



Preparing your board for generative AI

Questions boards should ask to accelerate AI with confidence

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Your roadmap to Trusted AI

Artificial intelligence (AI) and generative AI is not just a technology—it's a game-changer for Canada's economy, with the potential to boost productivity, propel innovation, and create new sources of value.

Board members need to understand the key opportunities and risks associated with its deployment. Generative AI offers unprecedented opportunities to drive productivity but also raises complex business and ethical risks.

We define **Trusted AI** as the balanced integration of Artificial Intelligence that helps maximize benefits, minimize risks, and retains the trust of stakeholders by aligning with governance, ethics, and safety principles.

This briefing serves a dual purpose: first, to provide you with a focused overview of how generative AI affects your responsibilities, and second, to help set you on the path towards operationalizing Trusted AI.

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Board checklist

A key responsibility of the board is overseeing an effective risk management program that evolves with emerging technologies. Board members must understand how AI affects their organization and actively oversee the key opportunities and related risks. To help, we created a checklist designed to help you get started.

AI Knowledge and Inventory

- Gain a base-level understanding of what AI and generative AI means – its potential benefits and risks, and how the company might use it, and ensure knowledge cascades to the C-suite.
- Strengthen board-level AI skills and experience by identifying any board members with AI experience, adding AI to the Board Skills Matrix, and considering AI experience in the recruitment of future directors.
- Understand the inventory of material AI use cases currently in development or acquired from third-parties.

Strategic Alignment & Governance

- Understand and discuss the AI strategy, ensuring that management regularly assesses its alignment with broader business strategies and protective policies.
- Review and understand the AI risk profiles, enterprise risk tolerances, and challenge these when needed.
- Identify where AI risks are reported in the governance structure.

AI Regulation

- Understand applicable current and pending AI-related regulations, and how the company ensures compliance with them.

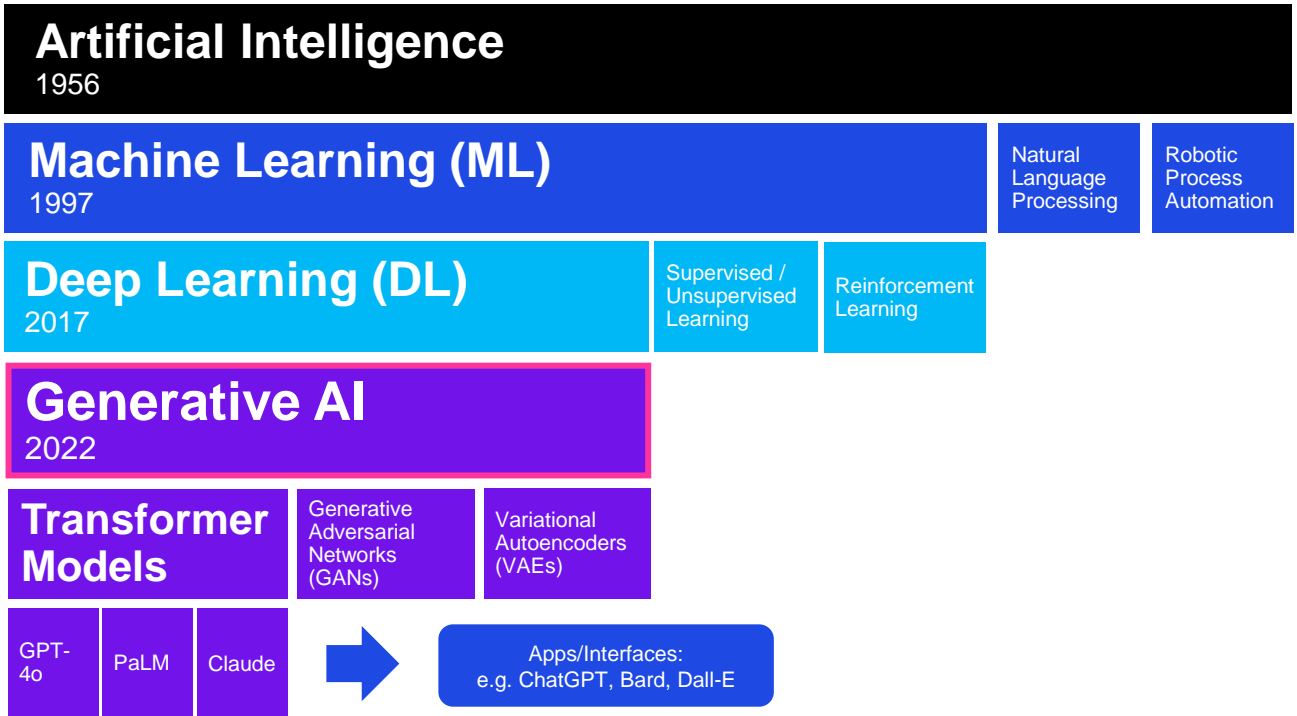
Risk & Ethical Oversight

- Understand how management defined their guardrails using a Trusted AI framework.
 - Define the board's requirements in terms of what metrics they would like to receive from management.
 - Receive reports on risks related to AI including how current solutions or models are performing, data management and integrity, incident management, and vendor management.
 - Ensure oversight of high-risk AI activities and the actions to mitigate them.
 - With Executive Management, define a position for AI in relation to organizational values and culture, recognizing the implications for both employee and customer experience.
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How can the board educate themselves on generative AI?

