Creating a Responsible AI Culture

Clark Boyd
CEO, Novela

CGI Webinar

Before we get started

🕐 Today's webinar is scheduled to last 1 hour inclusive of Q&A.

🔗 The slides will be shared and can be accessed in the chat box.

📽 The presentation will last approximately 25 - 35 minutes. So we will have plenty of time for your questions.

▶️ The webinar recording and slides will be available on The Corporate Governance Institute website tomorrow.

🎥 This webinar is being recorded and will be sent out in tomorrow's newsletter. → Please note that the slides will not be sent out today and therefore you should access them now.

🔗 We have a global network of members and followers. Say hello and tell us your name and where you are tuning in from in the chat box.

Q&A **Have a question?** Pop it into the Q&A box, so that we can dive straight into the questions when we get to our dedicated Q&A.

Hi! I'm Clark Boyd

I'm the CEO and founder of AI marketing simulations company Novela. Our users and customers at Columbia, Imperial, and many others love what we do!

I have worked with business schools at the University of Cambridge, Imperial College London, and Columbia University to design and deliver their executive-education courses on data analytics and digital marketing. I am also a faculty professor of entrepreneurship and management at Hult International Business School.

In 2024, I have delivered keynote speeches on AI at leadership events in Latin America, Europe, and the US.
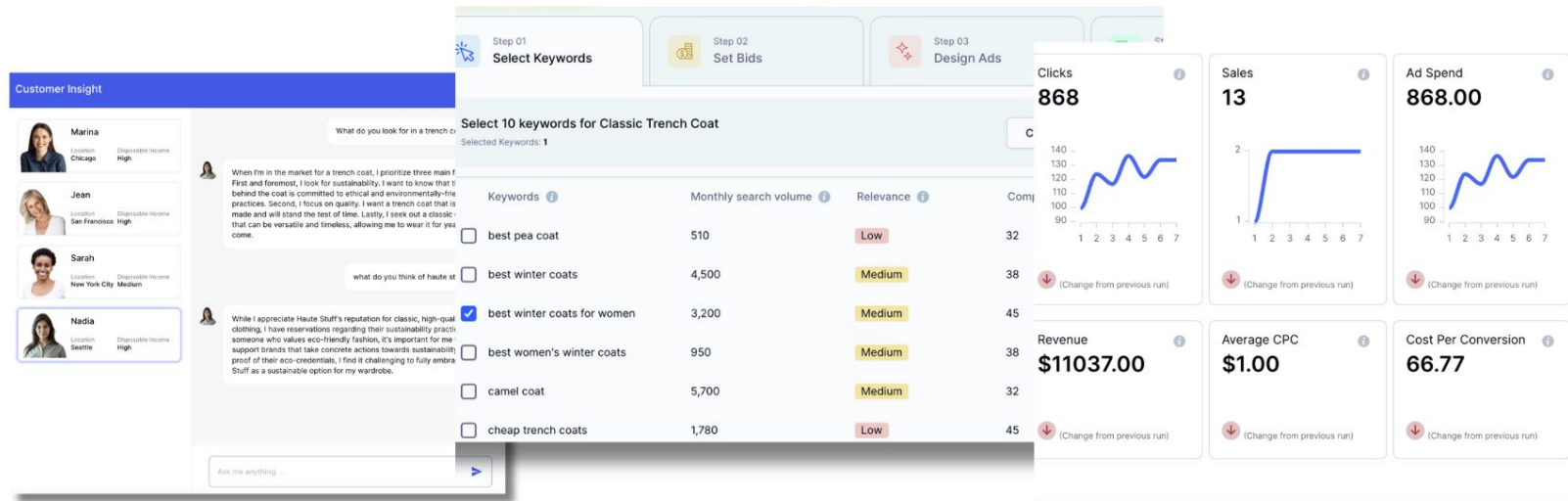
https://www.linkedin.com/in/clark-boyd-digital/   novela.ltd

Coming Next: Novela for AI Leadership Skills

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GreenLife AI Ethics Challenge

Time Remaining: 45:00 — **End Quarter**

Company Status

Customer Trust Score
35% (Critical)

Quarterly Revenue
-20% YoY

AI System Status
Marketing ⚠️ Pricing ⚠️

Available Resources

Budget	$250,000
AI Engineers	4 available
Ethics Consultants	2 available

Current Challenge: AI Ethics Crisis

Situation Update

Following recent AI incidents, the board has appointed you as Chief AI Ethics Officer. Your immediate task is to address the ethical challenges while maintaining business performance.

Current Issues
- Biased marketing recommendations
- Exploitative dynamic pricing
- Poor inventory predictions

Stakeholder Concerns
- Customer trust at all-time low
- Media scrutiny increasing
- Employee morale affected

Your Task

Implement immediate measures to address these issues while developing a long-term ethical AI framework.

Strategic Decisions

🛡 Establish AI Ethics Council
Create a cross-functional team to oversee AI decisions
Cost: $50,000   Trust: +15%

👥 Ethics Training Program
Implement company-wide AI ethics training
Cost: $75,000   Trust: +20%

Incoming Updates

Urgent: Media Inquiry
Tech journal requesting comment on pricing algorithm concerns
5m ago · Requires Response

Customer Feedback
Multiple complaints about biased product recommendations
15m ago

Board Meeting
Emergency meeting scheduled to discuss AI ethics
30m ago

Impact Preview

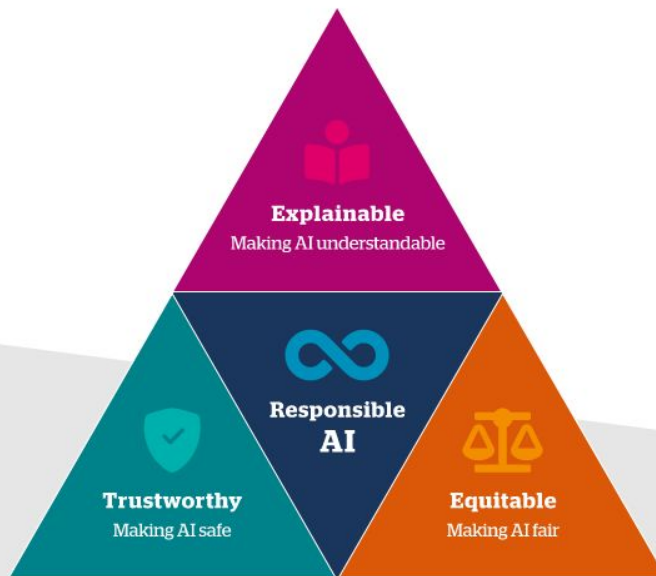|	
Selected Actions Cost:	$0
Projected Trust Gain:	+0%
Implementation Time:	0 weeks

Implement Selected Actions

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Today

- From Compliance to Culture
- Steps to Implement Responsible AI
- Balancing Innovation with Ethics

