The Artificial Intelligence (AI) global regulatory landscape
Policy trends and considerations to build confidence in AI

2024
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The development and use of artificial intelligence (AI) is accelerating across the globe. As a result, policymakers, companies, and other stakeholders are working with increasing urgency to ensure that AI is integrated in a way that improves its potential to serve important economic and societal objectives, while reducing its risks.

EY is committed to developing leading-class practices for the responsible and confident use of AI through our three-pillar strategy, which we collectively refer to as transforming EY, transforming clients and transforming the world. EY has established a set of AI Principles to guide our development and use of AI tools, and we are advising clients on how to build their own ethical AI governance frameworks. We draw on our own digital ethicists, IT risk practitioners, data scientists, and subject-matter experts to support clients navigating complex ethical, technical, and compliance-related challenges relating to AI.

EY teams recognize, however, that no single organization can tackle this level of change, safely and at speed, without collaboration between the public and private sectors. Most importantly there is a need for increased dialogue between policy makers, standard-setters, the private sector; and civil society, to better understand and align interests to close the AI confidence gap, prevent policy fragmentation, and realize the full benefits and potential of AI.

This paper is intended to facilitate that process by helping a diverse community of stakeholders better understand and assess the rapidly evolving AI policy landscape in eight key jurisdictions, which include Canada, China, the EU, Japan, Korea, Singapore, the UK, and the US.

Ultimately, if all stakeholders are better informed about emerging AI policies, they can more effectively contribute to the development of comparable and interoperable rules across jurisdictions, help to reduce the potential for regulatory arbitrage, and expand the potential for rules that promote the positive use of AI. Companies that better understand the dynamic AI policy landscape can also align their AI governance frameworks with the requirements and expectations of regulators in countries where they operate, and in doing so, build confidence in their use of AI. Together, ongoing engagement among government officials, corporate executives, and other stakeholders can help us all strike the right balance between regulation and innovation.

In today’s dynamic economic environment, the global macroeconomic outlook for AI is exceedingly positive. AI is poised to be a key driver of economic growth, innovation, societal change, and competitiveness worldwide. As organizations, governments, and a diverse range of other stakeholders come together on these issues, EY teams will remain focused on serving as a trusted source and providing our perspective around the ever-evolving AI policy landscape.

Carmine Di Sibio
EY Global Chairman and CEO
Executive summary

To assess the evolving AI regulatory landscape, EY teams analyzed the regulatory approaches of eight jurisdictions that have a vital role to play in the development of rules for the use of AI. These jurisdictions were selected on the basis of their legislative and regulatory activity around the topic of AI and their broader market reach. This activity includes not only their domestic AI policymaking activity, but also multinational AI policymaking efforts in which they have been engaged. These jurisdictions include Canada, China, the European Union (EU), Japan, Korea, Singapore, the United Kingdom (UK), and the United States (US). The rules and policy initiatives were sourced from the Organization for Economic Co-operation and Development (OECD) AI policy observatory and are listed in the appendix to this paper. In addition, this report also includes recent multinational efforts in which these jurisdictions have been engaged. Based on analysis by EY teams, we identified six key regulatory trends for policymakers and companies to consider as they work toward enhancing confidence in the use of AI.

Six regulatory trends

The eight jurisdictions studied have taken some distinctly different approaches to AI policy, reflecting diverse cultural approaches to regulation generally and AI regulation, in particular. However, our analysis of domestic policy developments in these jurisdictions, as well as of recent multinational policymaking efforts in which these jurisdictions have been engaged, show the emergence of several common regulatory trends among these and other jurisdictions. These efforts are all focused on a singular objective: to reduce the risks of AI while simultaneously facilitating its potential social and economic benefits for their citizens. From that common objective, our review identified six common trends in how these jurisdictions approach AI oversight and regulation:

