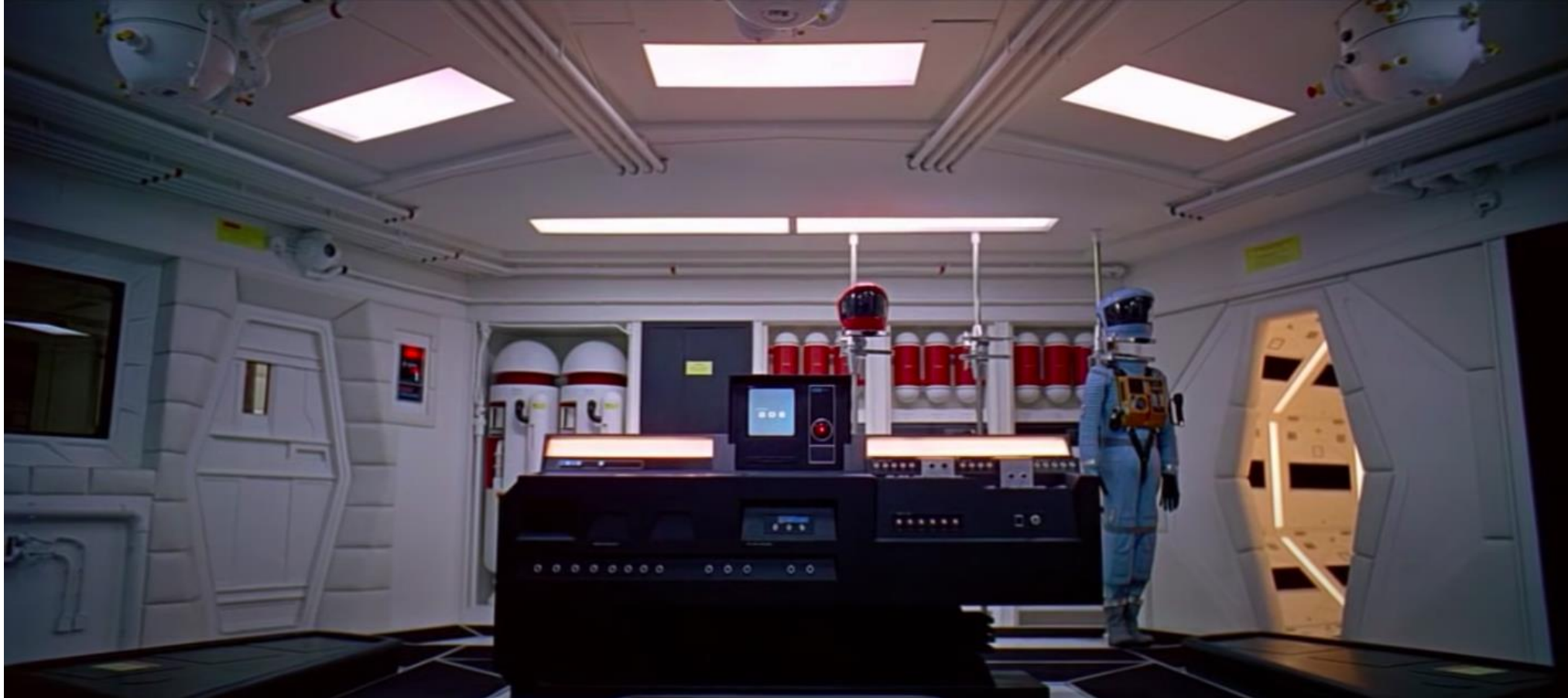


The Inevitable Wave of AI Regulations: Balancing Utility and Harms

Andrew Pery

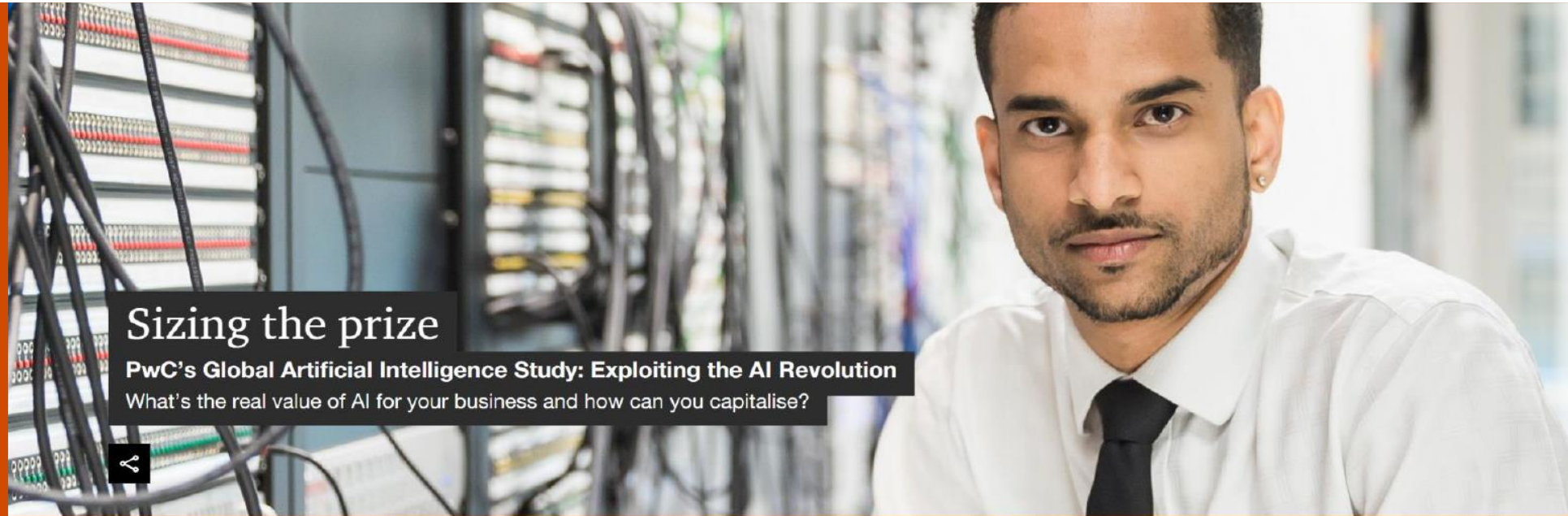
2001: A Space Odyssey – "I'm sorry, Dave. I'm afraid I can't do that"



“Before AI is smarter than us, I think the people developing it should be encouraged to put a lot of work into understanding how it might try and take control away.” - Geoffrey Hinton



AI is too big to be self regulated



Sizing the prize

PwC's Global Artificial Intelligence Study: Exploiting the AI Revolution

What's the real value of AI for your business and how can you capitalise?



