DENTONS

Setting the Standard
Benchmarking Responsible AI Governance

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Grow | Protect | Operate | Finance

Discussion

- ❖ The advancement of enterprise AI
- ❖ The emerging global legal and risk landscape
- ❖ The what and why now of AI governance
- ❖ A closer look at the NIST AI RMF and ISO 42001 standards
- ❖ Key takeaways / recommendations for building a resilient and scalable AI governance program

AI Advancements

History and Trajectory

- **From Turing, to ChatGPT, to MCP**. Although AI is not new, the pace of innovation is. We've moved from simple chatbots in 2022 to multi-agentic systems completing autonomous tasks in 2025.

- **Generative AI Continues to Dominate**. Generative AI is the dominant form of AI being deployed today - a form of machine learning and deep learning with its roots in a novel "transformer" architecture. It is a probability amplifier. It is data dependent, requires significant processing capabilities, is prone to "mistakes", and doesn't understand the physical world.

- **Emerging AI Trends**. Composite AI, neuro symbolic AI, and active inference AI are all emerging trends in the AI space. Where are we heading next?

Gartner AI Hype Cycle

Hype Cycle for Artificial Intelligence, 2024
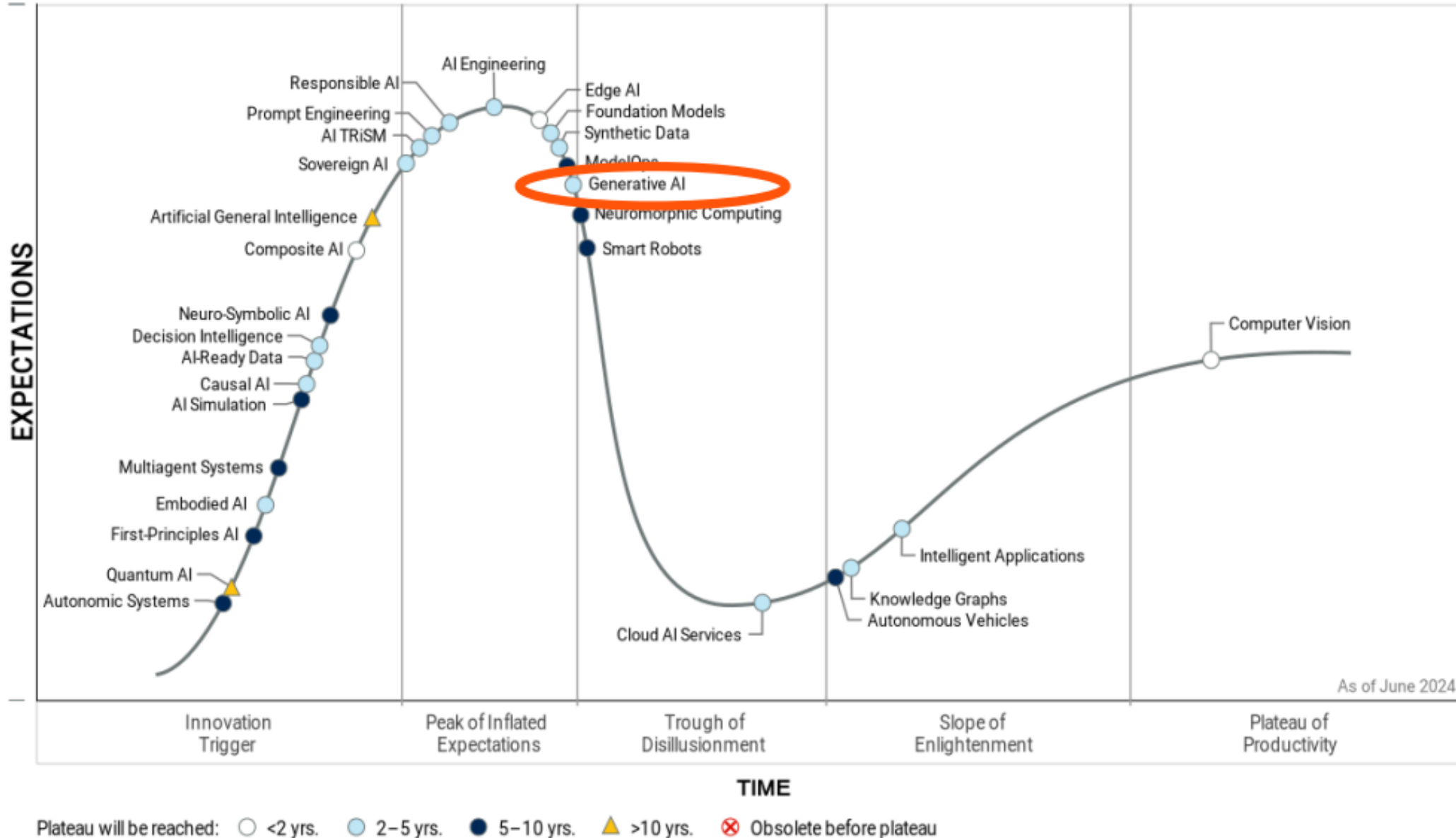
General Purpose
Enterprise Adoption Trend