1. The AI regulation and guidance under consideration is consistent with the core principles for AI as defined by the OECD and endorsed by the G20. These principles include respect for human rights, sustainability, transparency, and strong risk management.
2. These jurisdictions are taking a risk-based approach to AI regulation. That is, they are tailoring their AI regulations to the perceived risks that specific AI systems pose to core values like privacy, non-discrimination, transparency, and security.
3. Because of the varying use cases of AI, some jurisdictions are focusing on the need for sector-specific rules, in addition to sector agnostic regulation.
4. Jurisdictions are undertaking AI-related rulemaking within the context of other digital policy priorities such as cybersecurity, data privacy, and intellectual property protection - with the EU taking the most comprehensive approach.
5. Many of these jurisdictions are using regulatory sandboxes as a tool for the private sector to collaborate with policymakers to develop not only safe and ethical AI systems but also rules that will support the future development of such systems, with a particular focus on higher-risk systems where closer regulatory oversight may be appropriate.
6. There is a growing momentum for international collaboration in understanding the risks that might arise from the most powerful AI systems, so called frontier models, and working toward addressing associated safety and security threats.
Implications for policymakers and companies

Policymakers
The six trends identified in this report can provide useful insights for policymakers as they develop rules for the development and use of AI. EY teams believe these trends represent sound approaches for regulation that mitigate AI’s risks and facilitate responsible innovation.

Besides the identified trends, policymakers may want to consider other factors in their AI policy development, including:

1. Whether they have sufficient expertise and resources to develop, implement, and enforce policy, and whether regulated entities have sufficient capacity to implement that policy.
2. Whether the intent of rulemaking is to regulate risks arising from the technology itself (e.g., properties such as natural language processing or facial recognition) or from how the AI technology is used (e.g., the application of AI hiring processes), or both.
3. Whether to extend risk management policies and procedures, including the responsibility for compliance, to third-party vendors that supply AI-related products and services.

In addition, to the extent possible, policymakers should consider continuing to engage in multi-national efforts to make AI rules among jurisdictions comparable and interoperable in order to minimize the risks associated with regulatory arbitrage – which are particularly significant when considering rules governing the use of a transnational technology like AI.

Companies
For companies, understanding the core principles underlying AI rules, even if those rules may not presently apply to them, can serve to instill confidence among their leaders, employees, customers, and regulators in their use of AI and thereby potentially provide a competitive advantage in the marketplace. Understanding those principles can also help companies anticipate the governance needs and compliance requirements that may apply to their development and use of AI, making them more agile.

Based on the identified trends, there are several actions businesses can take now to remain a step ahead of the rapidly evolving AI regulatory landscape. First, they can understand the AI regulations that are in effect within the markets in which they operate, and align their internal AI policies with those regulations and any associated supervisory standards. Second, companies can establish robust and clear governance and risk management structures and protocols, and where appropriate, accountability mechanisms to enhance how they manage AI technologies. And third, companies can engage in dialogue with public sector officials and others to better understand the evolving regulatory landscape, as well as to provide information and insights that might be useful to policymakers.
Six key regulatory trends

The following section provides deeper insights into the key trends identified by EY’s review of AI regulatory approaches taken in the eight jurisdictions reviewed, both individually and multi-nationally.

Trend 1: The OECD principles for AI serve as a global benchmark for AI guiding policymakers

The AI principles, adopted by the OECD and Group of 20 (G20) in 2019, serve as a global benchmark for helping governments and organizations shape a human-centric approach to trustworthy AI. The OECD principles were developed following a heightened period of public discourse starting in 2016 on the core ethical principles that should govern the use of AI. All eight reviewed jurisdictions have committed to the OECD principles, which cover aspects such as ensuring the benefits of AI are widely spread throughout the society, AI does not break societal safeguards such as protection of human rights and that organizations that use AI have in place appropriate governance and accountability.

Policymaking initiatives that have already been undertaken by jurisdictions are consistent with these principles. Pending legislation in the EU and Canada, for example, would establish mandatory requirements on risk and data management of high-risk applications of AI such as the use of AI for critical infrastructure or hiring decisions. These requirements are consistent with the OECD principles of accountability and robust, secure, and safe use of AI. The EU is also going beyond the OECD principles by specifying “red lines” for applications of AI that are outright prohibited, following the most recent December 2023 high-level agreement on the EU Artificial Intelligence (AI) Act, which includes prohibitions on the use of AI for social scoring based on social behavior or personal characteristics. (See below in “Trend 2” for a more complete discussion of the AI Act.)

