



AI  
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# **The Ultimate Guide to EU AI Act Compliance**

E-Book

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For public use



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# What is EU AI Act compliance?

At its core, EU AI Act Compliance means an organization that falls within the scope of the EU AI Act meets the requirements for properly dealing with AI systems as defined in the law.

The EU AI Act (EU AI Act) outlines certain obligations organizations must follow which limit the types of AI systems that can be used as well as imposing obligations. It also defines four categories of AI systems that are applicable depending on their risk to individuals' safety and security or fundamental rights. Ultimately governing the use of AI in the EU.

## Overview of the EU AI Act

The EU AI Act is the strongest global AI law in effect today. Created by the European Union (EU) to regulate how organizations use, develop, deploy, distribute, import, operate or interact with AI systems interacting with EU residents. The EU AI Act is scheduled to be published in the Official Journal of the European Union in January 2024, and is a binding regulation written directly into Member States' laws. It is designed to protect individuals' safe, security and fundamental rights by imposing obligations on providers of high-risk AI systems.

The EU AI Act concerns three main aspects:

1. Emphasizing the ethical application of AI, instilling European values while improving transparency.
2. Establishing a process and roles to enforce quality at launch and throughout the lifecycle.
3. Fostering collaboration and a level playing field between EU member states and protecting fundamental rights of EU citizens in the age of AI.





# EU AI Act Terminology



**Provider** - You are an individual or company that develops an AI system or has an AI system developed with a view to placing it on the market or put into service under your own name or trademark, whether for payment or free of charge.

**Developer** - You are an individual or company that uses an AI system in a professional capacity.

**Importer** - You are an individual or company established in the EU that places on the market or puts into service an AI system that bears the name or trademark of a individual or company established outside the EU.

**Distributor** - You are an individual or company that makes an AI system available on the EU market without affecting its properties.

**Operator** - You are a Provider, User, Authorised representative, Importer or a Distributor.

**User** - You are an individual or company using an AI system in a professional capacity.

**Artificial intelligence system (AI system)** - software that is developed with one or more techniques and approaches (e.g. Bayesian reasoning), for a given set of human-defined objectives, generate outputs such as content, predictions, recommendations, or decisions influencing the environments they interact with.

**Placing on the market** – first making available of an AI system on the EU market.

**Making available on the market** - any supply of an AI system for distribution or use on the Union market in the course of a commercial activity, whether in return for payment or free of charge.

**Putting into service** – supply of an AI system for first use directly to the user or for own use on the EU market for its intended purpose.



# Does the EU AI Act apply to your business?

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To decide whether you are covered under the EU AI Act, you need to consider whether you, your group companies or any part of your supply chain interacts with AI systems and has an EU connection.



It also has an extraterritorial application for a provider or a user, which is not established in the EU, if the provider or the user provides an AI system to persons in the EU otherwise offers services relating to AI systems taking place in the EU.

For example, the EU AI Act applies to a US online shopping website which uses AI systems to and offer services and goods to customers in the EU. The offering of goods and services could be complimentary, free of charge. This could cover foreign government agencies or non-profit organizations.

For example, the EU AI Act applies to a travel information page run by a US state government that uses predictive analytics while the site visitors from the EU access the free travel information.



# HRAIS Obligations

The EU AI Act outlines eight fundamental data subject rights, plus the right to withdraw consent. Let's take a closer look at these rights:

1. **Risk Management System:** Implementing process for entire lifecycle of HRAIS to identify, analyse and mitigate risks (Art. 9).
2. **Human Oversight:** HRAIS must be designed so they can be overseen by humans, who can meet various requirements (Art. 14).
3. **Data and Data Governance Measures:** Training and testing of HRAIS using data in accordance with certain requirements (Art. 10).
4. **Transparency:** HRAIS must be accompanied by instructions for use including detailed information (Art. 13).
5. **Technical Documentation:** Drafting comprehensive "manual" for HRAIS which contains certain information (Art. 11).
6. **Record Keeping:** HRAIS must be designed to ensure automatic logging of events (Art. 12) and providers must keep logs (Art. 20).

7. **Post-Market Monitoring:** HRAIS providers must document a system to collect and analyse data provided by users during its lifetime (Art. 61).

8. **Quality Management Systems:** HRAIS providers must put in place a comprehensive QMS system which includes certain information (Art. 17).

