

AI AND REGULATION

WHAT IS THE IMPACT

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INTRODUCTION

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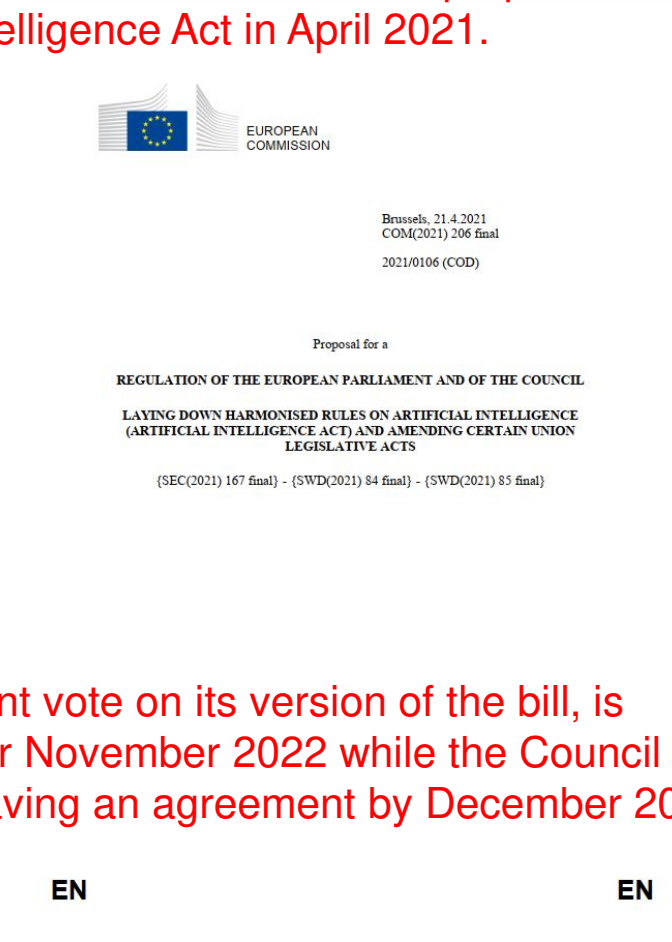
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THE BIRTH OF THE EU ARTIFICIAL INTELLIGENCE ACT



The EU Commission has disclosed its proposal for an EU Artificial Intelligence Act in April 2021.



EU Parliament vote on its version of the bill, is scheduled for November 2022 while the Council is aiming for having an agreement by December 2022.

THE DEFINITION OF AI (IN THE EU AI ACT) AND ENFORCEMENT

AI definition in the EU AI Act

„‘artificial intelligence system’ (AI system) means **software that is developed with one or more of the techniques and approaches** listed in Annex I and can, for a given set of human-defined objectives, **generate outputs** such as content, predictions, recommendations, or decisions **influencing the environments they interact with;**

Enforcement?

The AI Act will set up a **European Artificial Intelligence Board** made up of representatives of the appropriate regulators from each member state, as well as the European Data Protection Supervisor and the Commission.

The national regulators will be charged with enforcement of the rules of the AI Act. They will be equipped with the power to impose “GDPR style” administrative fines.

WHY IS THIS RELEVANT NOW?

1

The EU AI Act is industry-independent, has direct validity as a EU regulation and is thus in force in all European Union member states.

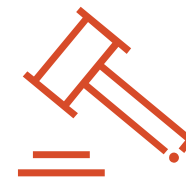


2

The definition of AI is very broad in the EU AI Act, so it is very likely that systems which have already been in use for years will now be subject to the regulation but fail to meet the requirements.

