

Boards must step up to the challenge of managing the ethical risks of Artificial Intelligence

Tuesday 4 June, 2019

Boards need to consider the application of technology as integral to their discussions on risk appetite and risk management, advises new report by Institute of Business Ethics

4th June 2019: A new Board Briefing published today by the Institute of Business Ethics (IBE) offers practical advice about how the ethical challenges of AI can be addressed and looks at the expertise that is required in the boardroom

"Boards not only have to manage a new set of risks and opportunities. They do so in a world that is rapidly changing in ways that make it harder for them to exercise control but they cannot duck the issue," suggests Peter Montagnon, IBE's Associate Director and author of the report.

"At their core these challenges fall naturally into board responsibility for risk appetite and risk oversight. They should not be ignored or put in a silo just because technology is complicated. Most of the key decisions are actually about how technology is applied, with the dilemmas being primarily philosophical and ethical."

[Corporate Ethics in a Digital Age](#) presents nine challenges around the use of AI and suggests questions for those in the boardroom to help address these challenges, such as avoiding bias, treating customers, employees and contractors fairly, dealing with cyber-attacks and keeping data secure.

"Everyone agrees that ethics is important in these discussions, because AI creates an information asymmetry which can confer an advantage on those who have access," says Montagnon. "Boards have to decide where to draw the line between the opportunities of using technology to further business objectives and the risk of inadequate controls which end up infringing individual rights or otherwise endangering the company's reputation."

The report suggests that directors need to be able to ask the right questions, insist on answers they can understand and set limits. Boards need to understand what and how technology contributes and they need access to good advice but business experience, common sense and sound advice remain critical for directors.

The report uses case studies to highlight the real-world dilemmas which boards are facing, and suggests that directors should ensure they are confident in the ability of their Chief Information officer or Chief Technology Officer to give them the sound advice they need.

"Lapses cannot just be blamed on AI," concludes Montagnon. "Someone has to be accountable, and in the corporate world, accountability rests with the board. This is why it is imperative that directors know how to ask the right questions and can trust the information received."

Philippa Foster Back CBE, IBE's Director said: "This Board Briefing does not claim to offer all the answers. Rather, it seeks to set out the issues in a practical way in the hope that this will help boards to engage and cope with what confronts them. Although these challenges spring from the use of technology, they do not belong not in an IT silo, but in the general debate about business judgement and risk appetite."

To obtain an advanced press copy of the report, or to organise interviews with Peter Montagnon or Philippa Foster Back, please contact:

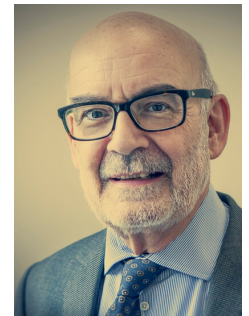
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EDITORS' NOTES

[Corporate Ethics in a Digital Age](#)

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Launch date and information

The report will be launched on Tuesday 4th June at 5.30pm at DLA Piper's offices, 160 Aldersgate Street London EC1A 4HT

The author, Peter Montagnon will present the report followed by a panel discussion with Lord Tim Clement-Jones, Chair House of Lords Committee on AI; Sir Kevin Tebbit, Director on several boards, former Head of GCHQ and former Permanent Secretary at the Ministry of Defence; Roger Taylor, Chair of the Centre for Data Ethics and Innovation and Christine Chow, Head of Engagement at Hermes Investment Management.

Please email events@ibe.org.uk if you would like to attend.

The Institute of Business Ethics

The IBE is a registered charity which promotes high standards of business practice based on ethical values.

We help organisations to strengthen their ethics culture through the sharing of knowledge and good practice. www.ibe.org.uk

The author: Peter Montagnon

Peter Montagnon joined the IBE as an Associate Director in September 2013. Previously he was Senior Investment Adviser at the Financial Reporting Council, which he joined after almost ten years as Director of Investment Affairs of the Association of British Insurers.

For two decades from 1980 Peter was a senior journalist on the Financial Times (FT), including spells as Head of the Lex Column and in charge of coverage of the international capital markets. His last assignment, from 1994 to 2000, was as Asia Editor, responsible for the FT's coverage of a region stretching from Pakistan to New Zealand.

Peter served on the European Commission's Corporate Governance Forum from 2005 - 2011. He is past Chairman of the Board of the International Corporate Governance Network and is also a visiting Professor in Corporate Governance at the Cass Business School of the City University, London, a member of the Board of the Hawkamah Institute for Corporate Governance, Dubai, and a former member of the Corporate Governance Advisory Board of the Norges Bank Investment Management.

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