Appendix 1: Knowledge Assessment Tool

This tool can be used by individual directors or as a board exercise. While asking the following questions, consider whether the board:

- Possesses the knowledge needed for independent judgement about AI and AI-related issues.
- Has access to this knowledge from inside their company, other sources or through free access to experts.

The tool also suggests related modules for additional analysis.

	Area of knowledge:	Board knowledge (more than sufficient, sufficient, insufficient):	Access to knowledge by board (more than sufficient, sufficient, insufficient):	Related modules:
Awareness of AI risks				
Potential AI risks	• Brand reputation • Cybersecurity risks: stolen or corrupted data and algorithms; attacks on IT and physical infrastructure • Erroneous or biased decisions and recommendations • Financial reporting errors and violations • Inability to obtain, retain or train people with necessary AI skills • Safety • Contribute to economic, political and social instability • Violation of organization's ethics guidelines • AI risks from new partners and acquisitions			• Audit • Brand • Ethics
Legal risks	• Discrimination on basis of race, ethnicity, religion, sexual orientation, etc. • Inaccurate reporting (financial, environmental impact) • Violating consumer and patient privacy regulations in countries of operation (GDPR, etc.)			

Other questions	• Does the board
	  • Receive information from internal and external sources?
	  • Have free access to timely advice from qualified advisers?			

	Area of knowledge:	Board knowledge (more than sufficient, sufficient, insufficient):	Access to knowledge by board (more than sufficient, sufficient, insufficient):	Related modules:
AI risk management				
Business context for risk	• How the company analyses AI as part of the business context for risk (strategy goals, opportunities; value sought or received from AI) • How the company's ethics principles for AI inform the business context for risk • The company's goals and plans for using AI to attain strategic advantage, improve operations and make employees more productive • Competitors' use of AI • Familiarity with ISO and COSO guidelines for risk management			• Competitive Strategy • Ethics
Risk appetite	Risk appetite-setting process and results • The company's process for defining its risk appetite and risk tolerance • The company's risk appetite (the amount and type of risk a company is prepared to pursue, retain or take) • The company's risk tolerance (measure of acceptable variation from risk objectives) AI in risk appetite • How appetite and tolerance for AI risks are included in risk appetite process • The company's AI risk appetite and tolerance			
Enterprise risk management plan	Knowledge of ERM plan • How the company sets risk management objectives • How the company identifies, monitors, analyses, evaluates and prioritizes risks, • How the company responds to risks, including crisis management plans • How the company reviews risk and risk management performance • How the company records and reports risks • Performance of risk management plan • How the company communicates risk information and risk management performance • Specific responsibilities of chief risk officer and other senior executives under the risk management plan Knowledge of AI inclusion in ERM plan • How AI risks are identified and managed within the risk management process • How risk management requirements for AI are integrated into business functions and processes that use or manage AI • Performance of risk management process as it relates to AI use			
Risk management performance	• The company's risk exposure, including its exposure to risks from AI • Whether the company operates within its risk tolerance limits, and whether AI risk pushes the company to or beyond those limits • Results of the company's risk management performance assessments, including assessments for risks from AI • Knowledge of improvements to its risk management approach, particularly regarding AI			

	Area of knowledge:	Board knowledge (more than sufficient, sufficient, insufficient):	Access to knowledge by board (more than sufficient, sufficient, insufficient):	Related modules:
AI risk management				
Funding and resources	• Adequacy of funding to carry out risk management plan • Adequacy of human resources to carry out risk management plan • Funding for risk management and ethics training • State of contingency funding to ensure liquidity			
Risk management culture	• Awareness of AI risks and its business context by leadership, employees, partners and new acquisitions that use AI • Awareness of AI ethics issues and risks • Awareness of the state of the risk culture: its openness to discuss risk concerns, willingness to report AI and other risks, and its willingness to take risks within the risk management framework, and incentives or behaviours that might cause executives and employees to take inappropriate risks • Awareness by management and employees of the importance of risk management, and their responsibilities under the enterprise risk management plan			• People and culture
AI as a risk management tool				
Potential uses of AI in risk management	• AI for board or executive decision support • AI for financial risk management and auditing • AI for operations risks management			• Audit
Current use of AI for risk management	• The company's exploration or plans for using AI in risk management • Use of AI in risk management by competitors, partners and auditors			• Audit