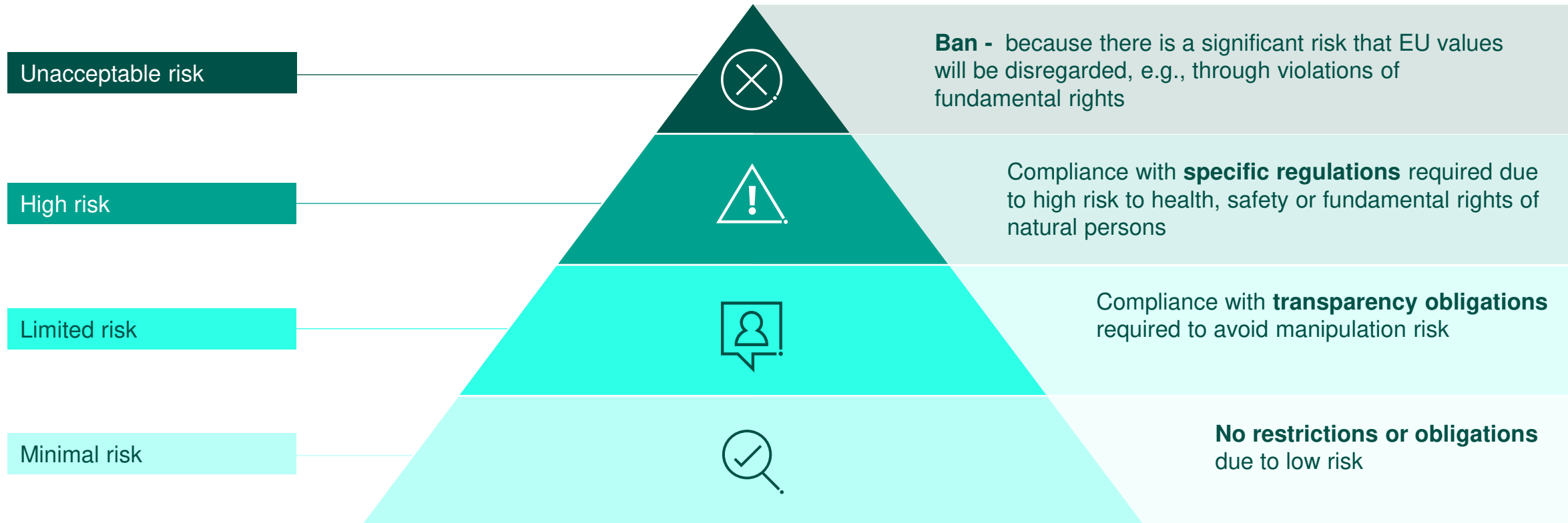
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Violations of the EU AI Act may result in fines of up to €30 million or 6% of total global annual turnover, whichever is higher. (Which is more than GDPR / 20 Million or 4%)