Responsible AI Framework

Explainable
Making AI understandable

Responsible AI

Trustworthy
Making AI safe

Equitable
Making AI fair

Source: The University of Hull

It's A Lot of Things to A Lot of People
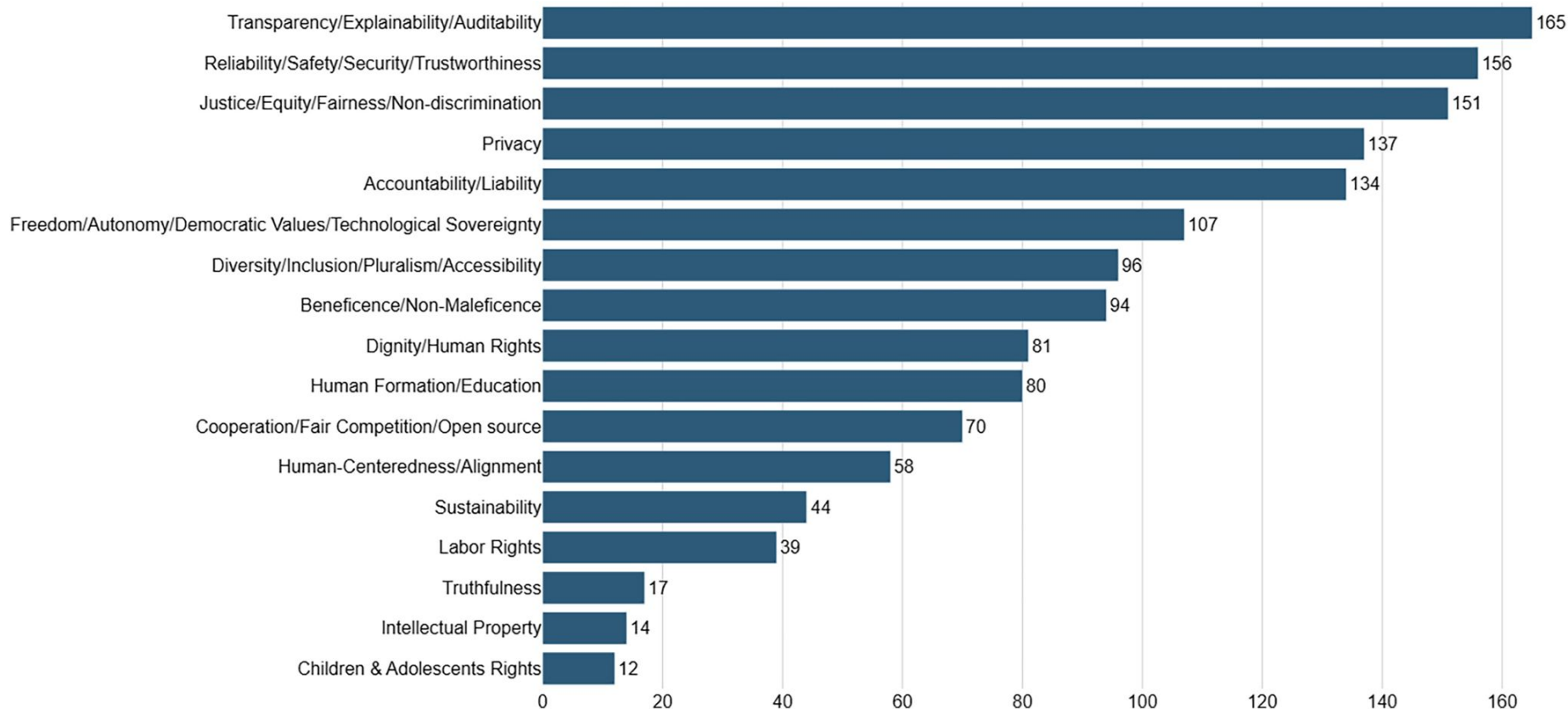
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Category	Value
Transparency/Explainability/Auditability	165
Reliability/Safety/Security/Trustworthiness	156
Justice/Equity/Fairness/Non-discrimination	151
Privacy	137
Accountability/Liability	134
Freedom/Autonomy/Democratic Values/Technological Sovereignty	107
Diversity/Inclusion/Pluralism/Accessibility	96
Beneficence/Non-Maleficence	94
Dignity/Human Rights	81
Human Formation/Education	80
Cooperation/Fair Competition/Open source	70
Human-Centeredness/Alignment	58
Sustainability	44
Labor Rights	39
Truthfulness	17
Intellectual Property	14
Children & Adolescents Rights	12

A responsible AI culture is one that develops, uses, and implements artificial intelligence (AI) in a way that benefits society and is ethical.

It involves ensuring that AI use aligns with **laws**, **regulations**, and **societal values**.

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Why Does It Matter? Let's Take An Example

GreenLife Homeware is a thriving retailer specialising in eco-friendly products, with 200 employees and a loyal customer base.

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Recently, they implemented AI tools for:

1. **Personalised Marketing**: Analysing purchase history to recommend products.
2. **Dynamic Pricing**: Adjusting product prices based on demand and competitor trends.
3. **Inventory Management**: Using predictive analytics to anticipate seasonal demand.

GreenLife is compliant with GDPR and other relevant data privacy laws. However, the leadership views AI as purely a technical tool and has not invested in embedding ethical practices.

Great! So, What Went Wrong?

Bias in Personalised Marketing

- **What Happened**: Their recommendation system heavily favored high-margin items, pushing eco-conscious customers to expensive, non-essential products.

- **Outcome**: Loyal customers felt manipulated, expressing anger on social media about "greenwashing" tactics.

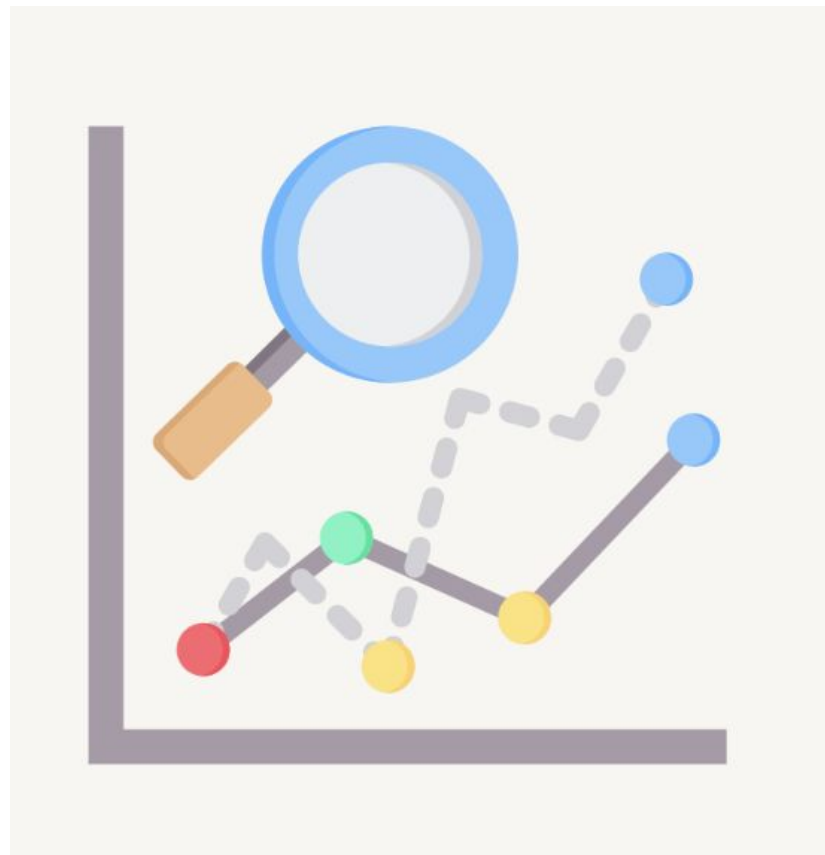- **Why It Matters**: The AI optimised for profits without considering brand values or customer trust.