9. **Accuracy, Robustness and Oversight:** HRAIS must be accurate and cyber-attack resilience (Art. 15).





# Steps to EU AI Act compliance

Now that we understand the basics, let's jump into the steps your organization can take to meet AU Act compliance.

EU AI Act compliance can look a bit different depending on your organization, but there are specific steps any organization can take now to create a EU AI Act compliant governance program:

- Create an actionable plan with a readiness assessment
- Implement a risk management system for Article 9
- Operationalize fundamental rights impact assessment (FRIA)
- Incorporate sufficient human oversight mechanisms
- Establish a post-market monitoring system
- Know the AI systems that you interact with in your business, and how you use them
- Start preparing instructions for use in an appropriate digital format

- Train your staff for the EU AI Act compliance
- Appoint a Chief AI Officer (CAIO).

## **Step 1: Create an actionable plan with a readiness assessment**

The EU AI Act sets out six key principles which should be at the core of your approach for personal data processing:

1. **Technical Robustness and Safety.**
2. **Transparency.**
3. **Privacy and Data Governance.**
4. **Diversity, Non-Discrimination and Fairness.**
5. **Human Agency & Oversight.**
6. **Societal and Environmental Well-Being.**

## **EU AI Act Articles:**

- Article 4a: General principles applicable to all AI systems





# Steps to EU AI Act compliance

## Step 2: Implement a risk management system

The EU AI Act requires organizations to implement a risk management system for entire lifecycle of HRAIS to identify, analyse and mitigate risks.

### EU AI Act Articles:

- **Article 9:** Risk management

## Step 3: Operationalise a fundamental rights impact assessment (FRIA)

Help firms put into use, with certain exceptions, AI systems and deployers shall conduct an assessment of the systems' impact in the specific context of use.

### EU AI Act Articles:

- **Article 29a:** Fundamental rights impact assessment for high-risk AI systems

## Step 4: Incorporate sufficient human oversight mechanisms

High-risk AI systems shall be designed and developed in such a way, including with appropriate human-machine interface tools, that they can be effectively overseen by natural persons during the period in which the AI system is in use.

- **Article 14:** Human oversight

## Step 5: Establish a post-market monitoring system

Establish and document a post-market monitoring system in a manner that is proportionate to the nature of the artificial intelligence technologies and the risks of the high-risk AI system.

- **Article 61:** Post-market monitoring by providers and post-market monitoring plan for high-risk AI systems







# Steps to EU AI Act compliance

## Step 6: Know the AI systems that you interact with in your business, and how you use them

As a small business, one of the first steps you should take is to make an inventory of the AI systems that you use and/or interact with within your business, and why it's needed. This includes AI systems interacted with across the value chain (e.g. deployer, developer).

For example, you may use an AI system to undertake predictive analytics on shopping data for sales forecasting purposes.

### EU AI Act Articles:

- **Article 6:** Classification rules for high-risk AI systems

## Step 7: Start preparing instructions for use in an appropriate digital format

Design and develop HRAs in such a way to ensure that their operation is sufficiently transparent to enable users to interpret the system's output and use it appropriately

### EU AI Act Articles:

- **Article 13:** Transparency and provisions of information to users

## Step 8: Train your staff for EU AI Act compliance

Prepare a short document explaining what AI systems you interact with and how they are used. You might be required to make the documentation available to your national supervisory authority if needed.

- **Article 14:** Human Oversight

## Step 9: Appoint a Chief AI Officer (CAIO)

To better manage HRIAS, organizations might have to appoint a **CAIO**. However, you may not need to designate a CAIO if not using HRAIS in any part of your business, or if you are a small business. For example, if your business only uses AI systems with limited or minimal risk categories, you should not need to appoint a CAIO. Even if you need to make use of a CAIO, these duties might be assigned to an existing employee in addition to his/her other tasks. Or you could choose to hire an external consultant for this duty as needed.

- **Article 14:** Human Oversight





# Common small business questions about the EU AI Act

## **I'm a sole proprietor – do I really have to worry about the EU AI Act?**

The EU AI Act is about the AI systems that you interact with (e.g. use, develop), not the number of employees you have. It affects companies of all sizes, even sole proprietors. However, depending the terms of use companies may be entitled to some exemptions, such being excluded entirely, but only if you are sure the AI system is either not within scope or is not a high-risk system. Notwithstanding, certain obligations still apply, such as transparency.