- **General application use to enhance productivity**. Examples are Microsoft Co-Pilot, ChatGPT, Gemini, DeepSeek, etc.

- **Microsoft and LinkedIn 2024 Work Trend Index**. Survey of 31,000 workers across 31 countries. 75% use AI, and 90% say it makes them more efficient.

- **OpenAI Is Dominating**. Ramp's AI Index shows 32.4% of all US businesses are paying for OpenAI subscriptions as of April 2025, up from 18.9% in January. OpenAI reported over 2 million business users.

- **Vibe Coding**. Emerging coding applications can help code without deep expertise needed. How reliable?

- **Risks**. Loss of confidentiality, security / privacy breach, reliance on inaccurate information.

Decision Intelligence
Enterprise Adoption Trend

- **Targeted use of AI**. Use of AI to drive better intelligence and decision-making across business functions.

- **Gartner**. By 2026, 75% of Global 500 companies will apply decision intelligence practices.

- Customer and Data Insights

- Marketing and Advertising

- Manufacturing / Digital Twins

- Robotic Surgery / Clinical Care Delivery

- Claims Handling & Insights

- Field Engineer Efficiencies

- Fleet / Grid Automation
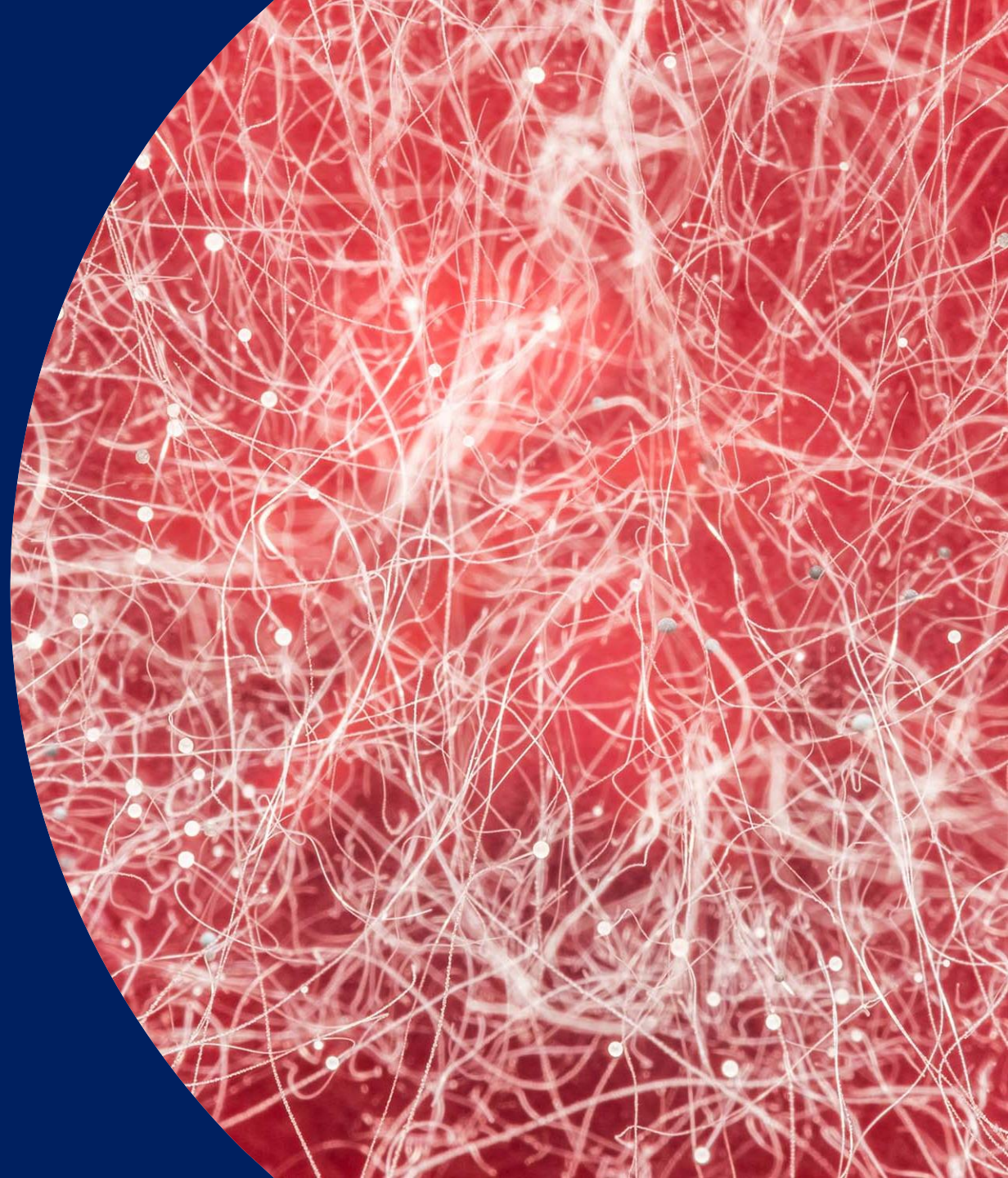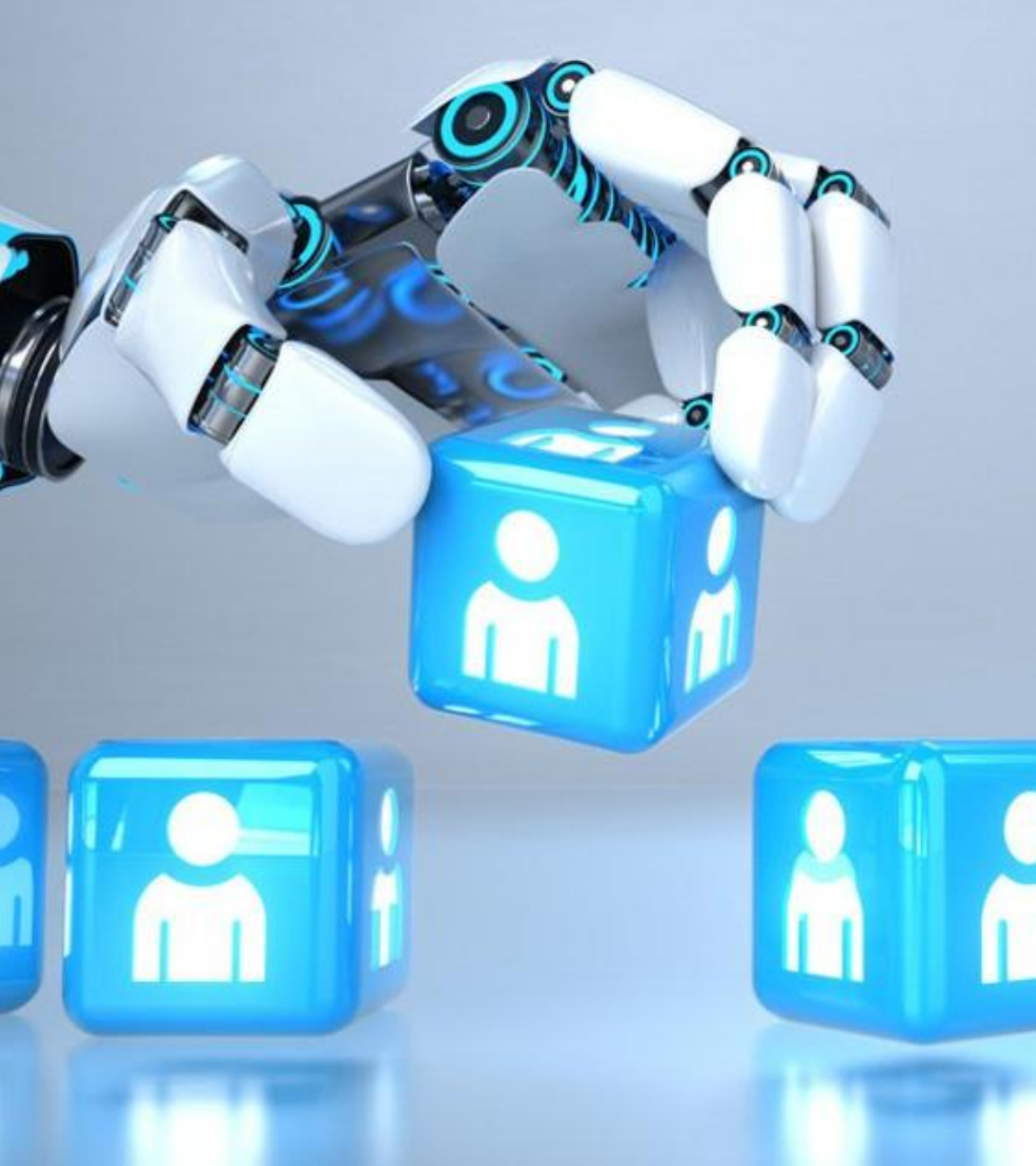
Agentic Workflows
Enterprise Adoption Trend