Artificial Intelligence (AI) and its subset, generative AI, are revolutionizing industries, offering significant advantages while posing ethical and governance challenges.

To address growing concerns, many boards are seeking high-level education on generative AI, including its potential advantages and risks for their companies. These sessions, often facilitated by external experts, should provide a comprehensive overview of the technology, including the potential reputational and legal risks that could undermine stakeholder trust.



- AI systems can generate predictions, recommendations, or decisions that influence real or virtual environments. Generative AI, specifically, can create realistic and unique outputs like images, videos, software code, music, or text.
- AI is projected to generate nearly US\$5 trillion in added value by 2024, facilitating productivity gains, driving new business models, and helping address complex global issues (Source: IDC).
- The rapid growth of generative AI has also heightened awareness of associated risks. To gain trust, AI systems must be developed and implemented carefully, aligning with legal frameworks, ethical norms and human rights.
- Given rapidly evolving legislation, the use of generative AI may pose compliance risks. Monitoring this must be a management priority.
- High-profile failures involving AI have eroded public trust. Some AI technologies have been accused of reinforcing unfair biases and stealing intellectual property (IP).
- AI applications can produce inaccurate, unfair, or harmful outcomes, potentially undermining trust, and human rights like privacy. Data privacy is a major concern.
- A recent KPMG in Canada [national survey](#) indicates that the responsible use of AI is a key enabler in building trust and customer loyalty.

Board agenda for AI Governance, Risk, and Ethics

This page covers key questions boards can ask to align AI strategies with business goals and ethical values. It also highlights how to identify and manage ethical, legal, and privacy risks of AI, and follow relevant regulations.

01

AI Governance

Organizations must establish an AI governance structure and guiding principles that align with their enterprise Trusted AI framework.

- Where are we using AI and how are we monitoring these applications?
- What is our governance structure for AI, and how does it address generative AI technologies?
- Who is responsible for overseeing the design, development, and use of AI across our organization?
- What are our guiding principles for AI, and how do they align with our overall business strategy and ethics?

02

Organizational Alignment and Engagement

Fostering consensus and alignment on the data and AI direction through a multi-disciplinary approach is important, and organizations should also promote meaningful engagement and learning about AI and data across their workforce.

- How are we fostering consensus and alignment among leadership on our data and AI direction?
- What learning programs do we have in place to support the responsible and sustainable adoption of AI?
- How are we guiding management in these efforts?

03

AI Risk Management

Top-down leadership is needed to establish a unified understanding of AI risks and where an AI risk and readiness assessment fits into the company's data and AI strategy.

- What are the risks associated with our use of AI?
- How are we establishing a consistent understanding of AI risk management across our organization?
- How are we translating risk assessment insights into actionable steps for our data and AI strategy?
- How are we conveying AI risk and risk management protocols with our customers and key stakeholders?

04

AI Risk, Regulation, and Ethical Oversight

Organizations must proactively identify and oversee potential ethical, legal, and privacy risks associated with AI.

- How are we identifying and overseeing potential ethical, legal, and privacy risks associated with our AI applications?
- Do our AI systems adhere to third-party certification systems that can independently confirm an acceptable level of transparency, accountability, and fairness? If not, why not?
- How are we monitoring current and emerging AI and privacy regulations that could affect our business, at industry, provincial, national, and international levels?

Accelerate AI with confidence

As AI reshapes how we work and live, organizations must be bold, fast, and responsible all at once.

KPMG can help your enterprise implement and scale responsible AI with a comprehensive suite of AI solutions to help your business stay ahead, contributing to a sustainable and prosperous future for all.

Prepare your leadership
for growth with AI education
and training

Identify, initiate and
validate AI use cases

Manage risk,
governance and reputational
concerns

Enhance your business
performance with
an AI strategy

Implement AI in your
business functions

Optimize your AI systems
and practices

Redefine your competitive advantage with KPMG's end-to-end generative AI solutions

AI can create unprecedented value when underpinned by trust and paired with human expertise and capability. KPMG combines deep industry and functional expertise with advanced trusted AI technologies to help you rapidly and confidently accelerate time to value across your enterprise.

From defining your AI strategy, identifying and prototyping AI use cases, modernizing your data and technology to scale AI, to managing governance and risks — our solutions address foundational needs so you can build confidently for the future.

Trusted AI: A proven approach and tools to managing enterprise risk across the AI lifecycle.

Workforce transformation: Reimagine your future of work with a purpose-built talent strategy.

Microsoft Copilot: Modernize your business with end-to-end Copilot implementation support.

Cloud services: Optimize your technology, data, and cloud foundational efficiently, safely and reliably.

Data services: Transform your data into insights, and your intelligence into value.

Ready to unlock the value of AI in your business?

[Contact us to get started](#)

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About KPMG's Board Leadership Centre



Supporting board members with value-added insights and trusted guidance.

The KPMG in Canada Board Leadership Centre (BLC) engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting, and more.

BLC provides an analysis of the big issues reshaping our environment today for public and private-company governance and shares diverse perspectives from KPMG in Canada's subject matter experts to help navigate the boardroom agenda.



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