

Board Imperative Series

How can trusted AI unlock long-term value?

Overview of key points



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The better the world works.



Building a better
working world

Trusted AI

The EY Global Center for Board Matters has developed a short film uncovering insights on the development and deployment of ethical AI and how this contributes to long-term value creation. The film identifies the key challenges for board members when it comes to governing an ethical AI strategy, guided by four perspectives:

1. The impact of AI on long-term value creation
2. Ethics and trust in AI
3. AI policy and regulation
4. Governance and the role of the board

This document provides an overview of each perspective, including a summary of the main points, actions and questions for boards as well as additional resources.

The role of the board

The divide between organizations that thrive and those that survive rests on many qualities, one of which is the organization's ability to develop and deploy advanced technology such as AI. In deploying AI, organizations must address growing concerns around ethics, data, regulation, privacy and ultimately consumer trust.

The board has the responsibility to challenge management and ask critical questions that can unlock new opportunities for their organizations. There is also an increasing expectation from boards to be more active in guiding management through major strategic decisions, including AI investment and deployment. In this context, board members are expected to play a pivotal role in building and safeguarding trust in AI, so their organizations can not only thrive commercially but also create a sustainable legacy for society. How can board members understand AI technologies enough to mitigate their risks? What can they do to strengthen the governance around the organization's AI strategy?

It is critical that boards understand both the tremendous potential of AI to help create sustained value, and the fundamental and ethical risks that can impede this potential.

Perspective 1

Michelle Unger

EY Global Technology Officer - Consulting

The impact of AI on long-term value creation

Summary of main points

1. Deliver value to all stakeholders through trusted AI systems

Organizations are under pressure to act in the long-term interest of all their stakeholders. Boards must ensure that the organization's AI systems are applied ethically and oriented to avoid adverse impacts to their stakeholder ecosystem. This must be core to the development process as the cost of unethical application could be very high.

2. Balance the acceleration of technology such as AI with a social license to operate

variety of forces are increasing the demand for more responsible business. Organizations must think differently about the role they play in society and maintain a social license to operate. With AI, if organizations move too fast and something goes wrong, they might risk losing trust - but if they move too slow, they will face risks. Boards need to play a role in maintaining this balancing act.



BQ:

How can trusted AI unlock long-term value?

Keywords

Long-term interests | Stakeholders | Trust | Positive impact | Social licence

Actions for boards

- ▶ Ensure your organization is being transparent about what data you're collecting and how you intend to use it. Ensure that your stakeholders' data is collected fairly, stored safely and used for the stated purpose.
- ▶ Guide management to establish internal consensus around the key principles for using AI within the organization by engaging with customers, employees and other stakeholders.
- ▶ Request awareness training to educate executives and AI developers on the potential legal and ethical considerations relating to the development of AI, and their responsibility to safeguard an impacted user's rights, freedoms and interests.
- ▶ Challenge the organization to think holistically about the ecosystem you operate in and how the organization creates long-term value for its full set of stakeholders - including customers, employees, investors and regulators.

Questions boards should be asking

- ▶ Have we made sure that our AI development teams factor in compliance and risk management from the earliest stages of development?
- ▶ Are we doing enough with AI technologies to move from remaining competitive to also ensuring that we create long-term value? If not, which of the issues identified here are standing in our way?

Additional resources

- ▶ [Four ways to put your purpose to work in 2021](#)
- ▶ [Will there be a 'next' if corporate governance is focused on the 'now'?](#)
- ▶ [How can technology make transformation more human?](#)



Michelle Unger
EY Global Technology
Officer - Consulting

Perspective 2

Reid Blackman, Ph.D.

Founder & CEO Virtue Consultants

Ethics and trust in AI

Summary of main points

1 Understand risks associated with AI from the board lens

In a world where inequalities are increasingly pervasive, an AI technology that proves biased against particular groups or prevents certain outcomes can be very damaging. It can take only one mistake, or even a perceived mistake, for an individual to stop trusting the organization. If this happens, they may think twice about sharing their data, making the AI less effective. Boards have a vital role to play in ensuring they weigh desired benefits with risk exposure and that the reputation of their brand is protected.