- **Agentic Workflow**. Using AI to take over tasks and provide new automate workflows.

- **Agent Overview**. AI that can access tools and communicate with other AI to complete a task or goal.

- **Gartner**. By 2028, 33% of enterprise software applications will include agentic AI.

- **Industry Trend**. Salesforce, Microsoft, OpenAI, Anthropic, and Google are all releasing agents, agent-building platforms, and agent resources.

- **Applications Continue To Explode**. Applications are being built across different use cases and sectors – customer service, marketing, coding, finance, healthcare. Potential disruption of SaaS market?
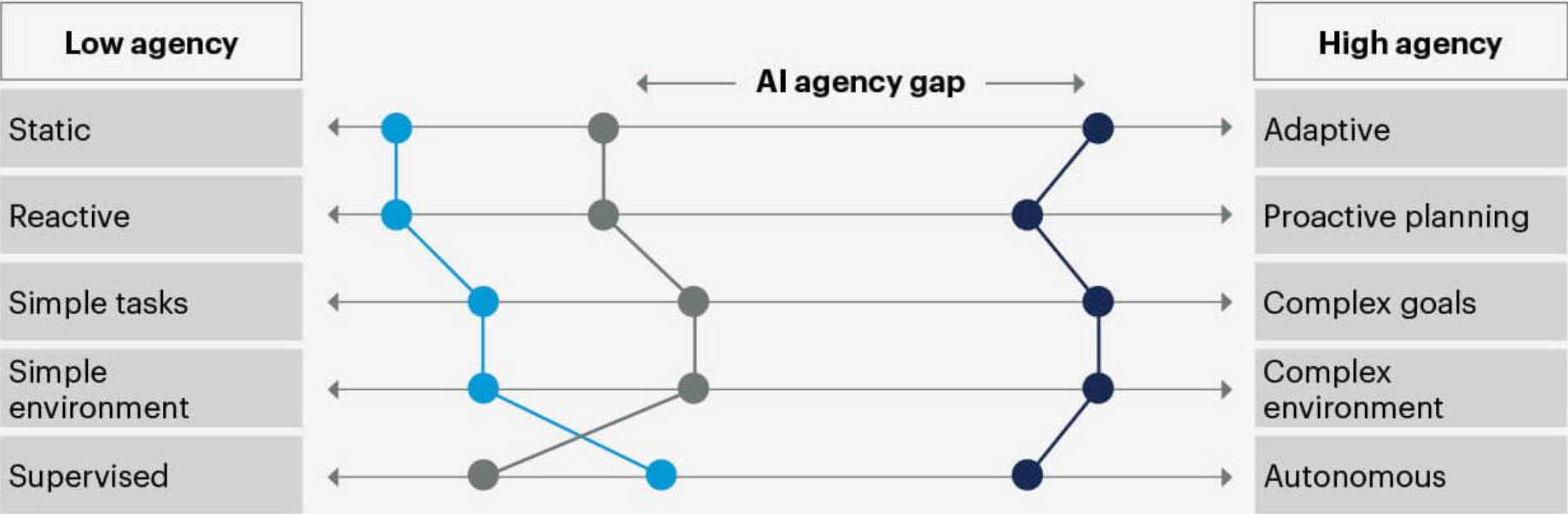
AI Agent Risk

Accountability & Control

- **<u>Removing The Human In The Loop</u>**. AI agents are defined by their autonomy. What will the liability regime be? Who is contractually responsible? What happens if you remove the human in the loop?

- **<u>Security Concerns At The Protocol Level</u>**. AI agents need access to tools and to communicate with other agents. How do the new communication protocols come into play? How do you mange the multi-layered security risk that agents present?

- **<u>Accuracy and Reliability Remain A Challenge</u>**. Generative AI agentic systems will have the same challenges presented by generative AI, but it will be compounded. What happens when something goes wrong?