\$15.7tr

Potential contribution to the global economy by 2030 from AI

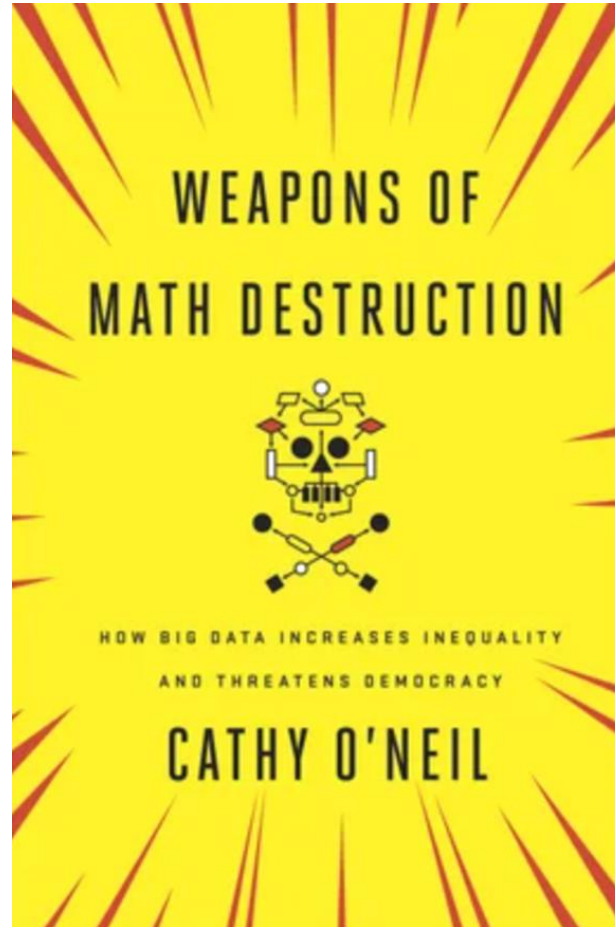
+26%

Up to 26% boost in GDP for local economies from AI by 2030

~300

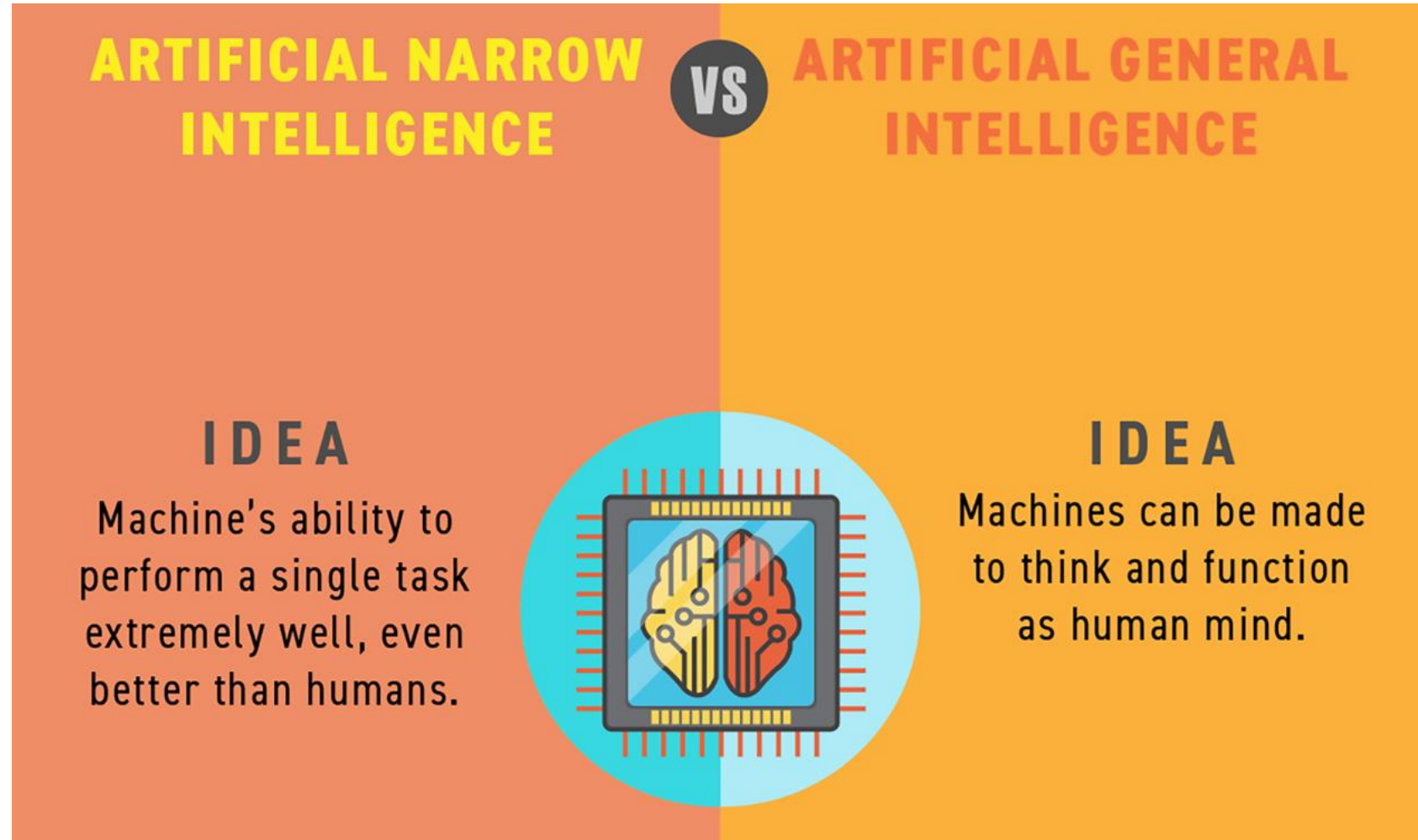
AI use cases identified and rated are captured in our AI Impact Index

The Challenge with AI













“The models being used today are opaque, unregulated, and uncontestable”

AI Classification



Generative AI is it ready for Prime Time?

Source: Stanford Research on Foundation Models (CRFM), Institute for Human-Centered Artificial Intelligence (HAI)