Other jurisdictions such as the UK, Japan, and Singapore are focused on providing guidance to industry that builds on the OECD principles, instead of adopting specific regulations. While China is not an OECD country, the OECD principles provide the basis for the G20 AI Principles that were endorsed by G20 leaders, including China in June 2019.

In the US, the federal government is taking deliberate but measured steps. For example, key federal officials have stated that existing laws and regulations already provide significant authority to address bias, fraud, anti-competitive behavior, and other potential risks caused by AI. At the same time, federal policymakers are considering additional measures where existing authorities may be insufficient to address AI’s potential risks. For example:

- The Executive Order on the safe, secure, and trustworthy development and use of artificial intelligence that was issued by President Biden on 30 October 2023 is guided by eight principles and priorities that are closely aligned with the OECD principles, including a focus on the safety, security and robustness of AI systems, on investment in education and training, and on a commitment to equity, civil rights, and workers’ rights. (See Trend 2 below for further discussion of the 30 October 2023 Executive Order.)

- The Biden administration has set forth a Blueprint for an AI Bill of Rights that reflects many core OECD principles.
The US National Telecommunications Information Administration has issued a public “request for comment” on how to use audit and assurance to promote trust in AI. The White House Office of Science and Technology Policy (OSTP) has issued a similar request on updating US national priorities and future actions related to AI and is coordinating much of the federal government’s efforts through the National Artificial Intelligence Initiative Office established by the US Congress in 2020. While some in the US Congress advocate legislation to establish a separate agency to regulate AI, among other measures, the prospects for Congress passing any significant new laws remain fairly uncertain at this time. Various states governments within the US are also enacting new laws around AI. Dozens of bills have been considered during 2023 state legislative sessions, with some bills being enacted into the law.

Trend 2: Policymakers are adopting a risk-based approach to AI

Each jurisdiction reviewed is focused on translating AI principles into practice. While their approaches may range from voluntary guidance to mandatory rules, each jurisdiction is pursuing a risk-based approach to AI. In April 2023, The Group of Seven (G7) Digital and Technology Ministers expressed a unified view on artificial intelligence, calling for AI policies and regulations to be “risk-based”. This approach entails tailoring or modulating regulations to the risks posed by specific AI-related activities to strike a sound balance between mitigating risks while encouraging responsible development and use of AI. This approach also allows policymakers to be more responsive to fast-moving AI innovations, enabling them to maintain the critical regulatory balance between mitigating AI’s risks and facilitating its benefits.

Consistent with its endorsement of risk-based regulation, on 30 October 2023, the G7 countries (Canada, France, Germany, Italy, Japan, UK, US and EU) reached an agreement on International Guiding Principles on Artificial Intelligence (AI) and on a Code of Conduct for AI developers. These guiding principles aim to promote the safety and trustworthiness of AI systems and provide guidance to organizations developing and using AI systems. The move represents a significant step in efforts by governments to establish a coordinated global risk-based framework to promote the responsible and safe development and use of AI systems.

Risk-based approaches assign compliance obligations according to the intended use of the AI system, along with its risk profile. The key benefit of this risk-based approach is that it enables early regulatory intervention while keeping compliance demands and costs proportional to the potential negative impacts.

The EU’s AI Act and Canada’s AI and Data Act provide useful examples of risk-based regulation. Both proposed Acts use risk and impact assessments to assign AI systems into distinct categories of compliance obligations. The most extensive compliance requirements apply to those systems that are categorized as high-risk, while lower-risk AI systems have lesser requirements in proportion to their risk levels.

