



# The EU AI Act: What Employers Need to Know

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Employers in the European Union face new compliance obligations under the EU AI Act, a new set of rules that regulates the use of artificial intelligence

Businesses that use AI in their operations should understand and comply with the sweeping new law, the first of its kind in the world. The AI Act imposes requirements that vary depending on an AI system's level of risk.

## What Employers Should Consider Doing

- Employers should avoid using prohibited AI systems. The AI Act bans the use of AI systems considered harmful or discriminatory effective Feb. 2, 2025. Employers should stop using and/or avoid prohibited systems, including those that:
  - Evaluate emotions in the workplace.
  - Infer sensitive attributes from biometric data.
  - Score people based on social behavior or personal traits.
- Employers that use AI systems the law considers high risk must meet strict obligations related to transparency, monitoring, training and reporting. The law imposes requirements on providers and users of AI systems, such as those used for:
  - Recruitment.
  - Promotion.
  - Termination.
  - Task assignment.
  - Performance evaluations.

The requirements involving high-risk AI systems apply from Aug. 2, 2026, or Aug. 2, 2027, depending on the type of system.

## Penalties for Violating the Law

- Employers who violate the AI Act may face legal action and reputational damage. They also risk losing the trust and confidence of employees and customers.
- The Act provides for fines of up to EUR 35 million or 7% of annual global turnover for serious breaches.
- A new AI Office within the EU Commission will oversee the implementation and enforcement of the rules.

## **A Final Word for Employers**

The AI Act came into force on August 1, 2024. It does not require any further implementation by EU member states.

The landmark legislation sets the standards for ethical and responsible use of AI in the EU, aiming to balance protecting human rights and promoting innovation.

It's important for employers to understand the new rules and their implications. They should ensure compliance and accountability.

Employers also should take advantage of the opportunity the law offers to demonstrate their commitment to human-centric and value-based AI, and to foster a culture of innovation and excellence.