



**NAVIGATING  
COMPLIANCE  
WITH AI IN EU**



# THE EU AI ACT

## AI is pervasive

Today, artificial intelligence (AI) is everywhere and is becoming increasingly integrated into the fabric of businesses and our daily lives. AI has the potential to bring tremendous value to organizations and citizens around the world.

But it can also come with new dynamic risks related to safety, security and fundamental rights. A failure of AI can have significant impacts on users and citizens.

## This is now changing

This set of risks poses some uncertainties and can reduce potential adoption of technologies.

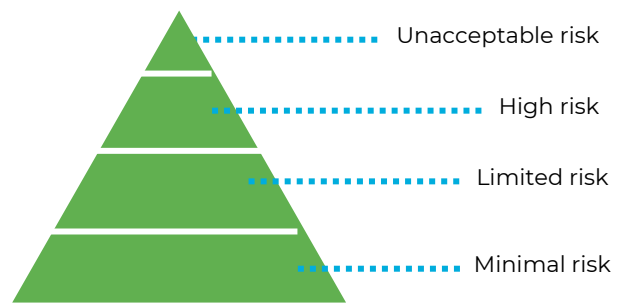
That's the reason why the European Commission proposed a regulation to ensure that Europeans can trust AI.

In April 2021, the European Commission published a proposal for AI regulation, the Artificial Intelligence Act (AI Act). In December 2022, The Council of the EU adopted its common position on the AI Act.

Although the EU regulation is not yet in force, it provides clear vision of the future of AI regulation as a whole.

The AI EU Act attempts to regulate a wide range of AI applications, aligning them with EU fundamental rights and values and existing rules in the EU.

The EU Artificial Intelligence Act draft combines a risk-based approach based on the pyramid of criticality.



High-risk systems will be subject to specific and strict obligations while unacceptable high risk systems will be banned.

High-risk AI systems must comply with strict requirements regarding risk management, data governance, documentation, transparency, human oversight, as well as achieving levels of robustness, accuracy and cybersecurity.

Providers of high-risk AI systems need to undertake a Conformity Assessment against all applicable requirements before the AI systems are placed on the market or putting into service.

The providers shall draw up an EU declaration of conformity and affix the CE marking of conformity in accordance.

# WHO IS IMPACTED ?

## PUBLIC & PRIVATE

The legal framework will apply to both public and private actors as long as the AI system is placed on the Union Market or its use affects people located in the EU

The regulation make a distinction between the following roles along the AI value chain.

## OUTSIDE EU

The AI Act imposes obligations on all participants who use AI in, or in relation to, EU citizens.

The draft has an extraterritorial effect and thus also applies to organizations outside the EU.

## PROVIDERS

Any person, public institution, authority or other body that develops an AI system with a view to placing it on to the market or putting it into service under their own name or trademark

## IMPORTERS

Any person established in the Union that placed on the market or puts into service an AI system

## USERS

Any natural or legal person 'using an AI system under its authority'

## DISTRIBUTORS

Any person in the supply chain, other than the provider or the importer, that distribute an AI system available on the Union market

# WHY IT MATTERS?

Are you for example:

- a start-up that develops an AI system to market it in Europe
- a distributor / importer who provides AI solutions in Europe
- a recruitment company or HR department using AI systems for recruitment or performance management
- a fintech or retail bank using credit scoring systems
- an insurance company using AI for claims or underwriting.

If so, here is why you should care.

## 1

### Your AI systems might be in scope

The EU AI Act proposes a large definition of AI systems impacting numerous organizations.

The following techniques are included

- Machine learning approaches, including supervised, unsupervised and reinforcement learning, using a wide variety of methods including deep learning;
- Logic- and knowledge-based approaches, including knowledge representation, inductive (logic) programming, knowledge bases, inference and deductive engines, (symbolic) reasoning and expert systems

## 2

### Preparing High Risk System Obligations

The following sectors are considered in scope of High Risk Systems

- critical infrastructures
- educational or vocational training that may determine the access to education
- HR process
- safety components of products
- systems determining credit worthiness
- insurance premium setting, underwritings and claims assessments
- various governmental domains (migration, border control, justice and democratic processes).

## 3

### Threat of hard-hitting sanctions

The Draft AI Regulation underlines substantial fines in the event of non-compliance as well as other remedies, such as requiring the withdrawal of the AI system.

The latest compromise text of the EU AI Act released on November 2022, sets out penalties between 2% and 6% of total worldwide annual turnover, depending on the severity of the infringement.