In December 2023, the EU reached an agreement on the key terms and components of the AI Act, following months of intense negotiations. The AI Act will unify how AI is regulated across the single market of the EU’s 27 Member States. It applies to any company – regardless of the country where it is headquartered – that develops or sells AI systems that are used by any persons in the EU. The Act is sector-agnostic, applying to all AI systems, and embeds a tiered compliance framework, categorized by risk level. The most stringent requirements apply to the developers and deployers of AI systems classified as “high-risk”, and on general-purpose AI systems (including foundation models and generative AI systems) that could pose "systemic risks". The risk categorization within the Act includes:

- **Prohibited systems:** Systems posing what legislators consider an unacceptable risk to people’s safety, security and fundamental rights will be banned from use in the EU.

- **High-risk AI systems:** These systems will carry the majority of compliance obligations, including the establishment of risk and quality management systems, data governance, human oversight, cybersecurity measures, post-market monitoring, and maintenance of technical documentation. (Further obligations may be specified in subsequent AI regulations for healthcare, financial services, automotive, aviation, and other sectors.)

- **Minimal risk AI systems:** Beyond the initial risk assessment and some transparency requirements for certain AI systems, the AI Act imposes no additional obligations on these systems but invites companies to commit to codes of conduct on a voluntary basis.

Compliance dates under the Act vary depending on the risk-level of the system and other factors, however most provisions of the Act are likely to take effect by 2026. In the meantime, EU officials are seeking to encourage companies subject to the Act to voluntarily comply with certain key provisions yet to be determined.
For details on the AI Act, as of December 2023, see EY’s paper on Political agreement reached on the EU Artificial Intelligence Act.\textsuperscript{13}

Beyond the EU, countries like the US are also supporting risk-based approaches to AI governance through the development of a voluntary AI risk management framework standard to help organizations incorporate trustworthiness considerations into their AI.\textsuperscript{14}

In late October 2023, The Biden Administration issued a major Executive Order (E.O. 14110) on Safe, Secure, and Trustworthy Artificial Intelligence, which seeks to better enable the US government to manage the risks of AI. To this end, the E.O. instructs the National Institute of Standards and Technology (NIST) to develop new standards and procedures for "developing and deploying safe, secure and trustworthy AI", and instructs the Office of Management and Budget to establish guidance for federal procurement of AI systems that utilize, as appropriate, the NIST AI Risk Management Framework. The E.O. follows the White House's previous activity on establishing voluntary commitments on AI from several large US companies and will seek to further enhance the global adoption of interoperable AI regulatory and standards frameworks.

The following graphic highlights the relative positioning of these countries on taking a regulatory vs. guidelines approach to AI governance:

EY’s 2021 report, A Survey of Artificial Intelligence Risk Assessment Methodologies - the Global State of Play and Leading Practices Identified, provides an in-depth assessment of AI risk assessment methodologies and their role in AI regulation.\textsuperscript{15} Leading practices across jurisdictions and organizations include the categorization of risks (i.e., high, medium, or low) based on the application for which the AI is used rather than the AI technology features alone. Common risks include ethical, governance, communication, and security risks. These risks are also assessed across multiple criteria, such as whether the use of AI impacts the fundamental rights of persons (e.g., risk to health and safety), the number of affected persons and the availability of human alternatives. An existing example of a jurisdictional framework that brings this approach together is the Artificial Intelligence Risk Management Framework (AI RMF 1.0) of the US National Institute of Standards and Technology (NIST). This framework is applicable as a voluntary guide to both policymakers developing risk-based AI regulations as well as to companies as they consider how to organize their internal AI governance.
Trend 3: Policymakers are considering sector-specific considerations in AI oversight

Across the jurisdictions reviewed, there is a recognition that sector-specific considerations need to be factored into AI policymaking because the use of this technology can pose unique or greater risks in certain sectors. For example, additional sector-specific guidance or rules may be warranted for autonomous vehicles deployed on public streets due to higher safety risks. Or, banking regulators may want to consider specific rules related to banks’ use of AI, minimize potential risks that AI may pose to consumer lending (e.g., biased underwriting) or for banks’ safety.