	 OpenAI	 cohere	 stability.ai	 ANTHROPIC	 Google	 BigScience	 Meta	 AI21labs	 ALEPH ALPHA	 EleutherAI	
	GPT-4	Cohere Command	Stable Diffusion v2	Claude	PaLM 2	BLOOM	LLaMA	Jurassic-2	Luminous	GPT-NeoX	Totals
Draft AI Act Requirements											
Data sources	● ○ ○ ○	● ● ● ○	● ● ● ●	○ ○ ○ ○	● ● ● ○	● ● ● ●	● ● ● ●	○ ○ ○ ○	○ ○ ○ ○	● ● ● ●	22
Data governance	● ● ○ ○	● ● ● ○	● ● ○ ○	○ ○ ○ ○	● ● ● ○	● ● ● ●	● ● ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ● ● ○	19
Copyrighted data	○ ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ● ● ○	○ ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ● ● ●	7
Compute	○ ○ ○ ○	○ ○ ○ ○	● ● ● ●	○ ○ ○ ○	○ ○ ○ ○	● ● ● ●	● ● ● ●	○ ○ ○ ○	● ○ ○ ○	● ● ● ●	17
Energy	○ ○ ○ ○	● ○ ○ ○	● ● ● ○	○ ○ ○ ○	○ ○ ○ ○	● ● ● ●	● ● ● ●	○ ○ ○ ○	○ ○ ○ ○	● ● ● ●	16
Capabilities & limitations	● ● ● ●	● ● ● ○	● ● ● ●	● ○ ○ ○	● ● ● ●	● ● ● ○	● ● ○ ○	● ● ○ ○	● ○ ○ ○	● ● ● ○	27
Risks & mitigations	● ● ● ○	● ● ○ ○	● ○ ○ ○	● ○ ○ ○	● ● ● ○	● ● ○ ○	● ○ ○ ○	● ● ○ ○	○ ○ ○ ○	● ○ ○ ○	16
Evaluations	● ● ● ●	● ● ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ● ○ ○	● ● ● ○	● ● ○ ○	○ ○ ○ ○	● ○ ○ ○	● ○ ○ ○	15
Testing	● ● ● ○	● ● ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ● ○ ○	● ● ○ ○	○ ○ ○ ○	● ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○	10
Machine-generated content	● ● ● ○	● ● ● ○	○ ○ ○ ○	● ● ● ○	● ● ● ○	● ● ● ○	○ ○ ○ ○	● ● ● ○	● ○ ○ ○	● ● ○ ○	21
Member states	● ● ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ● ○ ○	● ● ● ●	○ ○ ○ ○	○ ○ ○ ○	○ ○ ○ ○	● ○ ○ ○	○ ○ ○ ○	9
Downstream documentation	● ● ● ○	● ● ● ●	● ● ● ●	○ ○ ○ ○	● ● ● ●	● ● ● ●	● ● ● ○	○ ○ ○ ○	○ ○ ○ ○	● ● ● ○	24
Totals	25 / 48	23 / 48	22 / 48	7 / 48	27 / 48	36 / 48	21 / 48	8 / 48	5 / 48	29 / 48	

Legal Challenges

[Litigation](#) | [Copyright](#) | [Litigation](#) | [Technology](#) | [Intellectual Property](#)

Google hit with class-action lawsuit over AI data scraping

By [Blake Brittain](#)

July 11, 2023 9:09 PM EDT · Updated 12 days ago



OpenAI is being sued for training ChatGPT with 'stolen' personal data

The law firm is accusing OpenAI of using your data without consent.

By [Cecily Mauran](#) on June 29, 2023



Can AI Regulation Keep Up with Innovation?

EU and US hatch transatlantic plan to rein in ChatGPT

01 Jun 2023 | News

Policymakers, companies and civil society on both sides of the Atlantic worry that in the absence of proper regulation, generative artificial intelligence will pose significant threats. The Commission is promoting a voluntary code of conduct to fill the legislative void

By Florin Zubaşcu



Margrethe Vestager, European Commission executive vice president. Photo: European Union

The Proposed EU AI Act



Article 22

Automated individual decision-making, including profiling

1. The data subject shall have the right not to be subject to a decision based solely on automated processing, including profiling, which produces legal effects concerning him or her or similarly significantly affects him or her.
2. Paragraph 1 shall not apply if the decision:
 - (a) is necessary for entering into, or performance of, a contract between the data subject and a data controller;
 - (b) is authorised by Union or Member State law to which the controller is subject and which also lays down suitable measures to safeguard the data subject's rights and freedoms and legitimate interests; or
 - (c) is based on the data subject's explicit consent.
3. In the cases referred to in points (a) and (c) of paragraph 2, the data controller shall implement suitable measures to safeguard the data subject's rights and freedoms and legitimate interests, at least the right to obtain human intervention on the part of the controller, to express his or her point of view and to contest the decision.
4. Decisions referred to in paragraph 2 shall not be based on special categories of personal data referred to in Article 9(1), unless point (a) or (g) of Article 9(2) applies and suitable measures to safeguard the data subject's rights and freedoms and legitimate interests are in place.



Automated Decision-Making Under the GDPR: Practical Cases from Courts and Data Protection Authorities



“ . . . it has only scarcely been enforced under previous law. Cases started to pick up after the GDPR became applicable in 2018.

This research is limited to documents released until April 2022, and it draws from more than 70 cases — 19 court rulings and more than 50 enforcement decisions.”



