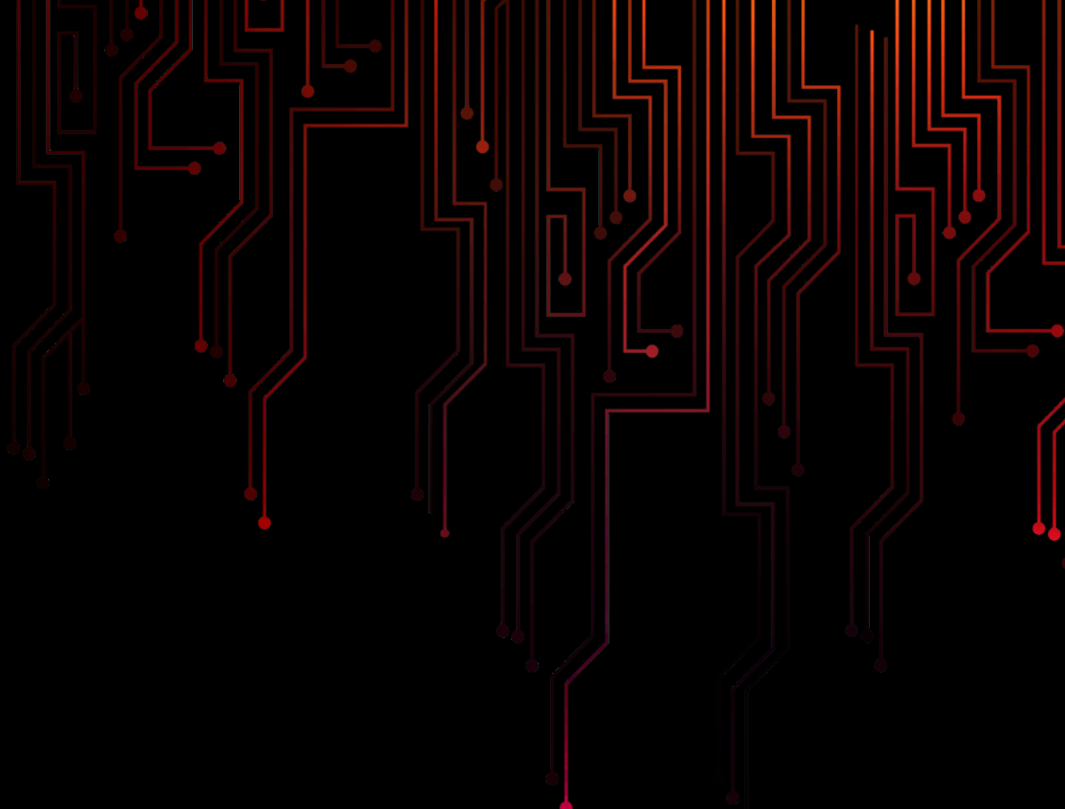


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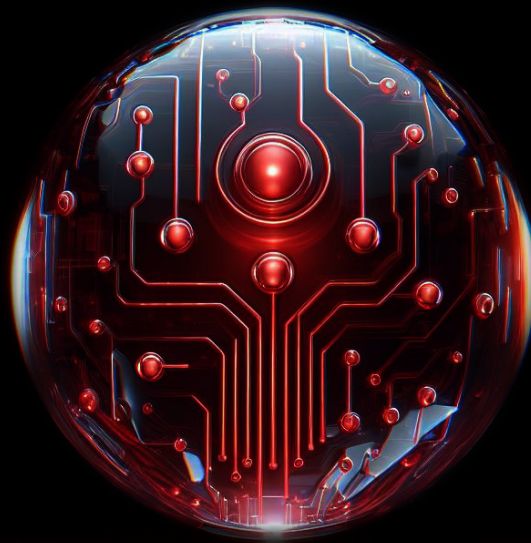


# Potential and peril:

How leading General Counsel see AI

Ashurst Leadership Centre

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Outpacing change

In partnership with



**The Ashurst Leadership Centre recently hosted Global GC Elite roundtables in London and Sydney to discuss the transformative potential of artificial intelligence (AI) and related risks and regulation.**

There was a particular focus on generative AI, which has been popularised over the past year by services such as ChatGPT and specialised tools for legal and business professionals.

The sessions were attended by General Counsel (GC) at ASX 100, FTSE 100 and other leading organisations, and were facilitated by Ashurst's Chief Digital Officer Tara Waters, Data Privacy & Cyber partner Rhiannon Webster and Global Chief Executive Officer, Paul Jenkins.



# Observations

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## GCs have a critical role to play

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The roundtable discussions highlighted a need for proactive engagement, strategic planning and ethical guidance if companies are to exploit the full potential of AI. GCs felt they could play a key role in these steps because they were well placed to help their organisations balance the potential benefits of AI with concerns such as alignment with organisational values, ethics, and regulatory and legal requirements. They could also help bridge communication gaps between technology and AI experts and executive teams.