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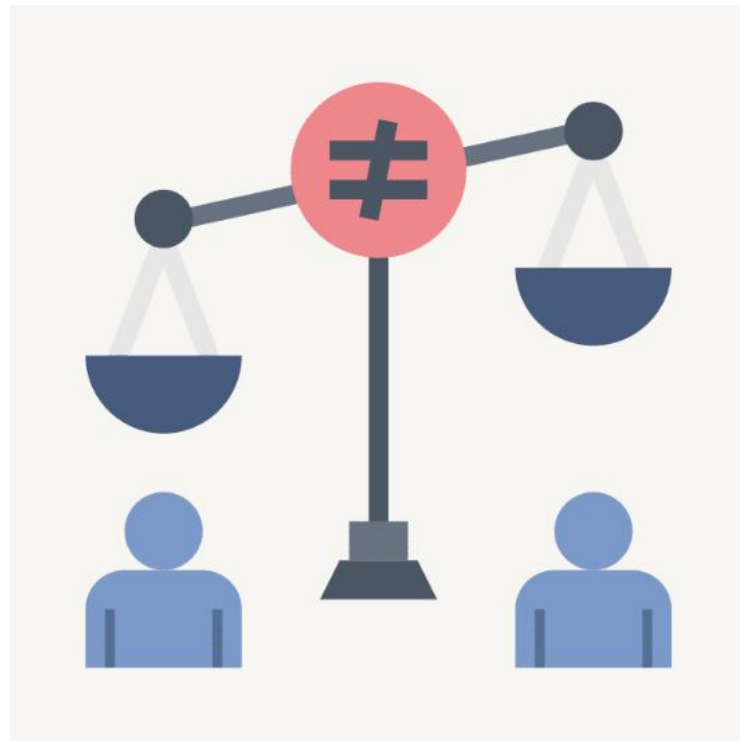
Dynamic Pricing Gone Awry

- **What Happened**: During a heatwave, AI raised prices on reusable water bottles. Customers accused GreenLife of exploiting environmental needs, resulting in local news coverage labeling the company "profiteers."
- **Outcome**: Loss of public trust and a 20% drop in sales that quarter.
- **Why It Matters**: Without human oversight, the system lacked the nuance to understand ethical implications of price adjustments.
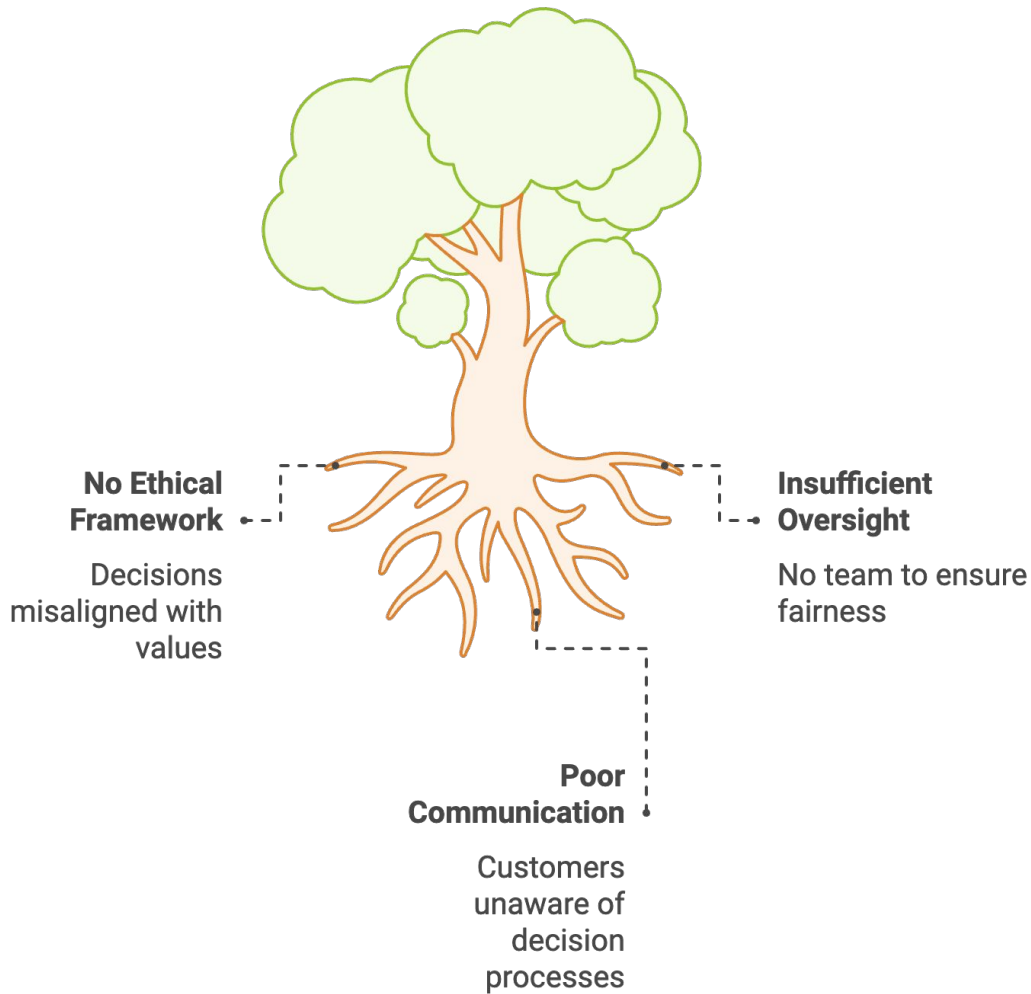
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Predictive Analytics Misfire in Inventory

- **What Happened**: The AI overestimated holiday demand for a poorly-reviewed product, leading to excess stock. Meanwhile, popular items ran out, frustrating customers during a critical sales period.
- **Outcome**: Financial losses and a tarnished reputation for reliability.
- **Why It Matters**: Decisions were based solely on historical data without accounting for customer feedback or market shifts.

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The Root Causes

No Ethical Framework

Decisions misaligned with values

Insufficient Oversight

No team to ensure fairness

Poor Communication

Customers unaware of decision processes

What Should They Have Done?

Team Practices

Conducting regular AI audits and using fairness-checking tools.

Leadership Actions

Appointing an AI ethics officer and including ethics in board discussions.

Customer Engagement

Publishing transparency reports and opening feedback channels.

Responsible AI Culture

Responsible AI Framework

Sustainability

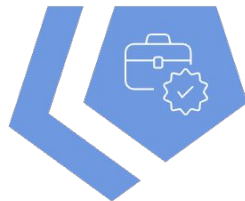Develops environmentally conscious AI systems.

Ethics

Ensures AI aligns with societal values and moral principles.

Accountability

Assigns responsibility for AI's decisions and actions.