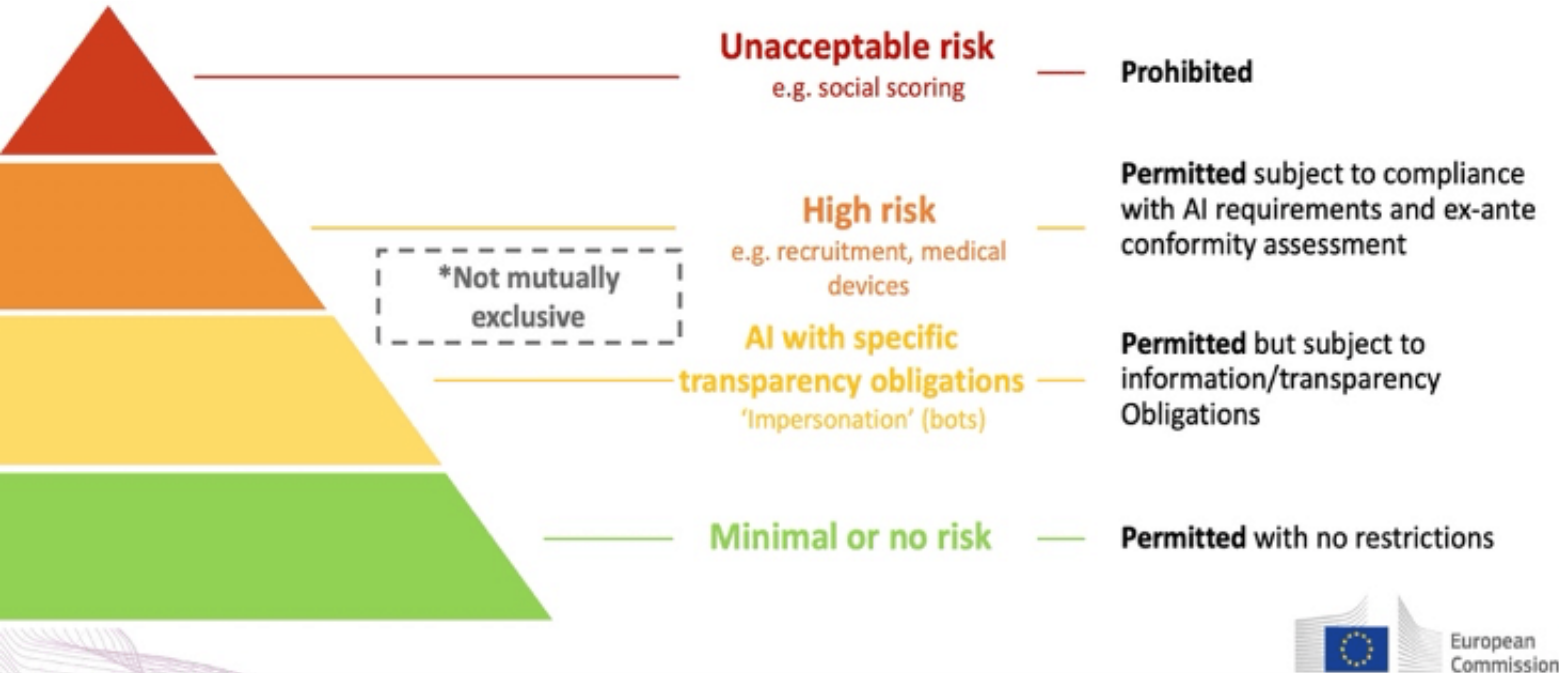
Massive scope, scary penalties

- Art. 2: jurisdictional scope ~ GDPR
- Art. 3: covered entities:
 - 1. Providers (broadest set of duties)
 - 2. Users
 - 3. Importers
 - 4. Distributors
 - 5. Operators
- Art. 63 and 71: penalties even higher than GDPR = 2-6% annual revenues
- Art. 65-68: biggest hammer = market ban (same as GDPR)