In our review, we found that jurisdictions are already taking a dual approach to AI regulation - that is, both cross-sectoral and sector-specific. The first, cross-sectoral approach provides for a baseline framework of fundamental safeguards, regardless of the sector in which AI is being developed or used. The second, sector-specific approach establishes additional guidelines or obligations for the use of AI to address risks and vulnerabilities within specific sectors. Singapore’s Model AI Governance Framework, for example, released by the Personal Data Protection Commission, provides sector-agnostic guidance to private organizations to align with Singapore’s guiding principles. The following table provides examples of how some reviewed jurisdictions approach both sector-agnostic and sector-specific policies on AI.

The following table provides examples of how some reviewed jurisdictions approach both sector-agnostic and sector-specific policies on AI:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Sector-agnostic policy</th>
<th>Sector-specific policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Artificial Intelligence and Data Act (part of Bill C-27)</td>
<td>Public sector (e.g., directive on automated decision-making)</td>
</tr>
<tr>
<td>China</td>
<td>Ethical norms for new generation AI</td>
<td>Internet information services (e.g., internet information service algorithmic recommendation management provisions)</td>
</tr>
<tr>
<td>EU</td>
<td>AI Act</td>
<td>Industrial machinery (e.g., revision of EU Machinery Directive)</td>
</tr>
<tr>
<td>Japan</td>
<td>Governance guidelines for implementation of AI principles</td>
<td>Industrial plant safety (e.g., Guidelines on assessment of AI Reliability in the Field of Plant Safety)</td>
</tr>
<tr>
<td>Singapore</td>
<td>Model AI Governance Framework</td>
<td>Financial sector (e.g., MAS FEAT principles)</td>
</tr>
<tr>
<td>UK</td>
<td>Roadmap to an effective AI assurance ecosystem</td>
<td>Human resources (e.g., employment practices: monitoring at work draft guidance)</td>
</tr>
<tr>
<td>US</td>
<td>Blueprint for an AI Bill of Rights</td>
<td>Medical devices (e.g., FDA AI/ML action plan)</td>
</tr>
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Trend 4: Regulators are increasingly considering how AI impacts other policy areas (e.g., data, cybersecurity, and digital content flows)

Our review finds that AI rulemaking is also prompting new policies or new interpretations of existing policies in other areas like data ownership, digital identity, cybersecurity, and digital content flows. The EU has taken the most comprehensive approach with new and anticipated legislation in each of these areas. For example, the EU’s Data Act sets rules for fair access and use of the data necessary for AI across all sectors. The EU’s General Data Protection Regulation includes rules that address challenges arising from the use of personal data in automated decision making by AI, the EU’s Digital Services Act includes provisions on the use of AI for online content access and distribution, and the Cyber Resilience Act introduces new safeguards to protect consumers and businesses against increasingly sophisticated AI powered cyber threats.

Beyond the EU, Korea’s Digital New Deal includes a proposed framework for how start-ups can access and share public and private sector data to develop AI while at the same time addressing market concentration concerns in relation to data (whereby the need for access to data concentrates market power among a few data-rich companies). In the US, the potential impact of bias in AI systems has led the Consumer Financial Protection Bureau, the Justice Department’s Civil Rights Division, the Equal Employment Opportunity Commission and the Federal Trade Commission to issue a joint statement on enforcement efforts against discrimination and bias in automated systems and also has led to the enacting of legislation mandating bias audits for automated employment decision tools by the City of New York.
Trend 5: Regulators are increasingly using sandboxes to enable the responsible testing of AI innovations

In the EU, Singapore, and UK, regulators are using AI regulatory sandboxes to address the twin challenges of rapid AI development and their own lack of experience with AI technologies. Regulatory sandboxes enable the testing of innovative technologies in a supervised environment, with regulation that may be limited in time and/or scope. This approach has already been used in the FinTech sector to foster public and private sector collaboration. The UK Financial Conduct Authority (UK FCA) has been a leader in this concept, establishing its regulatory sandbox in 2014, and since then, it has been replicated in about 40 jurisdictions. There are many benefits of this approach, including the development of more targeted and effective regulation, fostering venture capital investment, facilitating competition, and incentivizing better communication between regulators and participating firms.

The UK FCA is currently testing AI systems in FinTech, while the UK Information Commissioner’s Office (ICO) is testing data privacy within AI.