Mind the AI Agency Gap

Legend: ● Human agency ● Deterministic chatbots ● LLM-based assistants

Low agency		High agency
Static	← AI agency gap →	Adaptive
Reactive		Proactive planning
Simple tasks		Complex goals
Simple environment		Complex environment
Supervised		Autonomous

Gartner.

Global Legal Landscape

- A **global consensus** is forming about the need to guide AI. The pathway forward remains fluid with divisions rising between regulation and innovation.

- **Risk Based Regulation**. EU AI Act, South Korea AI Act, Colorado AI Act, UK.

- **Innovation First**. US federal, emerging US state, Japan.

- **Central Management**. This approach is being driven by China and other regimes with a central approach to governing markets.

- **Emerging Players**. Africa, ASEAN, Latin America – where are we heading?

US Federal

A Mixed Picture

- **Executive Action**. President Trump withdrew President Biden's AI EO and passed one of his own. New AI czar David Sacks is working on a federal AI Policy – thousands of comments received.

- **Export Controls**. Biden EO on export controls over compute power and model weights remains in place. Future is unclear – may be replaced.

- **Regulatory Oversight**. The FTC and other regulatory agencies have indicated they will take a more hands-off approach to day-to-day compliance. Unclear impact on EEOC guidance, HHS guidance, and other agencies that have been relatively active. Copyright office dustup.

- **Federal Legislative Outlook**. Whether Congress will address any comprehensive privacy, cybersecurity, or AI law remains to be seen. AI policy reports have been issued, but other events have taken priority. Preemption on the table.

US States

An Emerging Patchwork

- **AI Specific Laws Are Growing**. Colorado AI Act, Utah AI Policy Act, California ADMT regulations, 18 CA laws, and thousands of proposals in the mix. What's next? Use case / high risk approach, or model specific regulation? Innovation theme is beginning to dominate.

- **Existing Legal Frameworks Still Apply**. The AGs in CA, OR, and MA have warned companies that existing legal frameworks (e.g., unfair business practices, privacy, consumer protection) apply equally to the misuse of AI.

- **Litigation Landscape**. A rising tide of AI specific lawsuits around employment discrimination, consumer protection, privacy, copyright, and claims denial are emerging.

The Governance Challenge

- The concept of ethical and "responsible" AI is not new. But why is there a need now for a specific governance framework around AI?

- What was once a "nice to have" is becoming a "business necessity" to operate globally. Organizations are implementing "responsible" or "trustworthy" AI governance programs to prove reasonableness and as table stakes to market entry.

- Most governance programs are being built around an ethical framework – principles based.

- Benchmarking to emerging standards can take your governance program to the next level.

Valid, Reliable, and Robust

Safe, Secure, and Resilient

Transparent, Explainable, Interpretable

Privacy Enhanced, Fairness

Accountable

AI Governance
Common Pain Points

- **Pace of Innovation**. The pace of AI developments feels overwhelming. It is difficult to benchmark standards and expectations.

- **Decision-Making Bottlenecking**. AI committees are established, and diverse stakeholders are assembled, but decisions are bottle-necking. Operations teams are being tasked with strategy. Strategic teams are being tasked with operations.

- **Unclear Regulatory Picture**. AI regulation frameworks are still evolving, difficult to baseline.
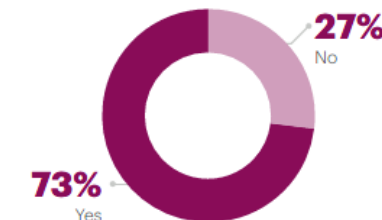
AI regulation is causing concern
Top business impacts identified

My organisation is delaying important investment decisions due to an expected increase in regulation

31% No
69% Yes
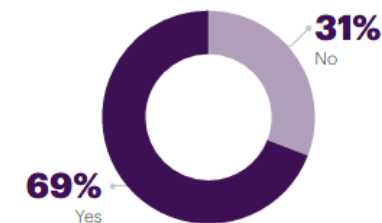
Inconsistent and fragmented AI regulation will have a major impact on my organisation and our growth strategy

27% No
73% Yes

Standards Are Emerging

Agencies, Stakeholders, and Organizations

Frameworks & Principles

NIST AI Risk Management Framework	EU AI Act	OECD AI Principles	OECD AI Classification Framework	Framework Convention on AI, Human Rights and Rule of Law

Technical Standards

ISO / IEC 42001 AI Management System	ISO / IEC 23894 AI Guidance on Risk Management	IEEE P2863 Organizational Governance of AI	IEEE P7003 Algorithmic Bias Considerations	IEEE Spatial Web Standards

AI Governance

NIST AI Risk Management Framework

- **Background**. Released in January 2023. Guidance designed to provide a systematic approach to managing AI risk. It emphasizes the need for accountability, transparency, and ethical behavior in the development and deployment of AI.