Risk-based approach

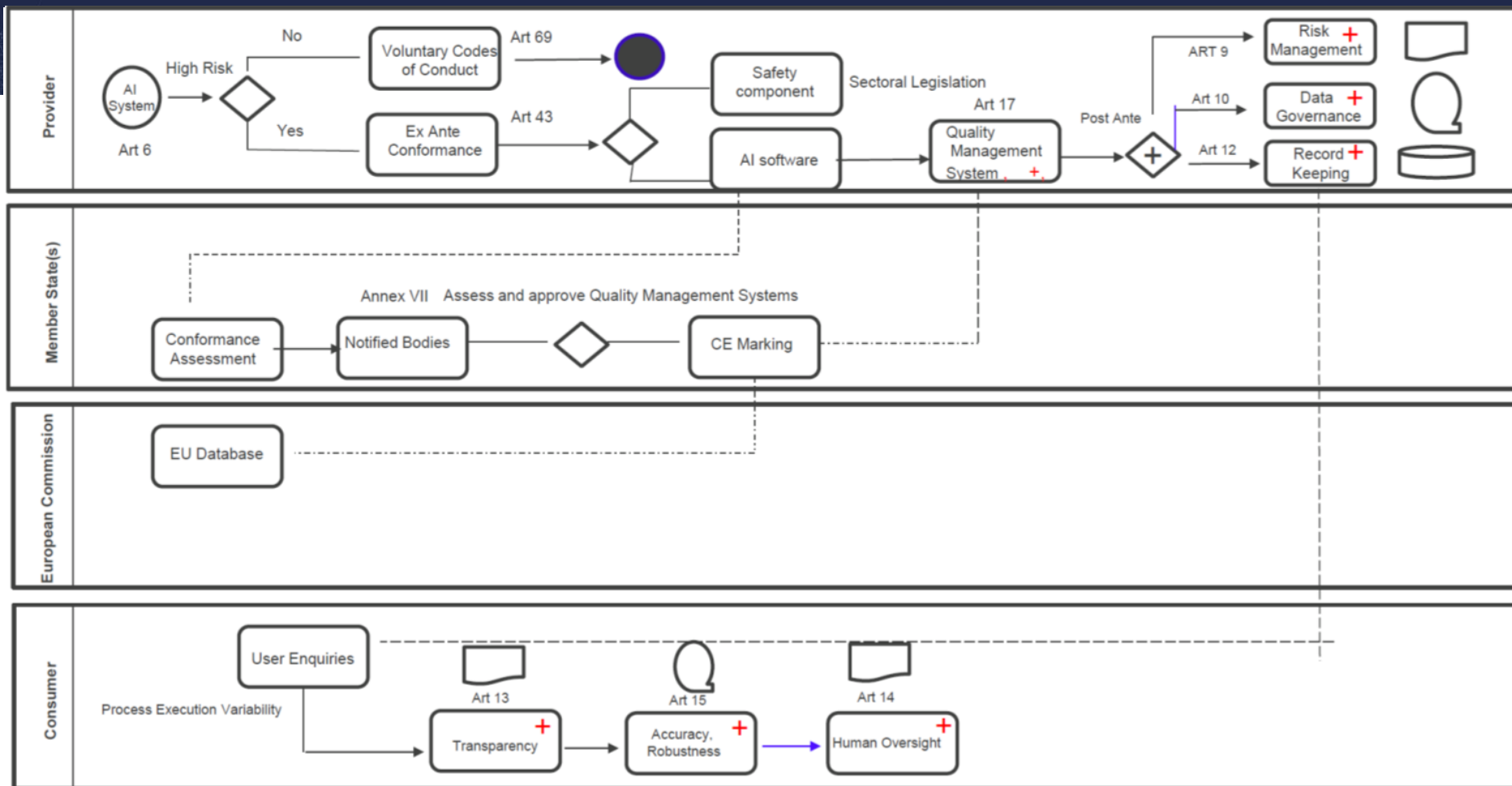


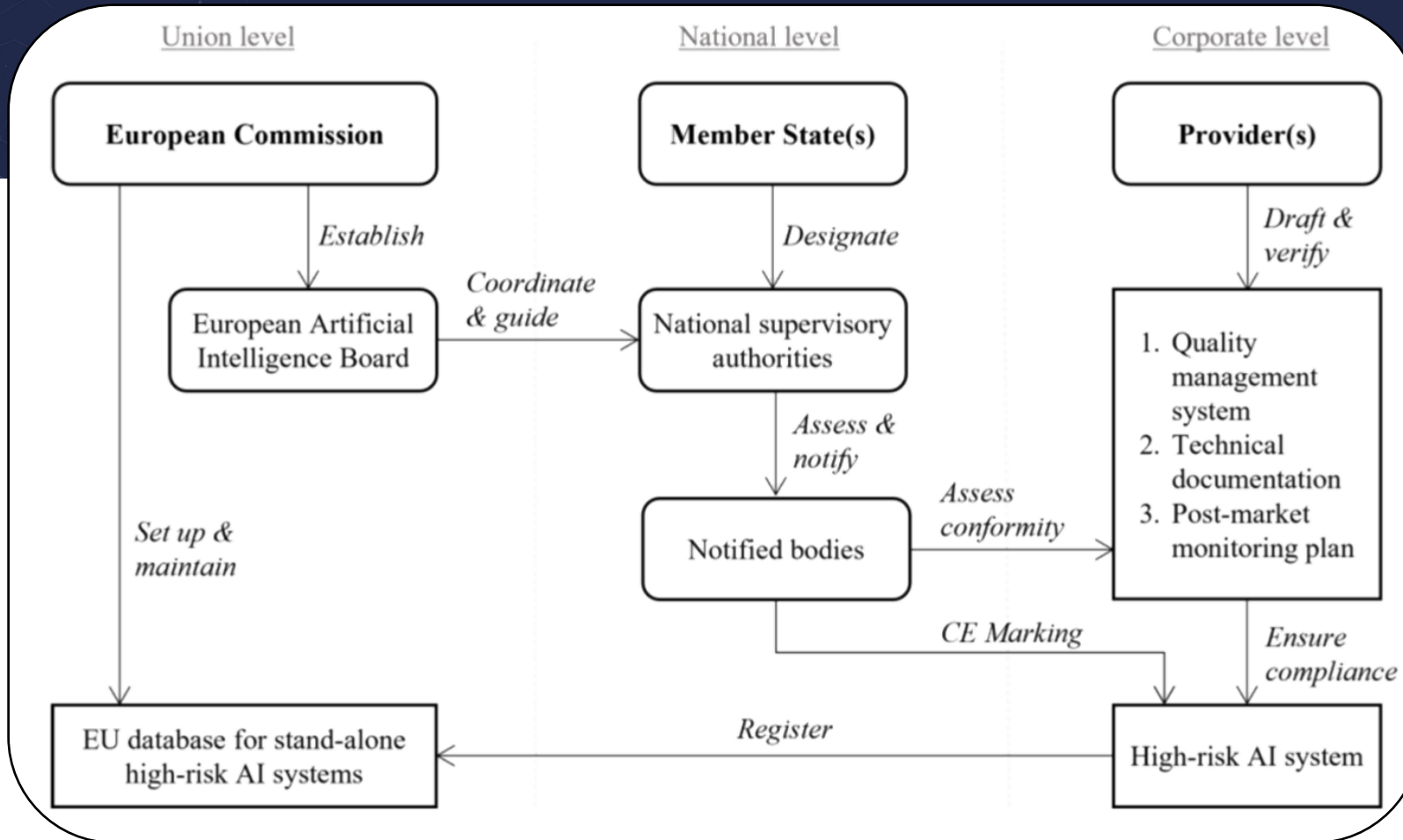
New as of Final Draft

- **High Risk = Significance**
 - Severity
 - Intensity
 - Probability
 - Duration of its effects
 - Ability to affect people/groups
- **Anti-biasing for sensitive issues**
- **ESG requirements**



