



# The EU AI Act and the need for AI governance

Preparing for the growing and changing AI regulations and industry standards worldwide.

## What is the EU AI Act?

The EU Artificial Intelligence Act, or EU AI Act, is a newly introduced law that governs the development and use of AI in the European Union (EU). The act takes a risk-based approach to regulation, applying different rules to AI systems according to the threats they pose to human health, safety, and rights.

## What are some of the key tenants of the EU AI Act?

- Use high-quality training, validation and testing data
- Establish documentation and design logging features
- Ensure an appropriate degree of transparency
- Ensure human oversight (measures built into the system and/or be implemented by users).
- Ensure robustness, accuracy and cybersecurity

## Who does the EU AI Act affect?

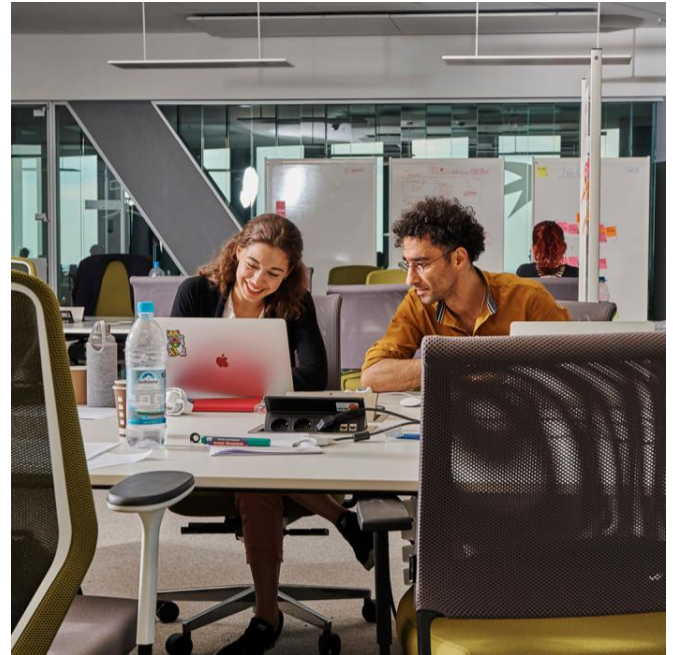
The EU AI Act applies to providers, deployers, importers, and distributors of AI systems and models in the EU and for global companies doing business there. Similar to GDPR, it is believed that the EU AI Act will help develop stronger AI governance and ethics standards worldwide.

## How are risk levels used in the EU AI Act?

The EU AI Act sorts AI systems into different categories based on risk level. Risk here refers to the likelihood and severity of the potential harm that an AI could cause to health, safety, or human rights. There are four levels of risk; unacceptable, high, limited and minimal.

## What are the consequences of noncompliance?

Penalties for noncompliance at the top risk tier can reach EUR 35,000,000 or 7% of a company's annual worldwide revenue, whichever is higher. In addition to fines, reputational damage is a concern.



## IBM watsonx.governance – accelerating responsible, transparent and explainable AI

IBM is helping to prepare customers to meet EU AI Act requirements while also complying with growing worldwide AI regulations and industry standard. Govern both your Gen AI and ML models from IBM and third-party vendors on a single platform, deploy on cloud or on-premises. Benefit from:

### AI documentation:

Factsheets capture and document facts about use cases, model metadata and prompts throughout the model lifecycle. They can be used in support of executive visibility, internal/ external audits and litigation.

### AI risk governance:

Persona-based dashboards and customizable reports drive transparent model processes that are critical in meeting compliance requirements. Dashboards provide visibility in use case and AI inventory, workflows, work assessments and issue management.

### AI evaluation and monitoring:

Monitoring and alerts based on pre-set thresholds, drive proactive risk mitigation. watsonx.governance monitors for model health, accuracy, drift, bias, explainability and quality for generative AI models.

**At IBM we believe AI governance should** include people processes and technology. In addition to the technology, we offer consulting services to help you develop your governance strategy as well as client engineering to design your solution. Learn more at <https://www.ibm.com/bpdiscoversolutions>



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