- **Generative AI Risk Profile**. In June 2024, NIST released NIST AI 600-1 on Generative AI risks. It outlines the unique risks generative AI can pose to organizations, including "confabulation", harmful bias, security and privacy, and integrity challenges.

- **Challenges**. The framework is promising but has its limitations. It's a voluntary framework and lacks formal enforcement mechanisms. It also doesn't provide concrete steps and recommendations – it's a guiding framework. It also has not been updated with agentic AI systems in mind, which can amplify many of the risks identified and complicate the "human-in-the-loop" recommendation throughout.

AI Governance

ISO 42001

- **What Is It?**. ISO/IEC 42001 is the first international standard for AI management systems. It provides a framework to establish, implement, maintain, and improve AI management systems.
- **Comparable to other ISO Frameworks**. If your organization is already aligned with ISO 2700, ISO 42001 will look familiar re: policies, risk management, etc.
- **Consider Scope**. ISO alignment allows for limited or expansive scoping. Is your security team aligned?
- **AI Management**. ISO outlines the need for executive buy-in and strategic alignment.
- **AI Policies**. ISO outlines a range of policy requirements.
- **AI Risk Management**. Mandates conducting AI risk assessments and impact evaluations.
- **NIST Alignment**. Leveraging ISO and NIST together may prove to be helpful and beneficial down the line.
- **Coming Audit Standards**. Watching for these forthcoming standards.

Benchmarking
Key Opportunities and Challenges

- **Management and Strategic Oversight**. Is your management involved? Is there strategic decision-making? Avoid decision-making bottlenecks.

- **Carefully Map Your "External" and "Internal" Risks**. Mapping legal exposure from a statutory, regulatory, litigation, and contractual perspective is critical to building a program that effectively manages risk. Build a contracting playbook. Monitor state developments. Understand where you sit within the broader legal ecosystem.

- **Walk Before You Run**. Before jumping into a full ISO 42001 certification audit, consider where your maturity is. Are you scoped appropriately? Have you tackled the low hanging fruit? How can you leverage budget?

- **Iterate and Innovate**. If you haven't dusted off your AI compliance program recently, it's likely stale. The threats, risks, and opportunities are emerging.
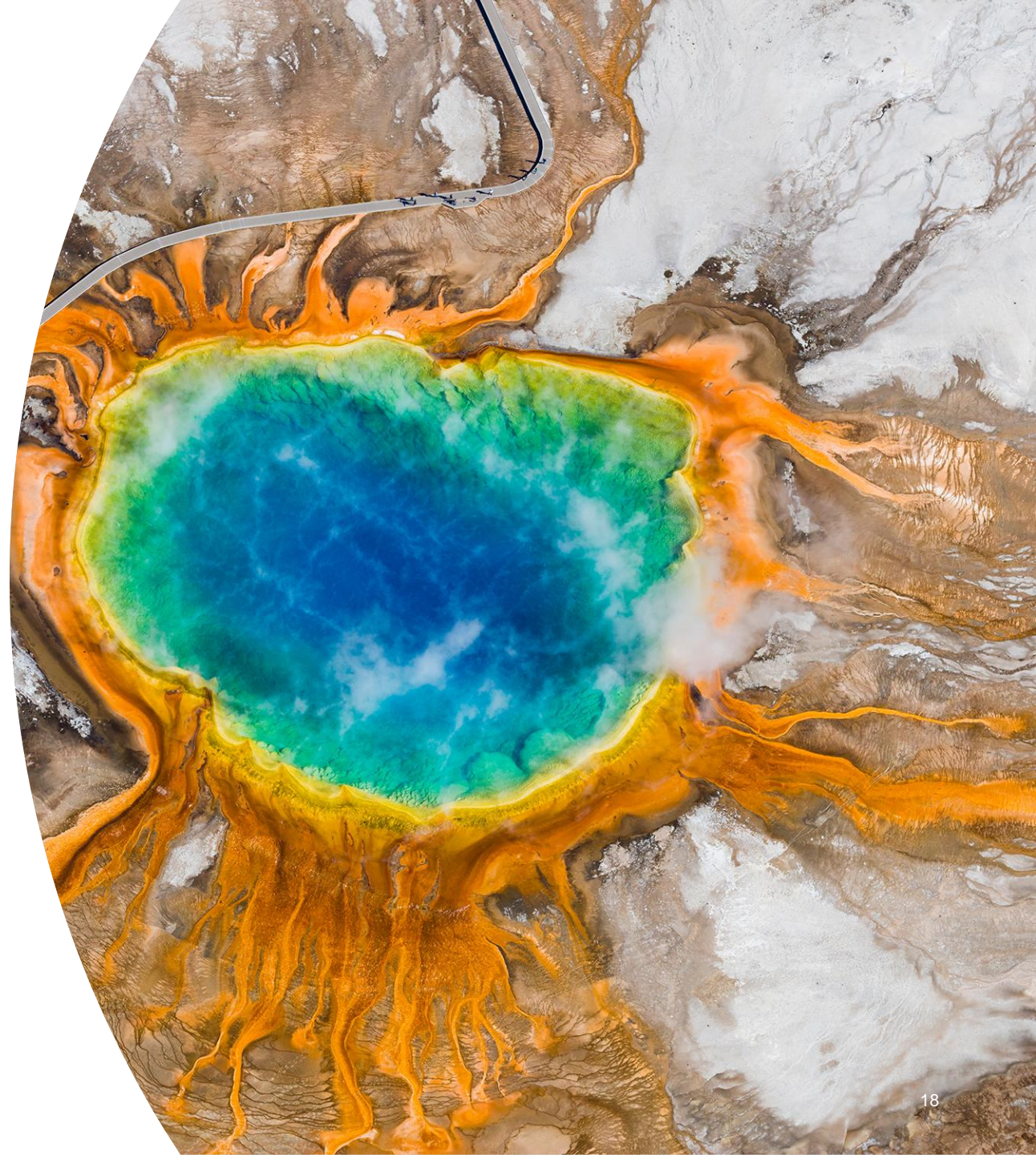
Appendix
Dentons Capabilities