## **My company is outside Europe. Does the EU AI Act really affect us?**

The EU AI Act is a regulation that protects EU citizens. If your company deals with EU citizens now, or you hope to in the future, you will be affected. This applies to both citizens living in an EU State and those living elsewhere.

Consider the following example:

- A U.S. company that hires cars to EU citizens will need to satisfy EU AI Act requirements when they use data to train a model. The company will be required to undertake a conformance assessment if the system is classified as high-risk.

## **My company develops and deploys a model. How does the EU AI Act impact us?**

If a company writes the code and fully trains AI models for internal use within the same company's function, it will qualify as both a provider and a user. If the AI system qualifies as high risk, the provider will be a PHRAIS, and thus must go through the conformity assessment process and meet the other AI Act requirements. An example of this scenario is an AI system that manages and allocates tasks to warehouse employees, which was developed and is operated by the warehouse company.





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# THANK YOU FOR YOUR TIME

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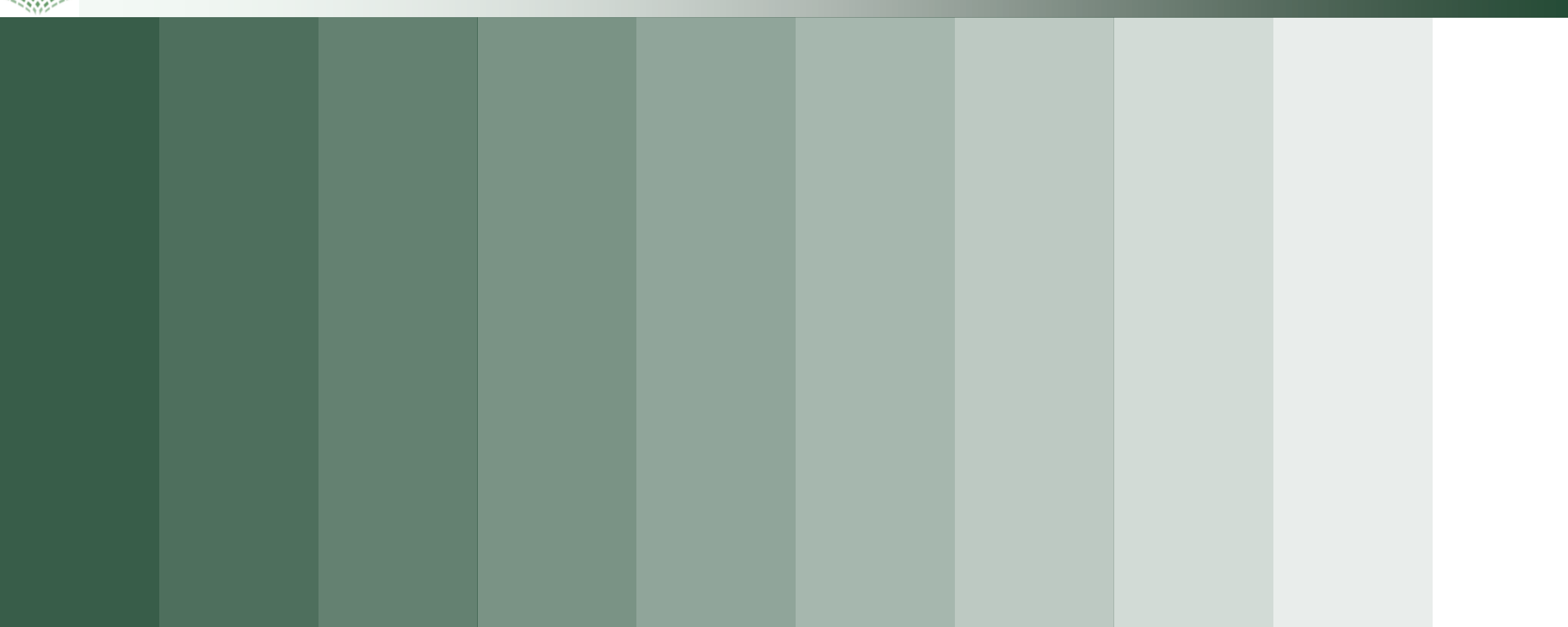
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