Transparency

Makes AI processes understandable and accessible to all stakeholders.
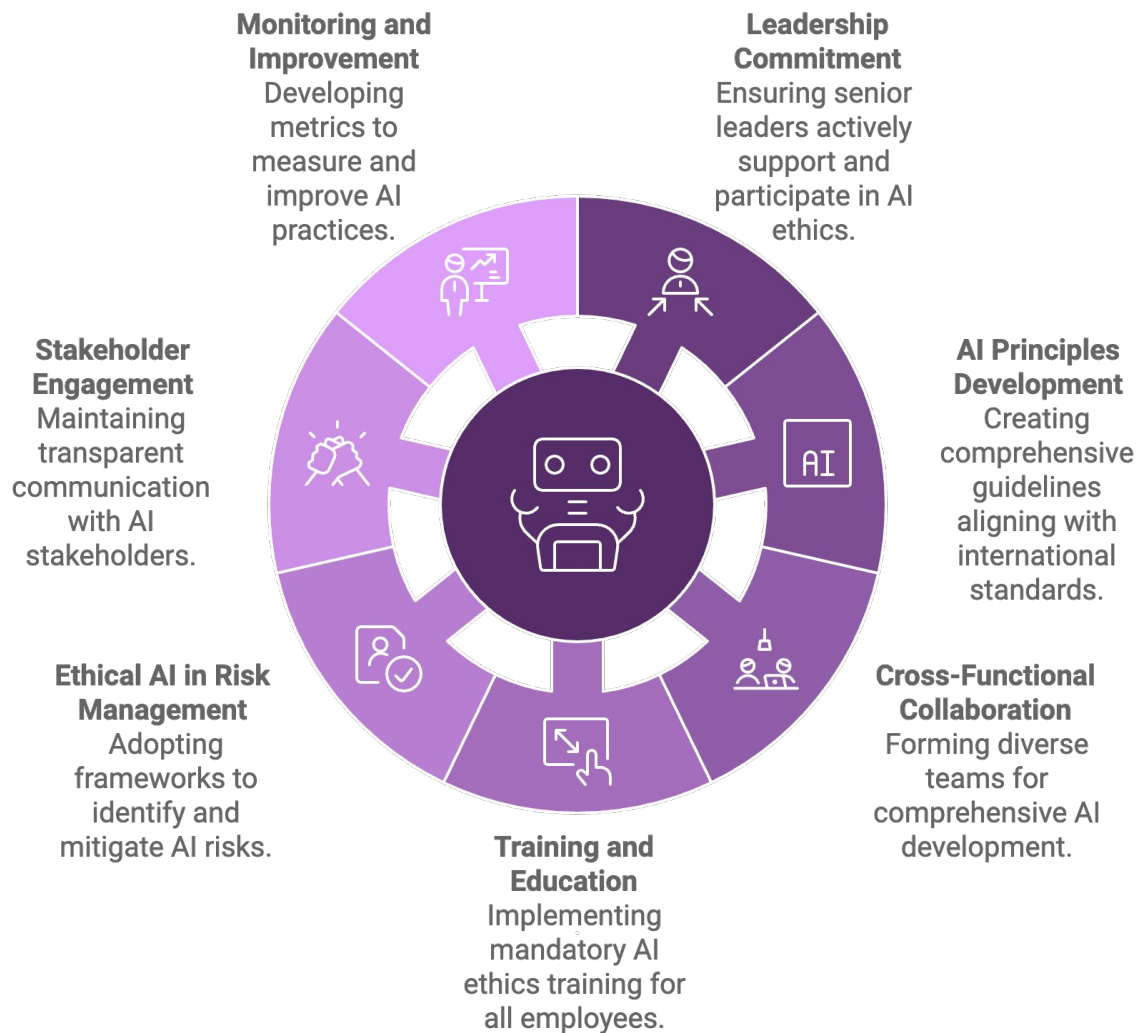
Fairness

Prevents discrimination or bias in AI outcomes.

How Can We Get There?

Monitoring and Improvement
Developing metrics to measure and improve AI practices.

Leadership Commitment
Ensuring senior leaders actively support and participate in AI ethics.

Stakeholder Engagement
Maintaining transparent communication with AI stakeholders.

AI Principles Development
Creating comprehensive guidelines aligning with international standards.

Ethical AI in Risk Management
Adopting frameworks to identify and mitigate AI risks.

Cross-Functional Collaboration
Forming diverse teams for comprehensive AI development.

Training and Education
Implementing mandatory AI ethics training for all employees.

Leadership sets the tone for responsible AI adoption across an organisation. When senior executives prioritise AI ethics, it signals its importance and integrates it into core business values. This includes appointing dedicated leaders or committees to oversee ethical AI practices.

Tip:
Establish a Responsible AI Council chaired by top executives to oversee AI initiatives, ensuring they align with organisational values and ethical standards.

AI Governance Council

AI Experts

Ethics Specialists

Legal Representatives

Risk Management Officers

Diversity Advocates

Establish Responsibilities for Different Use Cases

AI shared responsibility model

		IaaS (BYO model)	PaaS (Azure AI)	SaaS (Copilot)
AI usage	User training and accountability	Customer	Customer	Customer
	Usage policy, admin controls	Customer	Customer	Customer
	Identity, device, and access management	Customer	Customer	Shared
	Data governance	Customer	Customer	Shared
AI application	AI plugins and data connections	Customer	Customer	Shared
	Application design and implementation	Customer	Customer	Microsoft
	Application infrastructure	Customer	Customer	Microsoft
	Application safety systems	Customer	Shared	Microsoft
AI platform	Model safety and security systems	Customer	Shared	Microsoft
	Model accountability	Customer	Model dependent	Microsoft
	Model tuning	Customer	Model dependent	Microsoft
	Model design and implementation	Customer	Model dependent	Microsoft
	Model training data governance	Customer	Model dependent	Microsoft
	AI compute infrastructure	Shared	Microsoft	Microsoft

Legend:
- Microsoft
- Shared
- Model dependent
- Customer

Microsoft

A solid foundation of AI ethics requires well-defined principles and policies aligned with global standards. These policies guide the design, deployment, and governance of AI systems, ensuring fairness, transparency, and accountability.

Align your AI ethics policies with frameworks like the OECD AI Principles or the EU AI Act to ensure consistency with international best practices.