In Asia, Singapore is among those nations that has also developed a regulatory sandbox similar to that of the UK’s FCA. Specifically, the Singapore Infocomm Media Development Authority and the Personal Data Protection Commission are trialing “AI Verify,” a new RegTech tool designed to assess the trustworthiness of AI systems based on the principles of FEAT (fairness, ethics, accountability, and transparency). In addition, AI sandboxes in Spain, Sweden and Germany are being set up in preparation for implementation of the EU’s AI Act.

Trend 6: Growing momentum for international collaboration on understanding and addressing risks of powerful AI systems

The heightened public attention to the development and release of increasingly capable generative and general-purpose AI systems throughout 2023 was accompanied by an increase in prominence and momentum of efforts to establish a global common baseline for AI governance and regulation. Building on ongoing work at the OECD AI Governance working party, the Council of Europe Committee on AI, the Global Partnership on AI and various initiatives at UN bodies (e.g. UNESCO Recommendations on the Ethics of AI, UNICEF Policy Guidance on AI for Children), the Japanese presidency of the G7 initiated the “Hiroshima Process on Generative AI” and the UK organized a global AI Safety Summit bringing together 28 nations including the US, China, and countries of Africa, the Middle East, Asia, and the EU. The G7 Hiroshima Process resulted in the issuing of both International Guiding Principles on Artificial Intelligence (AI) and a Code of Conduct for AI developers, as well as a commitment by the 2024 Italian G7 presidency to host a special ministerial session focused on AI before the June 2024 G7 Leaders’ Summit. The UK AI Safety Summit resulted in the Bletchley Declaration on AI safety, recognizing “the urgent need to understand and collectively manage potential risks through a new joint global effort to ensure AI is developed and deployed in a safe, responsible way for the benefit of the global community”, with commitments from the UK to host an international task force on developing a ‘State of the Science’ report on the capabilities and risks of frontier AI, that will be presented at a virtual summit co-hosted by Korea in mid-2024 and a next in-person AI Safety Summit to be hosted by France at the end of 2024.

These initiatives are contributing to the global momentum for collaboration on AI governance by aligning international responses and formulating comprehensive and effective safeguards. Their significance lies in their cooperative nature, bringing together a global discourse on the intricate challenges of AI safety, ethics, and governance.
What actions can policymakers and companies take?

**Actions for policymakers**

- The six trends identified in this paper can provide insights to policymakers in the initial stages of developing AI rules and/or guidance, as well as those seeking to understand how their policies compare with others.
- Interoperability of global regulations is important for three reasons. First, to reduce costs to companies. Second, to reduce the risk of regulatory arbitrage by ensuring a baseline of consistent, comparable, and effective rules across jurisdictions. Third, to provide consumers of globally operating AI services recognized protection from harm.
- Given the complexity of AI, policymakers should ensure that they have sufficient expertise to develop the policy and that regulated entities have sufficient expertise to implement that policy effectively. It may take time to identify the need for, and to obtain, such expertise through guidance, training, processes, governance, and oversight, including enforcement capabilities.
- When formulating AI regulations, policymakers may want to consider greater clarity about whether the intent of rulemaking is to regulate risks arising from the technology itself (e.g., properties such as natural language processing or facial recognition) or how the AI technology is used (e.g., the application of AI in hiring processes or surveillance). Based on our experience, clarity is essential for companies to realize which AI systems are in scope of a regulation and where to focus their internal risk management processes. Distinguishing between these distinct aspects will improve companies’ ability to comply with the intent of the AI rules and meet regulatory expectations.
- Since many companies rely on third-party suppliers for AI, policymakers may want to consider ensuring that risk management procedures and compliance requirements include considerations for third-party vendor AI, especially when it is used for business-critical operations. Such provisions could include legislating across an organization’s AI supply chain, such as what is done in the EU AI Act[^47], where specific obligations are identified for providers, distributors, importers, and users of AI systems. Alternatively, governments could create guidelines for organizations on risk and compliance considerations when procuring AI services through third-party suppliers, such as in the US where the NIST created a playbook within the NIST Risk Management Framework for users of third-party vendor AI.[^48]
Actions for companies

- To ensure that companies are meeting their own expectations of investors, regulators, and other stakeholders, it is imperative to understand their legal responsibilities under the laws and regulations of the jurisdiction where they do business, and to establish policies and procedures designed to meet these responsibilities.

