonymization methods Secure data storage and access controls 				
05	Safety	<ul style="list-style-type: none"> AI risk assessment models Safety validation protocols Robust error detection mechanisms Fail-safe systems in AI operations AI impact monitoring and response 				
06	Robustness	<ul style="list-style-type: none"> Resilience to adversarial attacks Continuity planning for AI failures Stress-testing AI systems Scalability and adaptability of AI Long-term sustainability of AI models 				

— EU AI Act preparedness assessment tool

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How are governmental and social pressures influencing trustworthiness development in our industry and markets?						
07	Regulatory Compliance	<ul style="list-style-type: none"> Adherence to EU AI Act Data protection and GDPR compliance Standardization and certification of AI systems Environmental, Social, and Governance (ESG) criteria integration Compliance auditing and reporting mechanisms 				
08	Public Perceptions and Social Expectations	<ul style="list-style-type: none"> Corporate social responsibility (CSR) in AI use Transparency in AI decision-making processes User and community engagement in AI development Responsiveness to public concerns and criticisms Media and public relations strategies for AI initiatives 				
09	Ethical Standards	<ul style="list-style-type: none"> Development of AI ethics frameworks Fair and unbiased AI decision-making Protection of human rights in AI applications Responsible AI innovation and deployment Continuous ethical training and awareness programs 				
What level of coordination of AI-enabled trustworthiness initiatives is necessary in our industry and markets?						
10	Inter-Organisational Collaboration	<ul style="list-style-type: none"> Joint AI research and development initiatives Data-sharing agreements with trust and security provisions Collaborative frameworks for AI ethics and governance Shared AI risk assessment and mitigation strategies Establishment of industry consortia for AI trustworthiness 				
11	Standardisation and Best Practice	<ul style="list-style-type: none"> Development of industry-wide AI standards Implementation of standardized AI auditing procedures Adoption of best practices for AI lifecycle management Harmonization of AI compliance requirements Creation of industry-specific AI trustworthiness benchmarks 				
12	Cross-Industry Alignment	<ul style="list-style-type: none"> Integration of AI trustworthiness across different sectors Cross-industry AI ethics and policy forums Standardization of AI transparency and accountability measures Alignment of AI safety protocols across industries Multi-sector collaboration on AI-driven societal impacts 				

#	If the C-Suite.....	Then consider.....
01	Needs more external information about AI and environmental sustainability-orientated innovation	<ul style="list-style-type: none"> • Reading and subscribing to news sources and reports on AI trends and trustworthy development • Attending professional events on AI opportunities, strategies and emerging risks • Meeting with AI researchers, regulators, trusted advisers and trustworthy experts • Establishing an emerging technology committee to advise the board or assign a technology advisory role to an existing committee • Reading use cases on websites of AI vendors, consultancies and start-ups • Speaking with peers and executives on the boards of other companies in the same ecosystem • Commissioning (or discovering via conversations with start-ups) third-party perspectives
02	Needs more internal information about AI and environmental sustainability orientated innovation	<ul style="list-style-type: none"> • Requesting reports and updates from the executive team on AI pilots and implementations and on programmes to create a culture for AI success • Meeting with the executives (chief HR officer, chief information officer, chief risk officer, etc.) engaged in developing a mindset for AI success in innovation, risk management and use • Meeting with mid-level human resource managers and teams developing, implementing and using AI
03	Wants to better understand the potential ethical and legal risks of future AI applications and technologies for sustainability-oriented initiatives	<ul style="list-style-type: none"> • Setting up an independent ethics board • Hiring AI ethicists as advisers • Asking legal counsel to report on AI's regulatory requirements and legal risks • Engaging with organizations devoted to promoting trustworthy AI and AI ethics • Attending or setting up a workshop exploring AI ethics issues
04	Needs to focus on strategy and business-model innovation for sustainability-oriented initiatives	<ul style="list-style-type: none"> • Setting up design thinking and ideation sessions • Studying AI strategy innovations by competitors and in industry • Focusing on developing a culture and organization that supports innovation and experimentation • Reviewing executive compensation

#	If the C-Suite.....	Then consider.....
05	Needs to increase benefits from strategic AI initiatives for trustworthiness	<ul style="list-style-type: none"> • Rapidly improving new AI-enabled systems and processes • Investigating new business models • Examining new joint ventures and partnerships
06	Needs to better understand and follow through on the risk, compliance and responsibilities of AI for trustworthy-oriented initiatives	<ul style="list-style-type: none"> • Working with trusted advisers and legal experts to identify risks, relevant legal issues and ethical concerns • Developing an AI governance framework • Establishing an ethics board • Requesting regular reports on risk and responsibility assurance (see the toolkit’s sections on ethics, AI governance and risk)
07	Questions the value, terms and risks of a major AI contract for trustworthy-oriented initiatives	<ul style="list-style-type: none"> • Bringing in third parties, including attorneys and consultants, to review the contract • Asking the chief financial officer to review and explain questionable parts of the contract • Seeking opinions from executives who were not consulted on the deal • Asking the chief information officer to report on the implications of the deal for the company’s IT infrastructure and technology organization • Asking executives who oversee data, legal, ethics and public affairs to analyse the implications of the deal
08	Needs to understand how competitors are leveraging AI technologies for trustworthy-oriented initiatives	<ul style="list-style-type: none"> • Hiring benchmarking services • Encouraging management to focus on competitor analyses
09	Needs to improve the stewardship of data for trustworthy-oriented initiatives	<ul style="list-style-type: none"> • Appointing a chief data officer or other executive to take responsibility for data management

#	If the C-Suite.....	Then consider.....
10	Needs more external information about AI and trustworthy-orientated innovation	<ul style="list-style-type: none">• Establishing an emerging technology committee to advise the board, or assign a technology advisory role to an existing committee• Reading and subscribing to news sources and reports on AI trends and providers• Reading use cases on websites of AI vendors, consultancies and start-ups• Scanning articles in trade press and journals for professionals in target processes• Establishing an educational programme on AI for board members• Attending events on AI and on target processes• Meeting with venture capitalists, AI technology experts and AI researchers at major universities• Speaking with peers and executives on the boards of other companies in the same ecosystem• Commissioning (or discovering via conversations with start-ups) third-party perspectives
11	Wants to better align AI trustworthy-oriented innovation activities with priorities	<ul style="list-style-type: none">• Reviewing and reconsidering KPIs and metrics, including creating new metrics• Developing an operating model that integrates AI process changes into a new way of doing business• Setting up strategy reviews

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