2 Apply data hygiene to build and keep trust

AI is not a self-contained technology and it requires the support of well-functioning data and infrastructure. More trust results in more users, and more data, leading to continuous optimization and the accelerated adoption of AI. In order to gain access to the data needed, organizations must ensure they balance the need to collect and use data while ensuring they have stakeholder trust.

3 Know objectives and ethical principles of AI

Boards need to make sure their organizations are clear and transparent about their approach to data, by ensuring that their stakeholders' data is collected fairly, stored safely and used for the stated purpose. Organizations must clearly communicate their design principles to both internal and external stakeholders. And then make sure those principles are built into their AI strategy from the start, not bolted on after.



BQ:

Will AI change the world for good, or just change it?

Keywords

Transparency and accountability | Oversight | Risk | Bias | Data | AI Strategy

Actions for boards

- ▶ Work with management to establish the objectives and ethical principles of AI use in your organization and make sure these are built into your AI strategy from the start, not bolted on later.
- ▶ Understand these technologies enough to manage risk and contribute to discussions about their use. Find out how AI is being used within the organization at present and how the organization plans to use it in future.
- ▶ Consider an AI ethics advisory board to provide the organization with independent advice and guidance on ethical considerations in AI development.
- ▶ Ensure that the organization fully assesses ethical risks when embarking on transformation projects that use AI and during the development of AI products and services.
- ▶ Consider hiring a Chief Ethics Officer who is ultimately responsible for supporting that AI algorithms are reliable and unbiased.

Questions boards should be asking

- ▶ Do we understand our specific role in establishing objectives and principles for AI that help protect our organization against unintended consequences? Do we have adequate processes and procedures in place to react quickly in case of AI failures?
- ▶ Do we have the right systems in place to assess effectiveness of our AI and ensure that they are performing as intended to mitigate technology and compliance risks?
- ▶ Do we have strong IT controls over security, availability and data confidentiality to manage data risks?
- ▶ Have we made transparency and accountability a top priority when it comes to AI? If yes, where can our principles be found? If not, what's our plan to address this?

Additional resources

- ▶ [Why unbiased AI is essential to building a better working world](#)
- ▶ [How can risk foresight lead to AI insight?](#)
- ▶ [Are you moving at the speed of trust?](#)
- ▶ [What companies are disclosing about cybersecurity risk and oversight](#)