- Given the rapidly evolving nature of AI and the AI regulatory ecosystem, companies will want to consider whether existing legal obligations may be superseded or amended in the foreseeable future. In any case, companies should consider establishing strong AI risk management infrastructures, including governance frameworks, responsibilities, and controls for the use of AI at all levels – from the board to the management and operations. EY has developed a Trusted AI framework Framework49, which sets out key steps companies can take to identify, manage, and reduce AI-related risks in order to develop a trusted AI system. Among these steps are (i) having a clear line of accountability to individuals responsible for AI risk management, (ii) identifying an AI operator within an organization who can explain the AI system’s decision framework and how it works, and (iii) establishing an AI ethics board to provide independent guidance to management on ethical considerations in AI development and deployment.

- Given that some jurisdictions are establishing obligations across the AI value chain, companies should understand their position in relevant AI value chains, any associated compliance obligations, and how these obligations will be met. Compliance may need to be embedded in all functions responsible for the AI systems along the value chain throughout their lifecycle.

Figure 5: Overview of EY’s responsible AI framework

<table>
<thead>
<tr>
<th>Leading practices for establishing a responsible AI ecosystem</th>
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<tbody>
<tr>
<td>1. AI advisory board</td>
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<td>2. AI design standards</td>
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<tr>
<td>3. AI inventory and impact assessment</td>
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<tr>
<td>4. Validation tools</td>
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<td>5. Awareness training</td>
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<td>6. Independent audits</td>
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</table>

- Companies may also want to consider engaging with AI policymaking bodies and multi-stakeholder dialogues (including experts in academia and civil society organizations), either directly or through trade associations or similar organizations. These engagements can help them to better understand current regulatory requirements, anticipate potential regulatory developments, and – where regulators establish regulatory sandboxes or other means for dialogue – provide input that regulators can use to develop more cost-effective, rational, and effective rules. An EY report from 2020 found that even though policymakers and companies are broadly aligned on the ethical principles relevant to the development and use of AI, there is a pronounced difference in how they prioritize each of those principles.50 An improved public-private sector dialogue will therefore facilitate greater alignment on the aspects of ethical principles around AI as well as policy priorities that will build confidence. Ways in which such dialogue can be fostered include engagement with industry groups (e.g., trade associations and regulatory advisory bodies), responding to policy consultations related to AI rulemaking and participation in sandboxes (whether run by regulators or the private sector).
Figure 6: Findings from EY report, bridging AI’s trust gaps – aligning policymakers and companies

Relative importance of ethical principles

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<thead>
<tr>
<th></th>
<th>Companies</th>
<th>Policymakers</th>
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<tbody>
<tr>
<td>Innovation</td>
<td>0.91</td>
<td></td>
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<tr>
<td>Data access</td>
<td>-0.70</td>
<td></td>
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<tr>
<td>Precaution</td>
<td>0.50</td>
<td></td>
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<tr>
<td>Wellbeing</td>
<td>-0.21</td>
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<tr>
<td>Safety and security</td>
<td>-0.05</td>
<td></td>
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<tr>
<td>Human autonomy and agency</td>
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<tr>
<td>Transparency</td>
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<td>Accountability</td>
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<td>Explainability</td>
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<td>Privacy and data rights</td>
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<td>Fairness and avoiding bias</td>
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</table>

Average difference in weighted rank

Source: EY and ITS survey of policymakers and companies. Chart shows the difference between the average score assigned by policymakers and the average score assigned by companies for each ethical principle. Positive values indicate ethical principles preferred by policymakers; negative values indicate ethical principles preferred by companies.
Conclusion