Example:
A company creates transparent documentation detailing each AI system's purpose, data sources, and decision-making processes, enabling stakeholders to understand and trust the system.
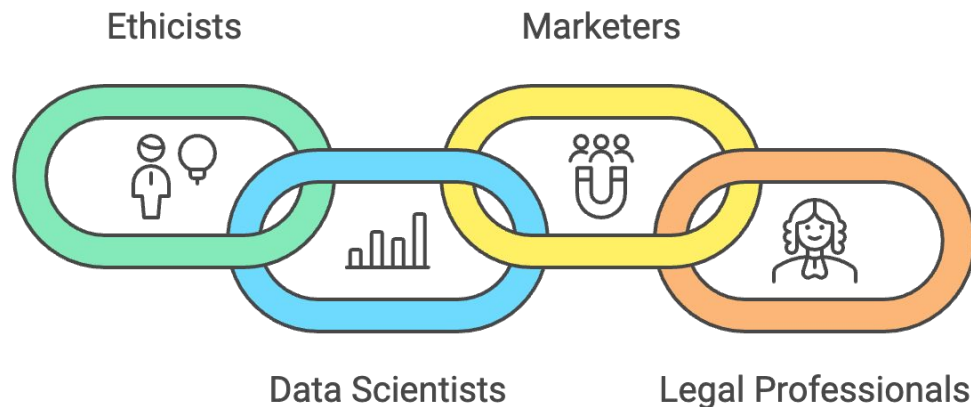

Unacceptable risk — Prohibited — Art. 5 — Social scoring, facial recognition, dark-pattern AI, manipulation

High risk — Conformity Assesment — Art. 6 & ss. — Education, employment, justice, immigration, law

Limited risk — Transparency — Art. 52 — Chat bots, deep fakes, emotion recognition systems

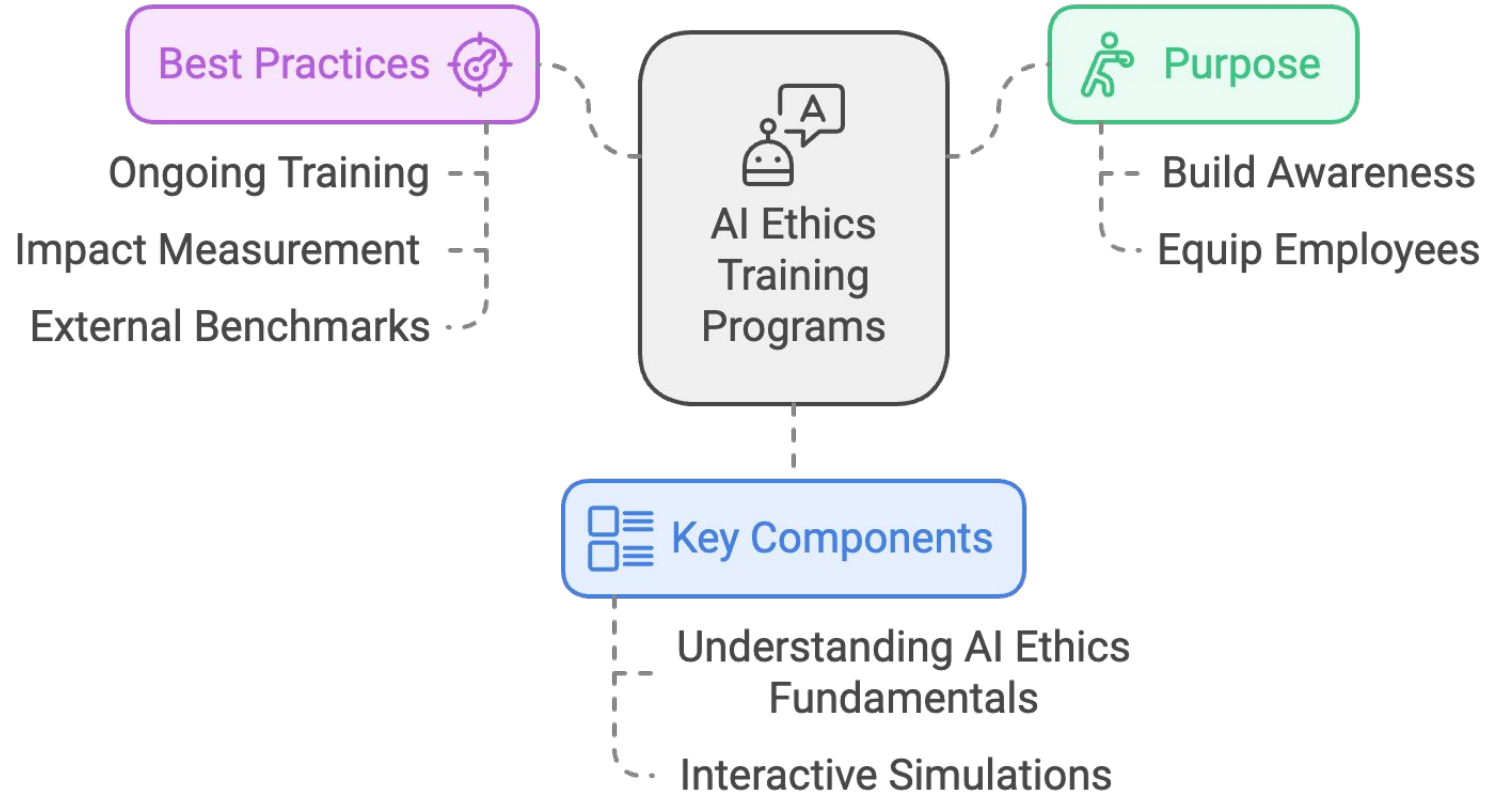**Minimal risk** — Code of conduct — Art. 69 — Spam filters, Video games
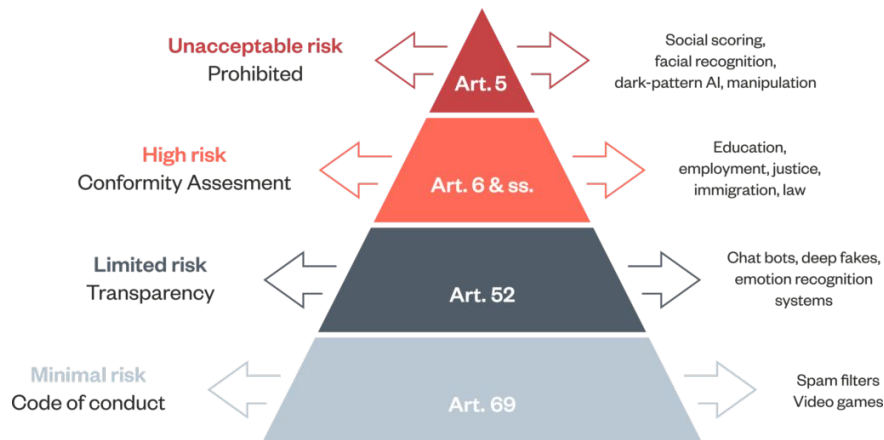
Ethical AI requires collaboration across diverse disciplines. Multidisciplinary teams bring varied expertise to AI development, enabling a more comprehensive approach to identifying and addressing ethical risks.

Tip:
Form governance structures with representatives from AI, legal, ethics, and domain experts to ensure balanced decision-making and address ethical challenges holistically.

Ethicists

Marketers

Data Scientists

Legal Professionals

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Best Practices

AI Ethics Training Programs

Purpose

Ongoing Training

Impact Measurement

External Benchmarks

Build Awareness

Equip Employees

Key Components

Understanding AI Ethics Fundamentals

Interactive Simulations

How Much Does the Average Employee Know About ChatGPT's Privacy Policy?

5. Integration of Ethical AI into Risk Management

Embedding ethical AI into risk management frameworks helps organizations proactively identify and address risks, ensuring systems operate within ethical boundaries.

Adopt the NIST AI Risk Management Framework to systematically evaluate AI-related risks and develop mitigation strategies.

Map
Context is recognized and risks related to context are identified

Measure
Identified risks are assessed, analyzed, or tracked

Govern
A culture of risk management is cultivated and present

Manage
Risks are prioritized and acted upon based on a projected impact

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Transparent communication about AI initiatives builds trust with stakeholders, fostering collaboration and accountability. Feedback mechanisms ensure concerns are heard and addressed.