THE RISK-BASED APPROACH OF THE EU AI ACT

Risk classification according to EU AI law



BANNED AI SYSTEMS

Risk classification of the EU AI Act



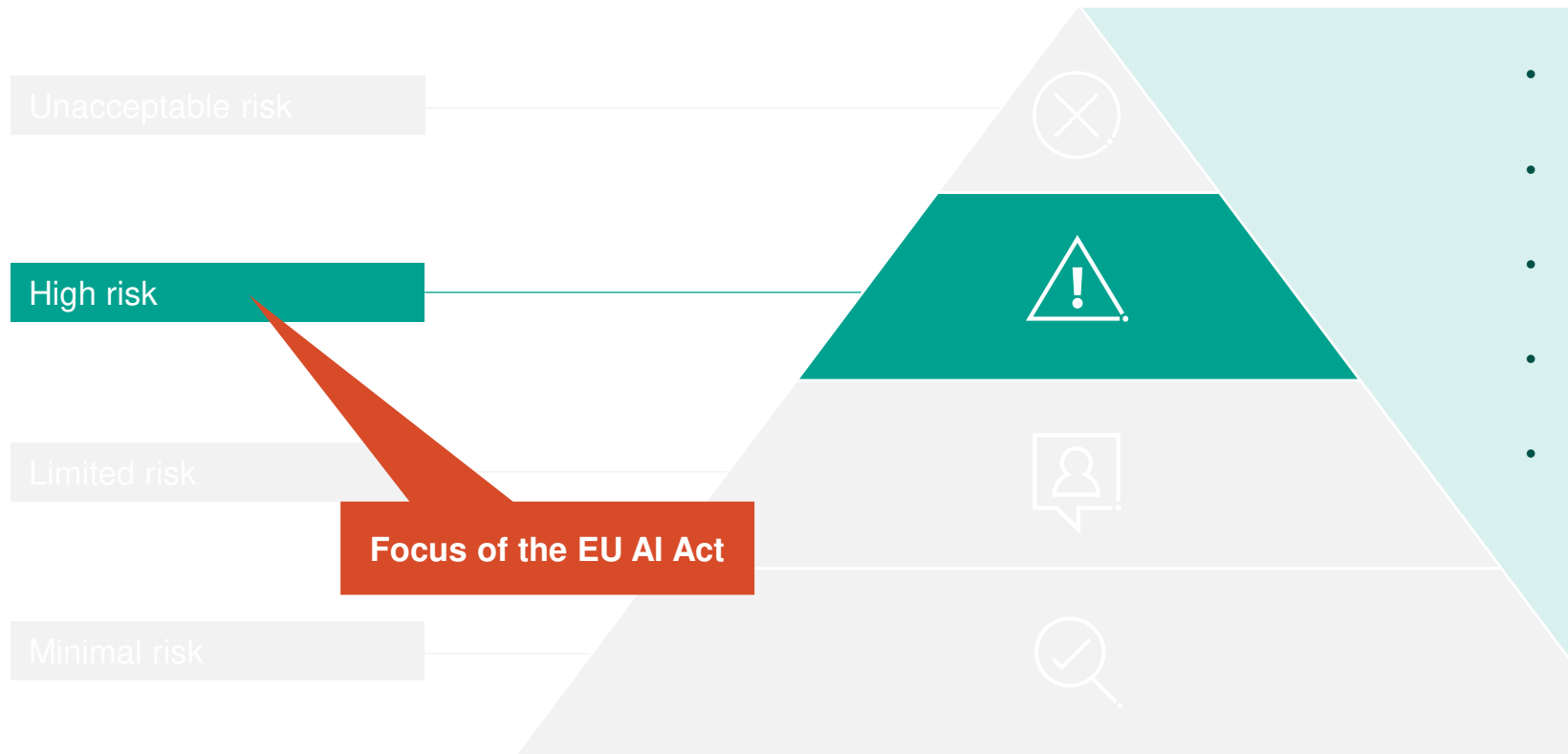
Example of AI applications per risk level

- Manipulation of persons that can lead to physical or psychological harm
- Taking advantage of weakness or vulnerability of a group of persons
- Classification of the 'trustworthiness' of persons by social behavior ("social scoring")