EY hopes that the regulatory trends identified and discussed in this paper can serve policymakers as they oversee and guide the development of AI. We believe that a better understanding of these trends can help policymakers develop regulations that are effective, less costly for both governments and regulated entities, and interoperable across jurisdictions, thereby reducing the potential for regulatory arbitrage. Similarly, we hope that a better understanding of these trends will help companies consider how best to align their AI governance frameworks with the requirements and expectations of regulators and build public trust. The findings in this paper may also support conversations between companies, policymakers, and other stakeholders that lead to governance approaches that strike an appropriate balance between government oversight and innovation. Governments, companies, and others are testing waters and working to find new possibilities that are being enabled by AI. New rules will be needed. Fortunately, as this paper has attempted to show, there is wide agreement among countries on the foundational principles to govern the use of AI. At this unique moment of possibility and peril, now is the time to cooperate on turning those principles into practice.
We would like to thank the following individuals from the EY organization for their contributions: Douglas Bell, Kevin Hannan, Anne McCormick, Bridget Neill, John Hallmark, Yi Y Xie, Cathy Cobey, Richard Jackson, Katie Jaeb, Kelly Devine, and Harvey Lewis.
For additional reading and background on the information referenced across each jurisdiction throughout this report, please see the appendix sources here:

**Canada**

**China**

**European Union**
The Artificial Intelligence (AI) global regulatory landscape: Policy trends and considerations to build confidence in AI

- General Data Privacy Regulation (GDPR) 2016. Available at: [https://gdpr-info.eu/art-22-gdpr/](https://gdpr-info.eu/art-22-gdpr/)

**Global**


**Japan**


**Korea**

- Implementation strategy for trustworthy AI 2021. Available at: [https://www.msit.go.kr/SYNAP/skin/doc.html?fn=fac713d0354f46d0b9934d-ca6414a196rs=/SYNAP/sn3hcv/result/](https://www.msit.go.kr/SYNAP/skin/doc.html?fn=fac713d0354f46d0b9934d-ca6414a196rs=/SYNAP/sn3hcv/result/)
- Smart City Act 2017. Available at: [https://smart-city.go.kr/en/%EC%A0%95%EC%81%85/%EB%82%95%EC%B7%EC%A0%9C%EB%8F%84/%EC%8A%A4%EB%A7%88%ED%8A%B8%EB%8F%84/%EC%8B%9C-%EB%B2%95/%EB%A0%B9/](https://smart-city.go.kr/en/%EC%A0%95%EC%81%85/%EB%82%95%EC%B7%EC%A0%9C%EB%8F%84/%EC%8A%A4%EB%A7%88%ED%8A%B8%EB%8F%84/%EC%8B%9C-%EB%B2%95/%EB%A0%B9/)

**Singapore**

- InfoComm Media Development Authority Artificial Intelligence in Singapore 2022. Available at: [https://www.imda.gov.sg/AI](https://www.imda.gov.sg/AI)
• Principles to Promote Fairness, Ethics, Accountability and Transparency (FEAT) in the use of Artificial Intelligence and Data Analytics in Singapore’s Financial Sector 2018. Available at: https://www.mas.gov.sg/publications/monographs-or-information-paper/2018/FEAT


**United Kingdom**

• Establishing a pro-innovation approach to regulating AI 2022. Available at: https://www.gov.uk/government/publications/establishing-a-pro-innovation-approach-to-regulating-ai


• Roadmap to an effective AI assurance ecosystem 2021. Available at: https://www.gov.uk/government/publications/the-roadmap-to-an-effective-ai-assurance-ecosystem


• Guidelines for AI procurement 2020. Available at: https://www.gov.uk/government/publications/guidelines-for-ai-procurement


• ICO Regulatory Sandbox 2019. Available at: https://ico.org.uk/for-organisations/regulatory-sandbox/

• Data trusts initiative 2018. Available at: https://datatrusts.uk/

**United States**


• NIST AI risk management framework 2023. Available at: https://www.nist.gov/itl/ai-risk-management-framework

• Blueprint for an AI Bill of Rights 2022. Available at: http://www.whitehouse.gov/ostp/ai-bill-of-rights


Endnotes

42. Global Partnership on AI, GPAI, https://gpai.ai/
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