Tip:
Create a dedicated AI ethics portal for stakeholders to access information on AI projects, raise concerns, and provide feedback.

Example:
A company publishes an annual Responsible AI report detailing objectives, benefits, and risks of its AI systems, demonstrating transparency and accountability.
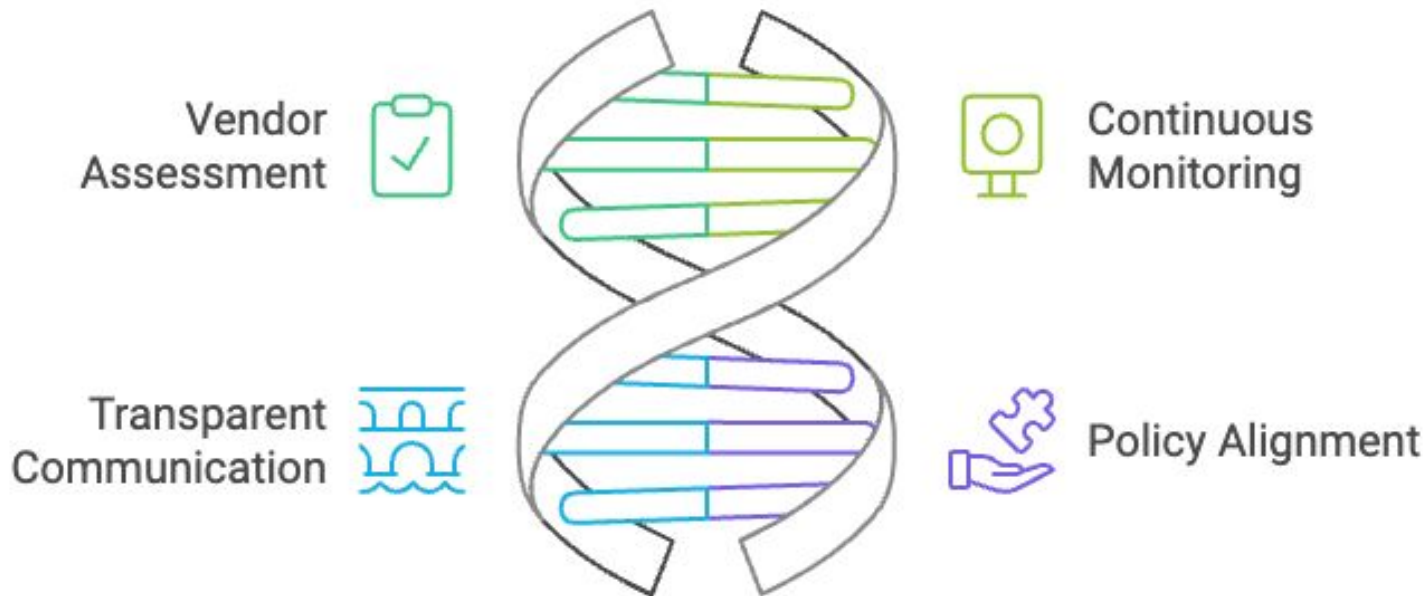
7. Monitoring and Continuous Improvement

AI systems evolve, requiring continuous monitoring and adaptation. Regular updates to policies and practices ensure they stay aligned with technological and regulatory advancements.

Tip:
Define key performance indicators (KPIs) to measure the success of ethical AI initiatives and make iterative improvements.

Example:
The company tracks metrics like reduced bias in AI decisions and increased stakeholder trust, using the data to refine their responsible AI policies over time.
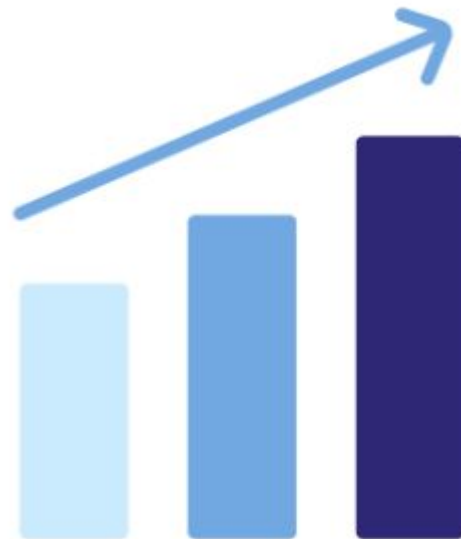
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Balancing Innovation with Responsibility
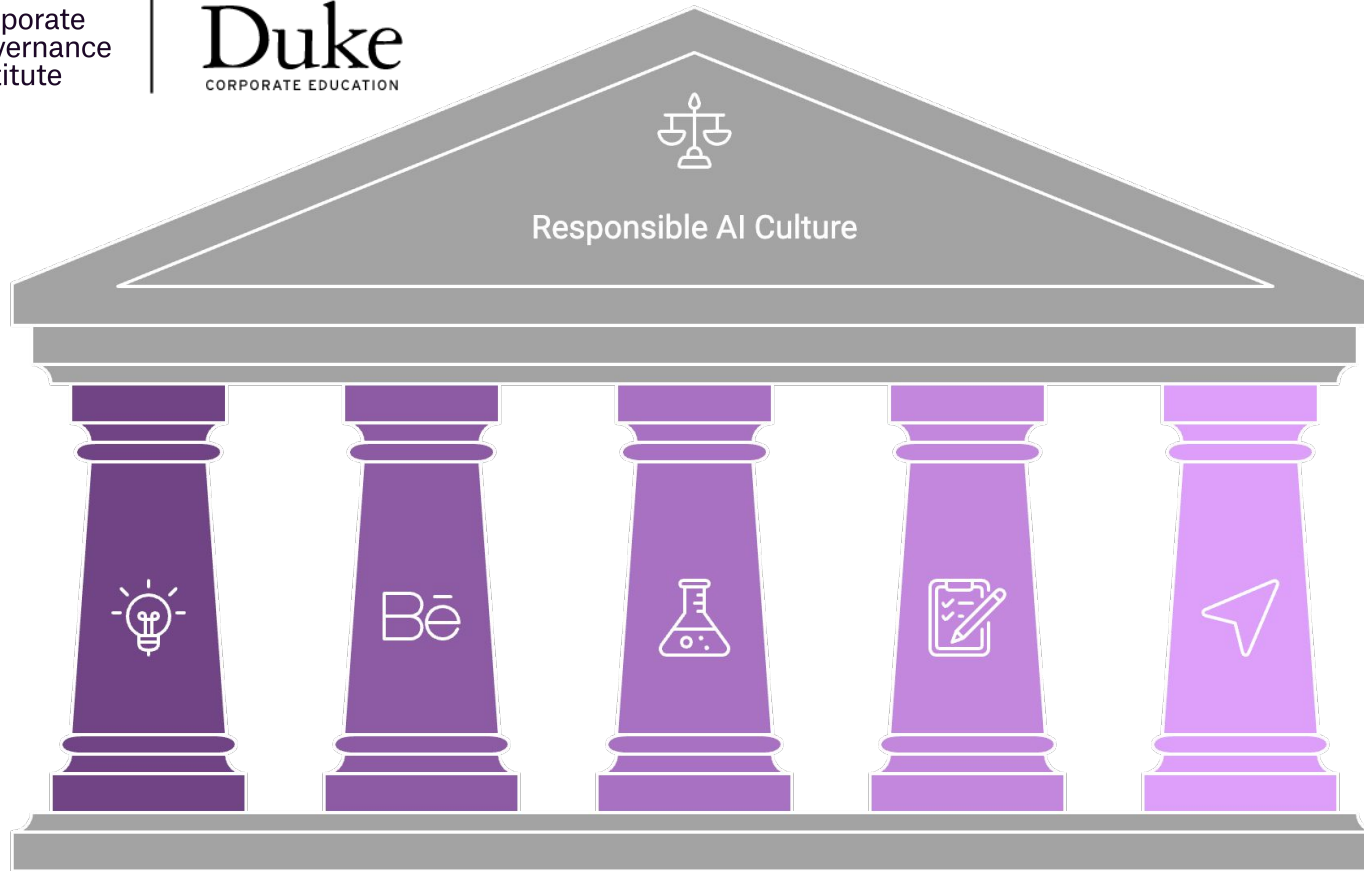
Incentivising Ethical Innovation