Dentons
Artificial Intelligence (AI) Solutions

Why choose Dentons for AI?

Benefits to you

Global footprint
75+ partners in 80+ jurisdictions have AI expertise. Many of our team have worked together countless times on multijurisdictional projects.

▶
- Best of local and global
- Global knowledge at fingertips
- Global regulatory insight
- Team ready to mobilize

Innovation is in our DNA
Dentons is a firm of firsts, including one of the first to invest in, and promote legal tech via, Nextlaw Labs. We have a team of innovators across our markets that procure and develop AI solutions.

▶
- Clients benefit from Dentons own experience with AI and innovation
- Team adept at understanding the procurement, development and application of AI across different business functions

Deep expertise
Our full-service AI team provides cross-discipline solutions to help you successfully develop or deploy AI technologies.

▶
- Joined-up solutions and thinking, whether you need support with governance, agentic development, data privacy, procurement, IP, employment, disputes or M&A

Track record
Our credentials, reputation and client base in the AI space are outstanding and include being appointed as legal advisor to the Artificial Intelligence Safety Institute.

▶
- We are not learning on the job
- We are experienced advisors in the AI space
- Trusted market leaders

Added value
As market and thought leaders, we produce knowledge, webinars and guidance.

▶
- Insights, knowledge hubs, webinars and crisis simulation experiences – available to you at no charge

Supporting your AI journey

Artificial Intelligence (AI) is a transformative force, presenting challenges
and opportunities for all organizations across all sectors. We partner with clients across the AI development and deployment journey.

Our full-service global AI team provides solutions to help you successfully develop and deploy AI technologies to support
your organization's strategy, while navigating the complexity of existing and future regulations.

With 75+ partners and fee earners advising in 80+ jurisdictions worldwide, our global AI team provides market-leading legal advice around the world. Our team comprises leading AI experts advising across all key areas, including:

- **AI governance**
- **Data privacy and cybersecurity**
- **AI projects and procurement**
- **Employment and talent management**
- **IP protection and enforcement**
- **Disputes and managing liability**
- **M&A and investments**

Supporting your AI journey

"The Dentons team were quick to wade into the AI space and delivered some high-quality training sessions early on. They have guided us on our internal generative AI strategy, including advising on key risks and mitigations, the regulatory landscape, onboarding AI suppliers and our internal strategy and guidelines. They have demonstrated deep knowledge of available generative AI tools and have made pragmatic suggestions for how to mitigate risk whilst continuing to explore this space."