Cathy Cobey
EY Global Trusted AI
Consulting Leader

Perspective 3

Eva Kaili

Chair Science and Technology European Parliament

AI policy and regulation

Summary of main points

1 Build human-centricity and trustworthiness into AI to drive safety and fairness for the consumer

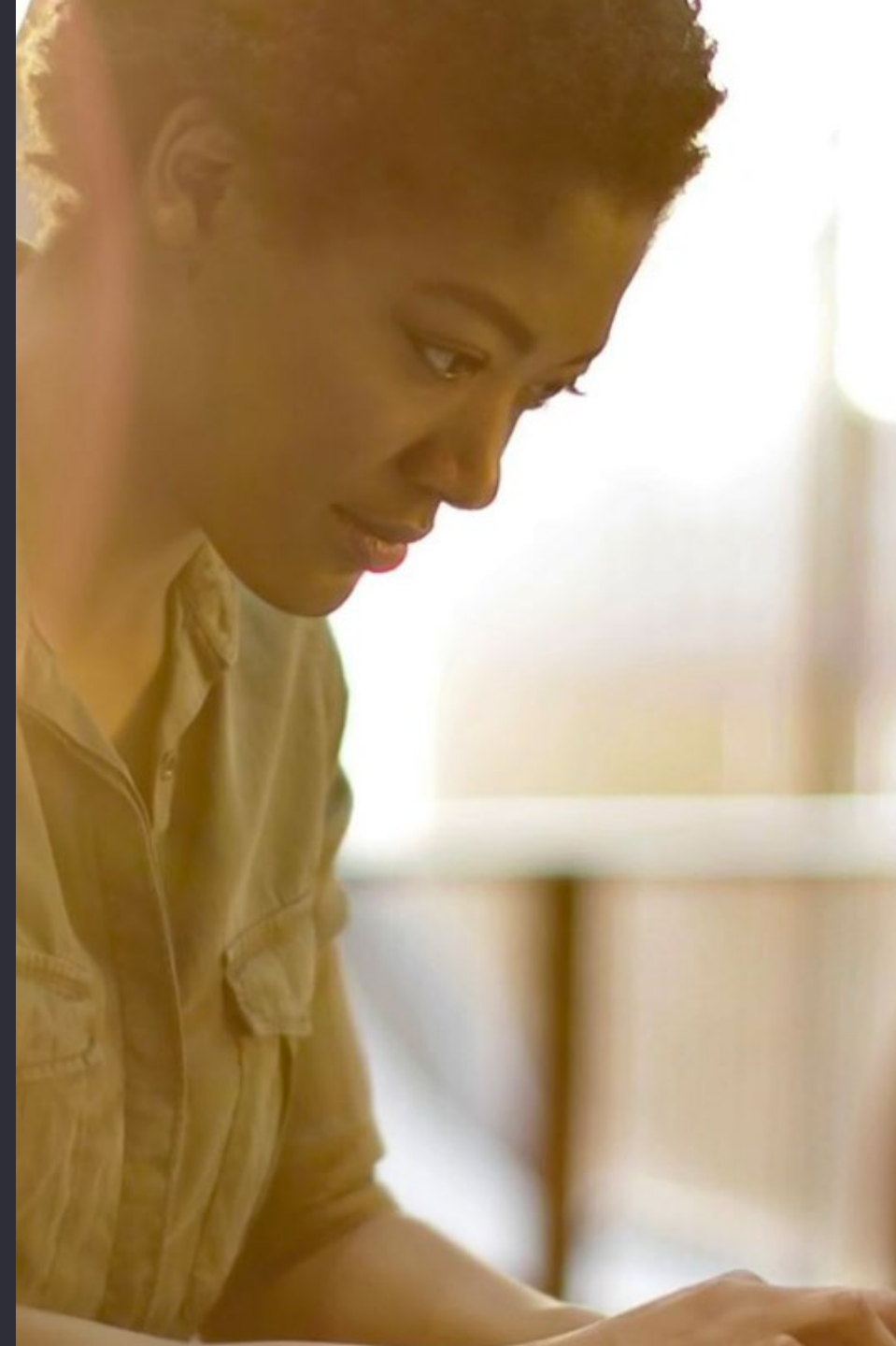
Organizations must understand the value of good regulation and adopt best practices for algorithmic and data governance, as ultimately the right regulation will help boards by setting parameters that guide how organizations develop and deploy AI. The expectation for the future of AI and AI governance is to be human-centric and trustworthy.

2 Strike balance between ensuring safety for consumers and supporting business innovation

Regulators seek to adopt principles that benefit citizens, not just maximize profits. However, they need to ensure they are giving organizations enough room to innovate; too strict, and innovation is stifled; too lax, and consumers are vulnerable to bias or privacy breaches.

3 Collaboration between the private sector, governments and regulators

Collaboration between the private sector, governments and regulators is central to making sure legislation reflects how organizations are using AI and ensure that it is relevant and applicable from a business standpoint. A global accord is critical. Boards can stay engaged by understanding the latest regulatory developments and by how they encourage the organization to feed into discussions and consultations around these developments.



BQ:

In a future where data is everywhere, who will keep it out of the wrong hands?

Keywords

Human-centric | Trustworthy | Globally applicable | Consumer protection | Innovation friendly | Oversight

Actions for boards

- ▶ Understand how the organization is involved with policymakers to both listen and provide input in order to develop realistic and effective policy measures and governance frameworks.
- ▶ Identify who in the organization has governance oversight of regulatory impacts.
- ▶ Request an independent AI ethical and design audit to enhance users' trust in the AI system to evaluate the sufficiency and effectiveness of the governance models and controls.
- ▶ Educate management on how regulation and good practice in data/algorithmic governance can benefit your organization, stakeholders and wider society (especially if you go beyond what the regulators require).

Questions boards should be asking

- ▶ To what extent do we work with governments and regulators to understand AI regulatory developments in our sector, and make sure we're aligned? Are we participating in coalitions with policymakers? Should we consider heightened engagement if our current levels are low or non-existent?
- ▶ How do we identify and learn from early adopters and regulation pioneers to aide our decision-making on how best to use and govern these technologies within our organizations?