High-risk system requirements





3 types of ethics-based auditing

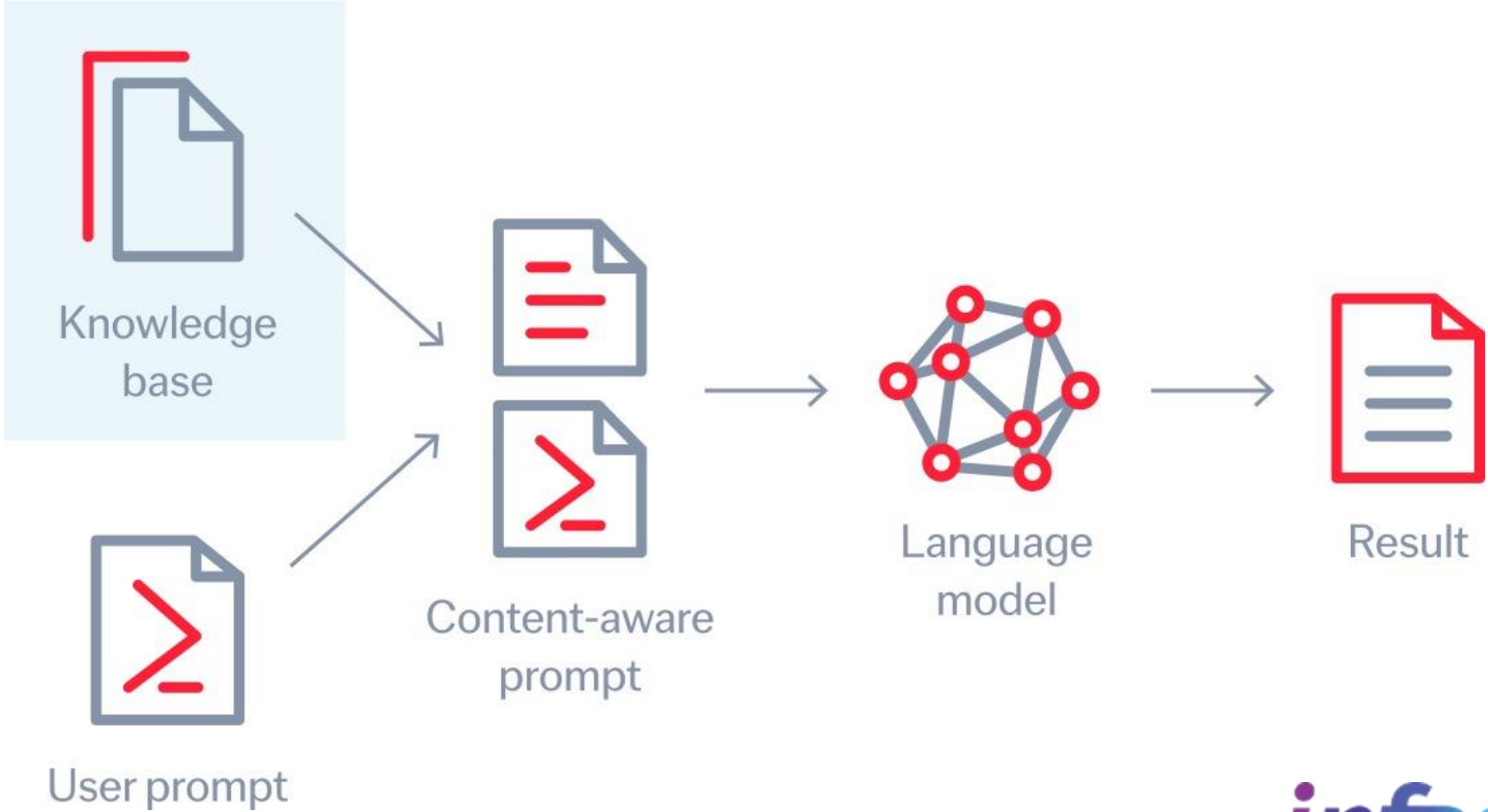
1. AI functionality
2. AI Code Audits
3. AI Impact Audits

Risk Management Frameworks

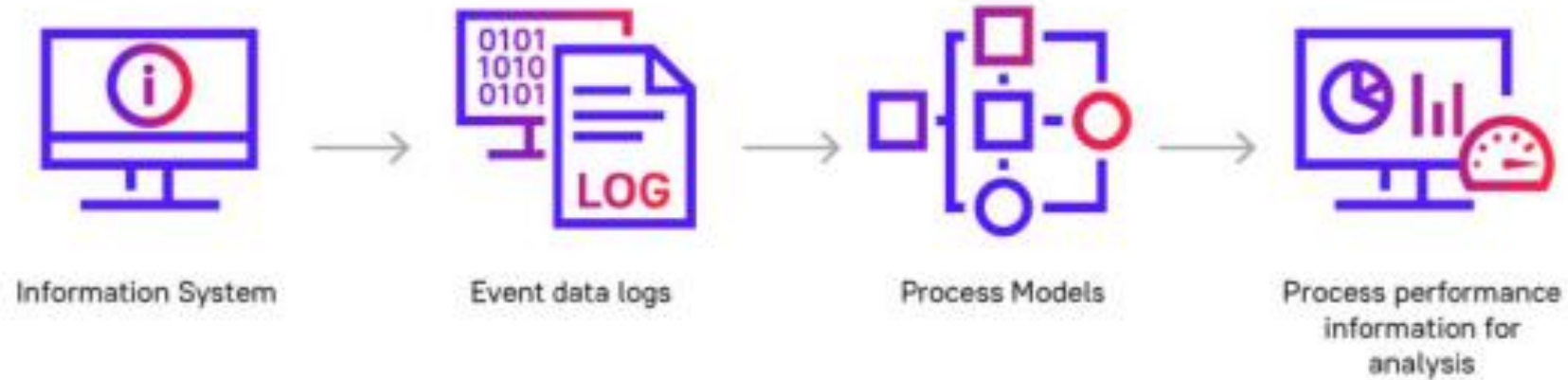


Context Injection: How IDP Can add Value to Generative AI

Accurate models,
accurate knowledge base



Operationalizing Trustworthy AI with Process Intelligence



Trustworthy AI

Three core principles can help leaders think through AI's ethical implications



Non-maleficence:
Avoid harm

Beneficence:
Advance the flourishing of people and societies



Procedural fairness:
Promote fair treatment

Distributive fairness:
Promote equitable outcomes



Comprehension:
Explain how to use and when to trust AI

Control:
Allow people to modify or override AI when appropriate

Source: Deloitte analysis.

Deloitte Insights | deloitte.com/insights

Thank You