**“This series provided comprehensive findings on generative AI’s growing influence on the legal industry.”**

Tara Waters, Partner & Chief Digital Officer, Ashurst

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## Compliance, trust and ethics are paramount

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AI offers unprecedented capabilities for data processing and analysis, enabling organisations to deliver personalised experiences, streamline services and improve decision-making.

However, harnessing the potential of AI brings significant legal and ethical considerations. Therefore, a robust AI governance framework that considers these legal and ethical considerations from the outset is essential, not only for understanding the laws that apply but also for maintaining customers’ trust.

The legal and ethical challenges discussed included transparency, security and compliance with applicable data protection laws.

3

## Companies must focus on data quality and processes

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AI systems rely on processing vast amounts of data, so any biases or inaccuracies in datasets can lead to biased or flawed outcomes. As a result, GCs stressed the importance of implementing measures to ensure the quality, accuracy and representativeness of data used in AI systems.

This means developing robust processes for data validation, including cleansing, verification of sources and ongoing monitoring of AI models to detect and correct biases or inaccuracies. It also means being transparent about how AI systems operate.

This need for transparency extends beyond openness; it encompasses having a comprehensive understanding of how AI algorithms reach their conclusions. Such transparency, GCs argued, would not only cultivate trust among stakeholders but also assist with achieving ethical and legally compliant outcomes.

By demystifying the inner workings of AI systems, organisations can better align AI applications with established ethical standards and legal requirements, mitigate risks and increase accountability.

4

## There should be a human in the loop

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Despite the power of AI, GCs discussed the need for a “human in the loop”, particularly in the context of generative AI. While AI can offer efficiency gains, it was seen as being capable of producing errors, biases or unexpected outcomes. This means human oversight is crucial to ensure the accuracy and quality of outputs and to educate stakeholders about its capabilities and limitations.

**“GCs will find themselves playing a central role as their businesses grapple with how to implement AI, both effectively and safely.”**

Paul Jenkins, Global Chief Executive Officer, Ashurst

**“Quickly getting up the AI learning curve has become paramount for GCs across all industries. While the latest AI innovations do introduce new risks to business, they also present new opportunities for growth and are generating new horizons for business to aspire to.”**

Tara Waters, Partner & Chief Digital Officer, Ashurst



## Companies and advisers are exploring generative AI

Most GCs said they were still in the early stages of integrating generative AI tools such as ChatGPT into their business and legal departments. Some also voiced concerns about the risks associated with over-reliance on the technology.

Stakeholders need to be educated about the capabilities and limitations of generative AI – especially intricate legal matters. In turn, it was felt legal teams should develop a clear understanding of what generative AI could realistically deliver and where human expertise is indispensable.

There was an expectation that law firms would incorporate generative AI into their work processes, which could potentially reduce the need for human resources and time dedicated to some matters. This sparked discussions about the potential for fees to fall as firms used AI for routine tasks. However, the consensus was that human verification of the quality and accuracy of AI-generated work would remain essential.

GCs had more substantial concerns about how generative AI might be deployed in their wider businesses than in their legal departments. The technology was seen to have evolved rapidly, leading to profound changes in how businesses operate, analyse data, interact with customers and innovate. This compelled GCs to want to understand the broader implications of the technology for their businesses.

**“It’s by no means certain, but generative AI, being a general-purpose technology, has the potential to be a game changer, not only for lawyers but knowledge businesses in general. The possible areas of impact include client experience, product development and content creation, risk management, strategic vendors and workforce profile and skills. So we are paying very close attention.”**

Rushad Abadan, Group General Counsel, abrdn

## GCs welcome the development of regulatory frameworks

Discussions highlighted the critical role regulators play in the realms of AI, data protection and cybersecurity. As businesses navigate the complex landscape of AI adoption, regulators are expected to provide clear and structured guidance, and to establish comprehensive regulatory frameworks.

GCs said these frameworks should maintain a delicate balance between supporting innovation and safeguarding data and individuals’ right to privacy. This would require collaboration between businesses and regulators.

They stressed that regulations should delineate permissible uses of AI and institute robust accountability measures. GCs said this would rectify potential issues stemming from AI-generated content or decisions. Such accountability frameworks were deemed essential to ensure that future generative AI systems operated within ethical and legal boundaries.

It was noted that the European Union was proactively developing AI regulations and guidelines to establish a comprehensive framework covering transparency, accountability and high-risk systems. The EU AI Act was recently passed and will also regulate the underlying foundational models.

The United Kingdom was seen to be taking a less prescriptive – and in the UK government’s words, more pro-innovation approach – and is not currently proposing any AI-specific legislation. Instead, the UK Government has proposed that regulators, such as the FCA, PRA and ICO, implement a principles-based approach.

In Australia, roundtable participants believed the direction of AI regulation were likely to be set by bodies in the United States and the European Union first. It was unclear if Australia would implement these approaches.

**“GCs will need to follow the developing and disparate legal regimes across the world with keen interest, to ensure they can assist their businesses with implementing robust AI compliance and governance frameworks.”**

Rhiannon Webster, Partner, Ashurst

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