Developing your organisation’s AI policy – Key considerations

In order to harness the opportunities of AI safely and responsibly, there is a need to establish a robust, holistic, and accessible AI policy that underpins the development, procurement, implementation and use of AI. Here are some key considerations that organisations should take into account when considering AI governance policies:

### Dealing with AI incidents and issues
Consider how issues with AI will be identified (i.e. what is an issue from an AI perspective?) and reported by stakeholders, including employees and customers. Organisations will need to also consider whether workarounds exist where a system is under investigation/not available.

### Criteria for assessment of AI systems
Businesses should consider what criteria or framework will apply to the assessment of AI systems. What criteria be applied in assessing whether AI systems present appropriate risk/reward balance to the business (i.e NIST AI RMF 1.0 - Trustworthiness).

### A clear definition of “AI”
AI is a nebulous concept. Organisations need to consider what AI is to provide clarity around when the policy does or does not apply. As a result, it is critical to ensure a functional definition of “AI” is established that sets clear boundaries for the policy.

### Legal and regulatory requirements
Consider Australian and international regulation, principles and guidelines that have relevance e.g. Australia’s AI Ethics Framework, NIST AI RMF, and other applicable laws (e.g. privacy, intellectual property, surveillance, human rights, business conduct rules etc.).

### Risk-based classification of AI
An AI policy should take a risk-based classification approach to AI systems and the proposed use cases based on the organisation’s risk profile. The greater the risk posed, the more robust the controls and governance should be in place to address those risks.

### Holistic assessment and value alignment
Adoption of AI must occur with an ethical mindset, considering the holistic risk of harm to the organisation, people and society. Ultimately, the approach should be consistent with the organisation’s values and the expectations of its stakeholders considering these wider harms.

### Transparency and accountability
Trust is a key enabler of digital transformation. The AI policy should clearly outline how AI is being used within the organisation to ensure key stakeholders are well-informed. It should also ensure clear lines of accountability for the use of AI in the organisation.

### Approving AI systems and use cases
Thought should be given to how the organisation intends to use, develop or procure AI, which should be clearly stated in the policy. Organisations should ensure that any AI governance policy is paired with an appropriate process for approval of certain AI systems and use cases.

### Risk-based classification of AI
Consider an allow-list approach to AI, leveraging an organisation’s existing technology governance structures to approve AI systems and uses.

### Approved AI systems and use cases
Clear criteria should be developed in relation to the AI systems and use cases assessed by the organisation.

### Other organisational policies
The AI policy should build on, and interoperate with, existing technology and data governance foundations – but organisations should identify any current policies requiring update such as privacy, IT security and third-party risk.

### Governance operating model
Organisations should consider their AI governance structure at organisational level. Organisations can consider establishing an AI Board that supports a centralised governance and decision-making process for AI. This body should consider education of staff on the policy and guide how to apply it correctly.

### Ongoing assurance
AI is not set and forget. It is extremely important to set obligations around ongoing assurance, monitoring and testing of AI systems to ensure that they remain aligned with the organisation’s requirements and obligations.

### Other organisational policies
Organisations can leverage existing technology and data governance processes for AI systems. Existing third-party risk questionnaires and processes should also be revisited to address AI.

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