Legal 500 2025 – Artificial Intelligence

Visit Dentons' AI: Global Solutions Hub which provides in-depth insights into the opportunities and challenges AI presents, the essential legal issues to consider, practical recommendations to navigate AI transformation and information on key trends at all stages of AI development.

Unrivalled global reach

160+ locations

75+ AI experts in 80+ jurisdictions worldwide

80+ countries
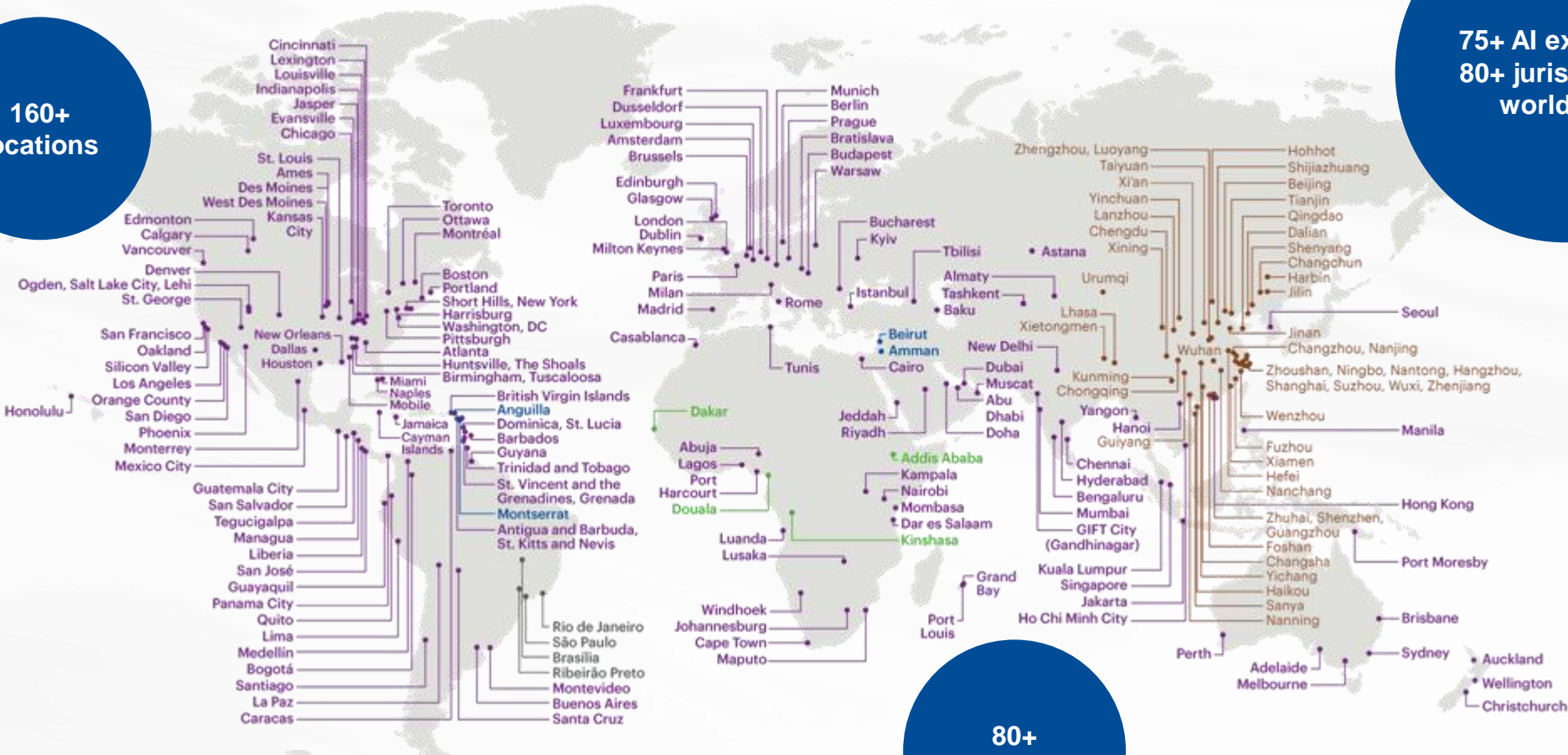
Locations in purple represent Dentons offices.
Locations in blue represent associate firms, offices, jurisdictions of practice from other Dentons' offices or special alliances as required by law or regulation.
Locations in green represent approved associations that have not yet been formalized.
Locations in gray represent Brazil Strategic Alliance.
大成 is Dentons' preferred law firm in China.

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