AI SYSTEMS THAT NEED TO COMPLY WITH SPECIFIC REQUIREMENTS

Risk classification of the EU AI Act



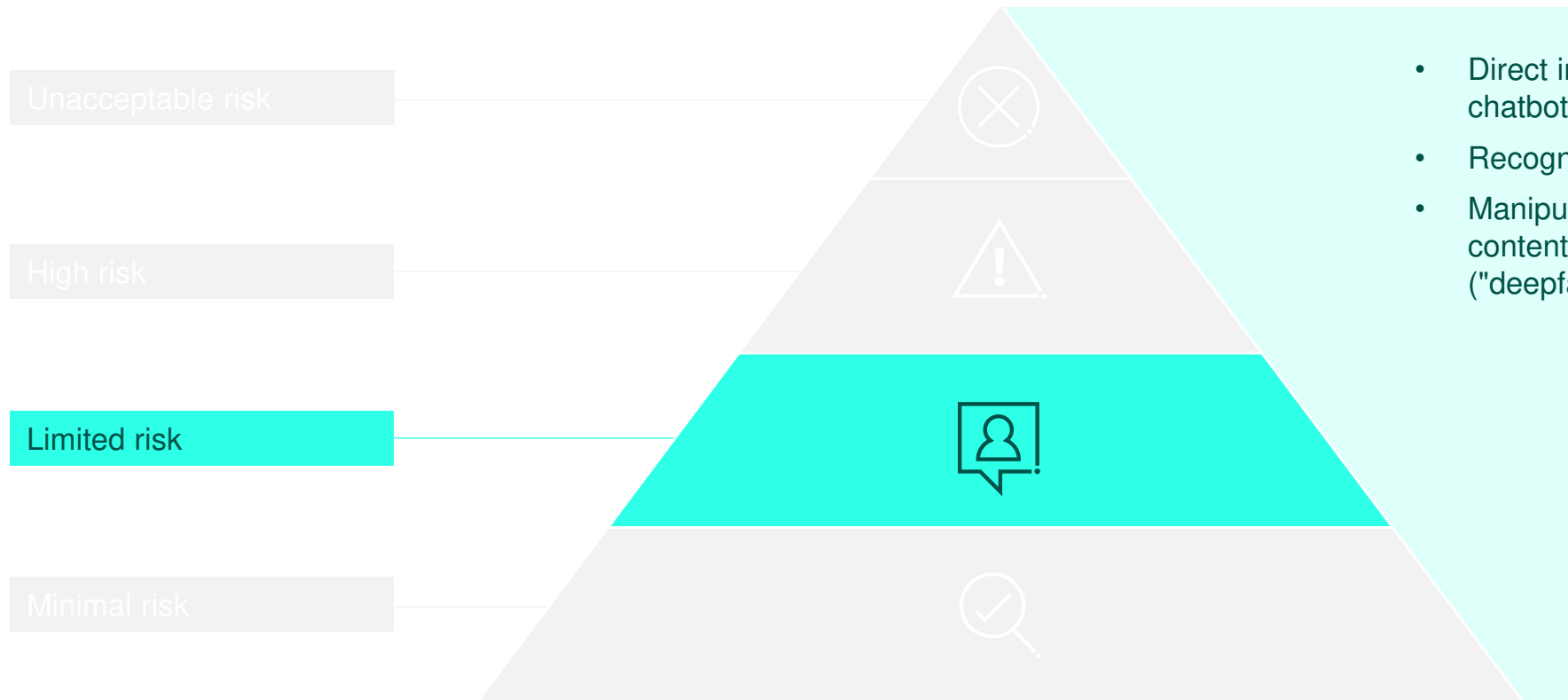
Example of AI applications per risk level

- Review or filter applications that evaluate applicants in interviews or tests
- Creditworthiness checks and credit score evaluations
- Biometric remote identification of natural persons
- Use in critical infrastructure (road traffic, water, gas, heat, power supply etc.)
- Use in medical devices