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Foster a culture where ethical considerations are not seen as barriers but as opportunities to innovate responsibly. Highlight and reward successes where innovation aligns with ethical principles, ensuring these practices become standard across the organization.

How to encourage ethical AI innovation?

Implement Reward Mechanisms

Incentivize teams for designing ethically sound AI solutions.

Recognize Responsible Innovators

Award teams demonstrating ethical AI breakthroughs.

The Ethical AI Canvas
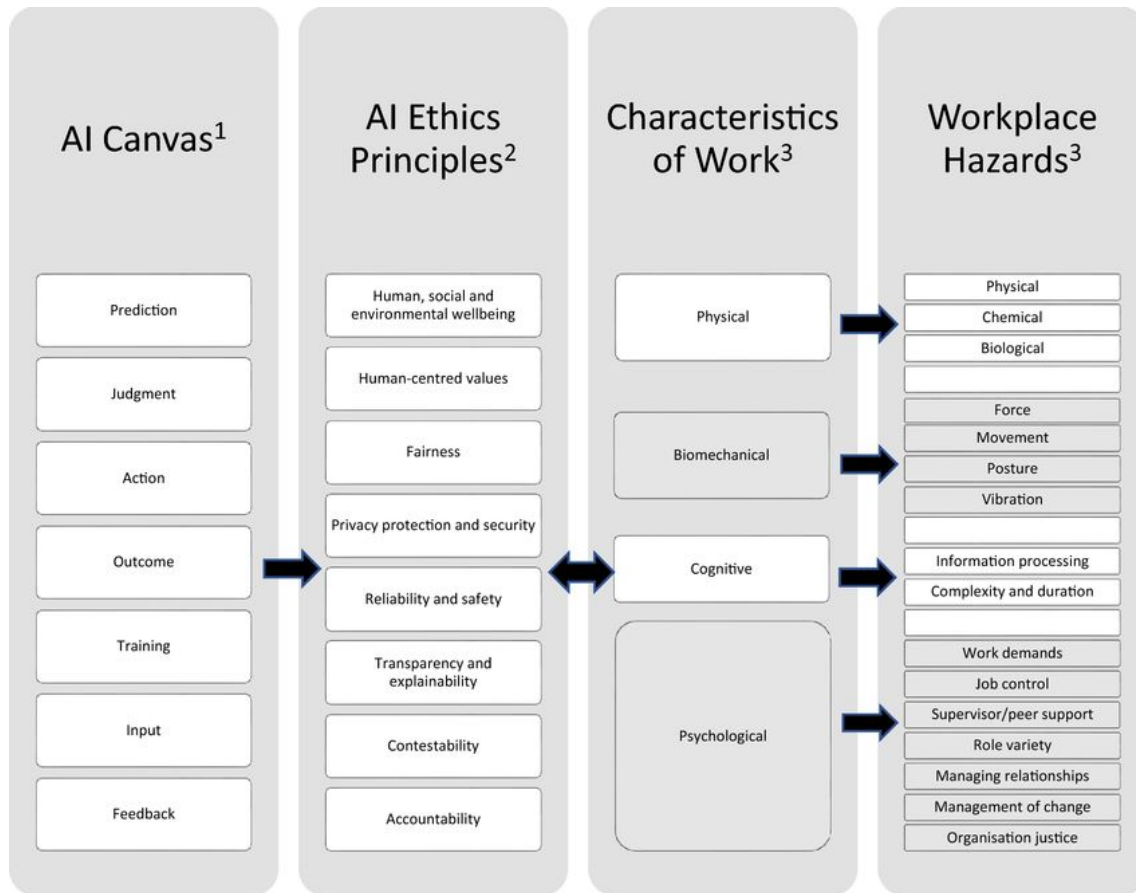
https://www.researchgate.net/figure/Conceptual-integration-of-AI-Canvas-AI-ethics-principles-and-safe-work-characteristics_fig2_360560833
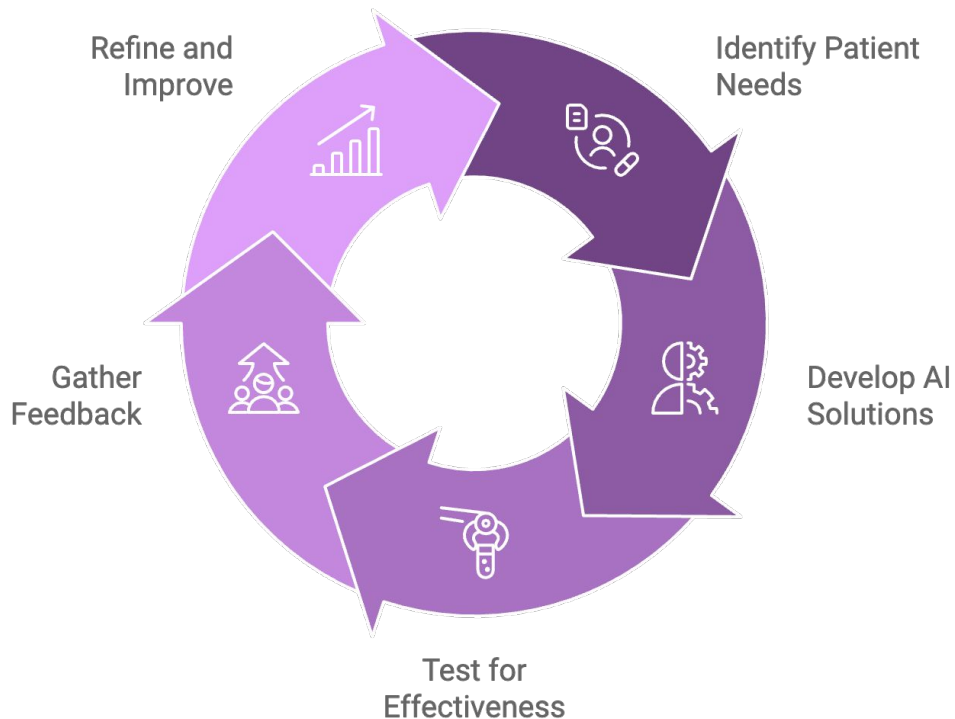
Encouraging Responsible AI Experimentation