Additional resources

- ▶ [How can building trust in AI accelerate your transformation?](#)
- ▶ [Why closing the AI trust gap requires a public-private dialogue](#)
- ▶ [How can digital government connect citizens without leaving the disconnected behind?](#)
- ▶ [How to combat economic crime in a digital age?](#)
- ▶ [The first-ever legal framework on AI](#)



Douglas M Bell
EY Global Trade Policy Leader



Ansgar Koene
EY Global AI Ethics and
Regulatory Leader

Perspective 4

John Thomson
Chairman of the Board at Microsoft

Governance and the role of the board

Summary of main points

1 Govern AI development against corporate principles

It is essential for boards to seek a deeper understanding of AI in order to strengthen governance from the earliest stages of AI acquisition or development, including in setting purposeful objectives, ensuring the fair and unbiased design and deployment of AI technologies and safeguarding against risk exposure.

2 Raise questions to guide management and operating teams

Boards must ensure they can contribute to the discussion by asking management and specifically the operating team the right questions to optimize the technology and minimize the risks. Boards must communicate with the operation team and regularly monitor that AI practices stay within the ethical principles identified by the organization.

3 Bridge the trust gap between policymakers and corporations

EY's survey in conjunction with The Future Society "Bridging AI's trust gaps" completed in late 2019, showed that policymakers and corporates are not aligned around key ethical principles and government approaches fundamental to the development of AI. Consulting with policymakers to understand how emerging ethical principles will influence AI regulatory developments in their sector helps ensure ongoing alignment. Boards should be involved with these efforts to not only trust AI themselves and support investments for the acquisition, adoption and scaling of AI technologies, but also bridge the trust gap as it is essential for the long-term viability of their organizations.

4 Create positive impact through ethical AI

Minority and underprivileged communities suffer disproportionately and working to dismantle the structures that underlie this is the foundation of creating a more ethical world. AI can not only minimise harm but can create positive outcomes for a human-centered society when applied ethically. Boards need to be engaged by asking the right questions to ensure fair outcomes for everyone impacted by the organization's AI.



BQ:

In a data driven world, is trust the hardest thing to build?

Keywords

Ethical and responsible use | Regular monitoring | Corporate principles

Actions for boards

- ▶ Dig deep and challenge the operating team about key issues associated with AI - from understanding ethical issues and regulatory preparedness to how the organization can apply a long-term perspective with AI use-cases.
- ▶ Think about the unintended consequences to society or vulnerable groups of using AI to improve business performance. Engage with a diverse set of stakeholders to obtain feedback and consider how these findings should impact development. Review the composition of the development team and if it reflects the end-users.
- ▶ Identify accountability for oversight of the AI Strategy to a committee of the board or consider whether a special committee must be established.
- ▶ Collaborate with and feed into discussions and consultations with regulators

Questions boards should be asking

- ▶ Am I [speaking with the CIO](#) or CTO enough? What information do I need from them to be effective?
- ▶ How can we ensure our early involvement and continued commitment to our organization's AI strategy?
- ▶ Do we have the right set of skills to guide management make the right decisions about AI, trust, ethics and risk? Can we bridge any gaps with internal training or do we need to consider external resources? What's our plan for continuous upskilling and training?
- ▶ Are we confident the current governance structure is sufficient to effectively oversee our organization's use of AI (whether developed in house or acquired)? Should we consider a special committee to provide enhanced governance and focus?
- ▶ Do we have the safeguards in place to react quickly in case of AI failures?
- ▶ Are we consulting a diverse group of stakeholders (including end users) to challenge and test the objectives we've set for our AI applications? Are we regularly communicating with the operating team to make sure these objectives align with how they're developing and deploying AI?

Additional resources

- ▶ [How can boards engender trust through governance of AI?](#)
- ▶ [The CEO Imperative: How can today's leaders realize tomorrow's opportunities?](#)
- ▶ [How boards can use megatrends to chart a new course](#)



Nigel P Duffy
EY Global Artificial Intelligence
Leader

EY Global Center for Board Matters contacts

EY Global Center for Board Matters Leader and EY Asia Pacific Program Management Leader

Sharon Sutherland

Mobile: +852 9660 7476

sharon.sutherland@hk.ey.com

GCBM mailbox: gcbm@ey.com

EY Global Center for Board Matters Operations Lead

Nadia Woodhouse

nadia.woodhouse@uk.ey.com

Mobile: +44 0 782 731 2649

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