AI SYSTEMS SUBJECT TO TRANSPARENCY OBLIGATIONS

Risk classification of the EU AI Act



Example of AI applications per risk level

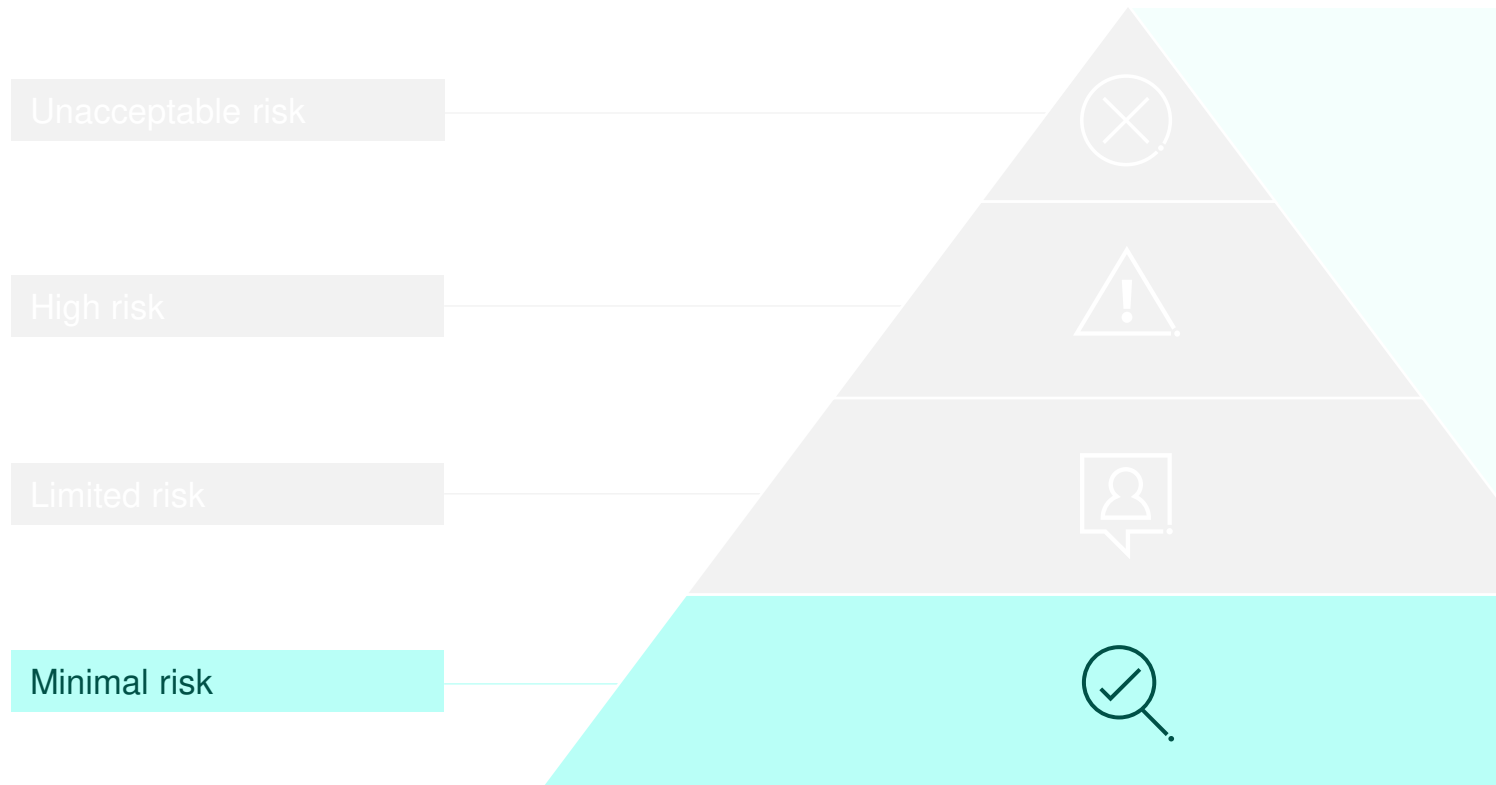
- Direct interaction with natural persons (e.g. chatbots)
- Recognition of emotions
- Manipulation of image, sound or video content that appears to be genuine ("deepfakes")