A/B Testing
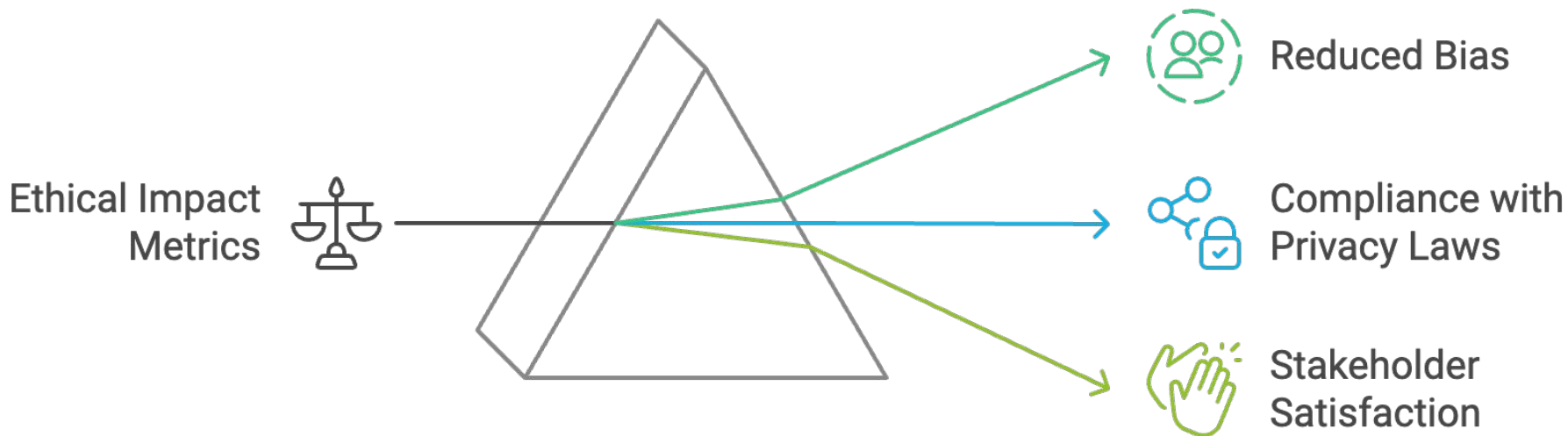Evaluates performance and ethics with guardrails
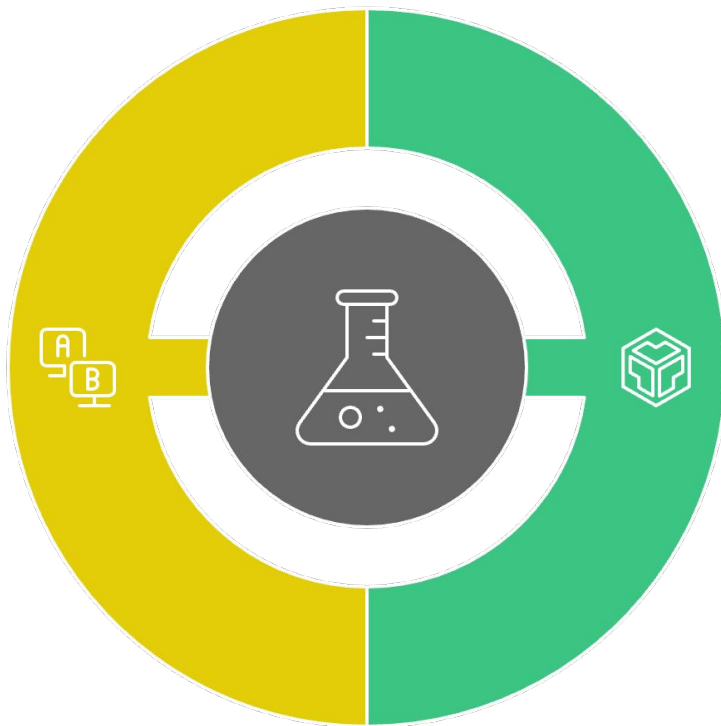
Sandbox Environments
Isolates risks to safely test AI ideas

Aligning Innovation with Responsible AI

AI Development Cycle for Patient Well-being

Refine and Improve

Identify Patient Needs

Develop AI Solutions
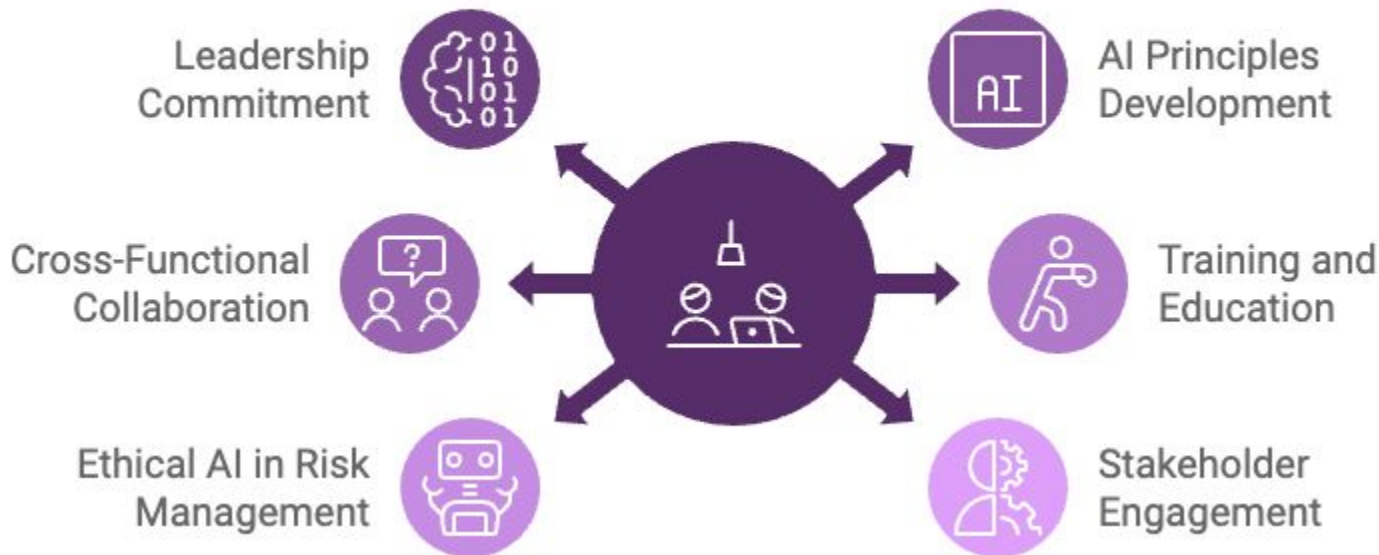
Test for Effectiveness

Gather Feedback

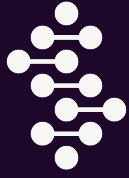Measuring Ethical Impact in AI Systems

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It involves ensuring that AI use aligns with **laws**, **regulations**, and **societal values**.

Questions?

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Thank you

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