## 4

### Anticipating costs of compliance

Obligations for compliance and conformity assessment require significant effort and involve collaboration across the organization between different disciplines.

Recent reports estimates that total compliance cost of the regulation on AI systems is roughly 17% of total AI investment cost.

Conformity assessment would entail another 13.5% of AI investment cost, while setting up a Quality Management System may have an upfront cost of up to EUR 330,000 per firm.

# YOUR 2023 STRATEGY

## There are several reasons why organizations create a strategy for 2023

- Integrate compliance checks early in the AI lifecycle to save time for compliance.
- Obtain and synchronize the EU declaration of conformity with the date of introduction on the European market.
- Assess critical missing requirements and start preparing as early as 2023.
- Update due diligence processes to select third party AI providers
- Unify AI risk management methods
- Gain economies of scale in compliance with other regulations (EU Data Act, DORA, ...)

Are you ready to ensure that your suppliers, importers, distributors or users of AI systems are compliant?

We have 12 to 18 months ahead of us to prepare!

Taking this time to understand this new regulation and to unite the organization's stakeholders on a compliance plan is already a good start.

### What's next?

The European AI law is not only about establishing compliance, but also about implementing responsible AI. It will also lead to other changes.

STRATEGY	DETAILS	OUTCOME
Be clear about the EU AI Act	Understand regulation and its implication	<ul style="list-style-type: none"><li>• Clarify concepts &amp; requirements</li><li>• Understand the Conformity Assessment</li></ul>
Know whether you are affected	Identify your major impacts and the requirements	<ul style="list-style-type: none"><li>• Which systems is likely to fall into the AI definition</li><li>• Evaluate your responsibilities</li></ul>
Clarify your priorities for compliance	Assess to which extent you are affected and prepare your compliance plan	<ul style="list-style-type: none"><li>• Identify Critical missing requirements</li><li>• Build your roadmap for compliance</li></ul>

Anyone planning to use or develop AI in the medium and long term or to place it in their business field should already deal with and familiarise themselves with the main features of the EU AI Act. First, do a deep dive into the regulation and its implications. Then, focus on your gaps and how to fill them.

# TO START, JOIN OUR ONLINE TRAINING

**SAFE AI NOW**

**THE EU AI ACT**  
**THE ESSENTIALS**  
**+ UPDATES**

Preparing for compliance

SELF PACED ONLINE TRAINING

27 Lessons  
Videos & Transcripts  
Quizzes  
Regulatory Updates during 6 Months

What concrete actions to implement for the EU AI Act ?

You can start with a brief understanding of the regulation Here is exactly what we will cover in the webinar:

- Overview of the EU AI Act
- Recent changes and status from Q4 2022
- How to stay on top of this new regulation
- How to get started on your compliance journey

# ABOUT

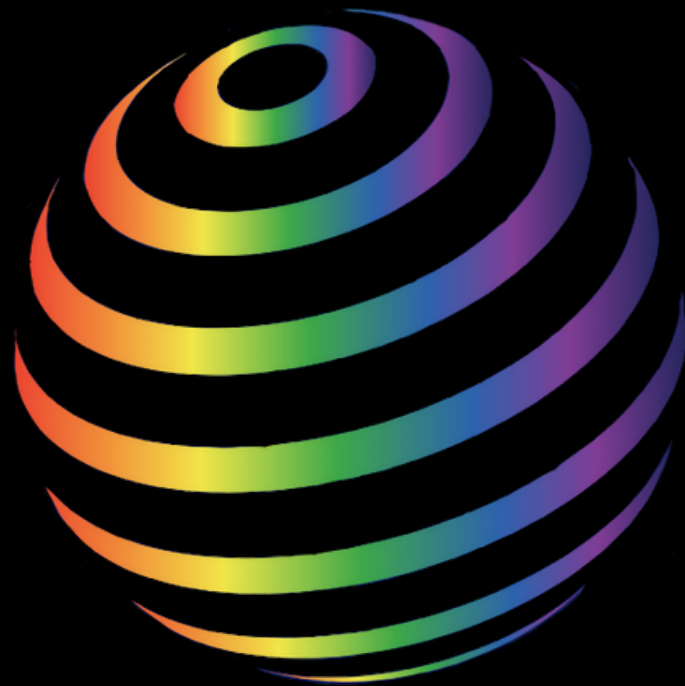
## SAFE AI NOW

**Help leaders building robust, legal and responsible AI**

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