<https://www.youtube.com/shorts/7iYPr5a3bxM>

AI SYSTEMS WITHOUT RESTRICTIONS OR OBLIGATIONS

Risk classification of the EU AI Act

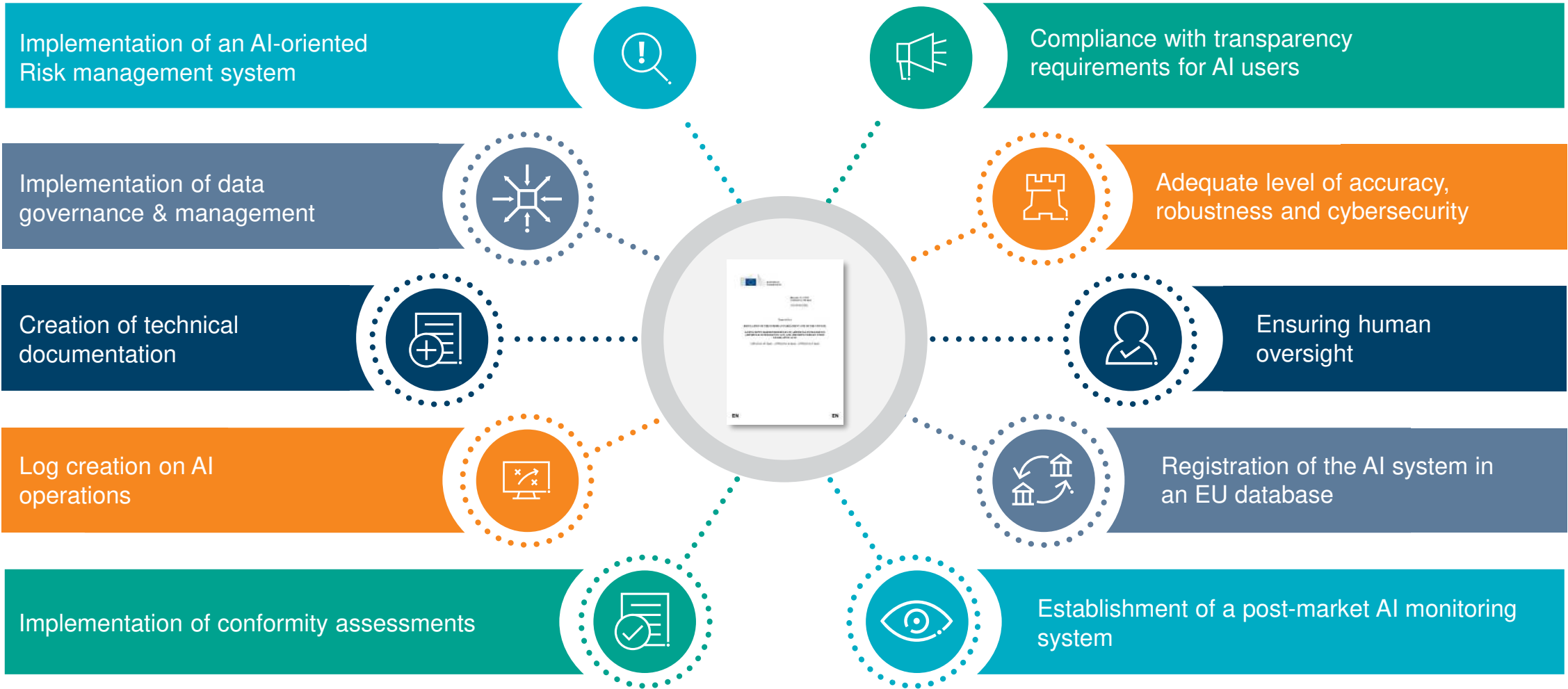


Example of AI applications per risk level

- Spam filter
- Use in video games
- Generation of film or music suggestions



EU AI ACT - REQUIREMENTS FOR **HIGH-RISK** AI SYSTEM PROVIDERS



AI COMPLIANCE MATURITY LEVEL - CHECKLIST



Cross-organizational:

- ✓ An overarching AI strategy drives the company's AI roadmap
- ✓ AI is understood as an interdisciplinary technology and is reflected in the organizational structure and process



Inventory:

- ✓ All AI systems are centrally registered and categorized in an AI inventory (risk classification, technology, etc.)
- ✓ Each AI system is clearly assigned responsibilities and is overseen by a natural person



Employees:

- ✓ My employees have a unified understanding of AI
- ✓ My employees are sensitized to the risks of AI



AI governance:

- ✓ Development, operation and monitoring of AI are controlled by guidelines, policies and controls
- ✓ Development, operation and monitoring of AI is documented in a comprehensible manner for third parties

QUESTIONS?!



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