Ethical AI for sustainable adoption
Connecting AI and ESG
Methodology

This report is based on the following primary sources:

- Global survey: 5,720 respondents.
  Regional and country-specific data is available in the appendix.

**LOCATIONS of global survey respondents**

- North America: 15%
- Western Europe: 11%
- Asia Pacific: 10%
- South America: 7%
- Middle East: 5%
- Eastern Europe: 4%
- Africa: 3%
- Australasia and New Zealand: 3%

**EMPLOYMENT STATUS of global survey respondents**

- Full-time accounting or finance related role: 32%
- Assistant/Supervisor role: 25%
- Not currently working in finance related role: 12%
- Student (Finance): 8%
- Other: 6%

**Online discussion group (ODG) in keeping with the New York Accounting for Business (NYAB) survey data**

- ODG: On average, forums are held five times a week.

**LOCATIONS of ODG**

- Asia: 7
- Asia Pacific: 7
- Caribbean: 5
- Europe: 11
- Middle East: 3
- South Asia: 2
- Other: 2
- Total: 42

**Expert Interviews:** a list of individuals consulted is given in the Acknowledgements.
### LIVING WITH AI:
The impact of AI is positive/very positive on...

| My rights as an INDIVIDUAL | 43% |
| My rights as a CONSUMER | 35% |
| My rights as an EMPLOYEE | 47% |

- My ability to live according to my values: 51%
- The overall standard of living in society: 64%
- Levels of inequality within society: 32%

### USING AI:
I have a basic understanding of how an AI algorithm works: 48%

- My organisation uses AI in audit and assurance: 7%
- My organisation uses AI outside of the accountancy and finance function: 15%

### GOVERNING AI:
- My organisation has implemented an ethical framework for AI use: 21%
- My organisation is effective/very effective in managing DATA QUALITY: 64%
- My organisation is effective/very effective in managing DATA CONFIDENTIALITY: 72%

<table>
<thead>
<tr>
<th>DATA QUALITY</th>
<th>My organisation’s biggest challenge within the data life cycle is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection</td>
<td>44%</td>
</tr>
<tr>
<td>Use</td>
<td>33%</td>
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<tr>
<td>Secure storage</td>
<td>27%</td>
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<td>Dissemination/Spread</td>
<td>19%</td>
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<tr>
<td>Lawful destruction</td>
<td>9%</td>
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<tr>
<th>DATA CONFIDENTIALITY</th>
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<tbody>
<tr>
<td>Collection</td>
<td>16%</td>
</tr>
<tr>
<td>Use</td>
<td>23%</td>
</tr>
<tr>
<td>Secure storage</td>
<td>46%</td>
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</tr>
<tr>
<td>Lawful destruction</td>
<td>17%</td>
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<tr>
<td>OBSERVATION</td>
<td>ETHICAL IMPLICATIONS FOR ACCOUNTANCY AND FINANCE</td>
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<td>-------------</td>
<td>--------------------------------------------------</td>
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<tr>
<td><strong>ENVIRONMENT</strong></td>
<td></td>
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<tr>
<td>AI systems have an identifiable carbon footprint</td>
<td>Professional competence and due care in engaging vendors to assess implications</td>
</tr>
<tr>
<td>With focus on the path to net zero, some will attempt to misrepresent sustainability performance</td>
<td>Objectivity to assess claims of performance to challenge greenwashing; Professional competence and due care to uphold on upcoming reporting requirements and role of AI to assess compliance</td>
</tr>
<tr>
<td><strong>SOCIAL</strong></td>
<td></td>
</tr>
<tr>
<td>Positive AI impact on overall standard of living cited by 64% but on societal inequality by just 32%</td>
<td>Public interest obligation, particularly to under-represented or vulnerable groups</td>
</tr>
<tr>
<td>Fewer than half (47%) positive about AI impact on rights as an employee</td>
<td>Integrity in communicating impact of AI to employees in straightforward way</td>
</tr>
<tr>
<td>Just over a third (35%) positive about AI impact on rights as consumers</td>
<td>Confidentiality of customer data and treating customers fairly; Integrity in communicating transparency when AI is being used</td>
</tr>
<tr>
<td><strong>GOVERNANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Algorithms are shaped by ideas, cultures, and values</td>
<td>Professional judgement cannot be replaced by a compliance-based checklist</td>
</tr>
<tr>
<td>Only 2 in 3 leaders prioritise ethics as highly as profits</td>
<td>Professional competence and due care obligation to ensure responsible AI adoption</td>
</tr>
<tr>
<td>1 in 3 have considered regulatory requirements</td>
<td>Professional standards for compliance with evolving AI regulatory landscape</td>
</tr>
<tr>
<td>13% using AI without considering regulatory needs</td>
<td>Professional standards at risk of compromise</td>
</tr>
<tr>
<td>28% using AI without an ethical framework</td>
<td>Professional competence and due care challenge</td>
</tr>
<tr>
<td>Adopting AI is a strategic decision needing coordination across silos and spearheaded by senior leadership</td>
<td>Professional competence and due care for oversight and delivery mechanisms</td>
</tr>
<tr>
<td>Only 1 in 3 aware of AI use in their industry</td>
<td>Professional competence and due care challenge ensure sufficient AI knowledge to interrogate vendor offer</td>
</tr>
<tr>
<td>Good documentation is key to tracking what AI is doing</td>
<td>Professional competence and due care in operationalising control and monitoring</td>
</tr>
<tr>
<td>75% effective or very effective at data confidentiality</td>
<td>Confidentiality and Professional standards need to handle data in a compliant manner</td>
</tr>
<tr>
<td>Fewer than half (48%) have a basic understanding of how an algorithm works</td>
<td>Professional competence and due care to understand what the AI system is doing; Integrity in not passing accountability to the algorithm</td>
</tr>
<tr>
<td>Channels to contact AI decisions are vital</td>
<td>Professional competence and due care in setting up mechanisms for redress</td>
</tr>
<tr>
<td>Need for training on ethical implications of AI</td>
<td>Professional competence obligation for continuous learning and development</td>
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</tbody>
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AI and the environment (1/3): data explosion, including unstructured

AI adoption, by use case

- Accountancy and finance related tasks or functions (preparing financial statements, management reporting, to inform decision making etc): 19%
- Outside the accountancy and finance function: 15%
- Audit and assurance: 7%
AI and the environment (2/3): energy consumption

Responsible computing (IBM)

‘The main impact AI has on creating a sustainable planet is that it may lead to ecological costs in terms of energy needed to power training and inference stages of AI’. ODG participant

✔ Ethics for accountancy and finance professionals:
   Professional competence and due care must be applied when engaging vendors to assess environmental implications of AI.
AI and the environment (3/3): greenwashing

Double materiality (Datamaran)

‘The main impact AI has on creating a sustainable planet is that it enables efficient use of natural resources by closely monitoring the consumption pattern’. ODG participant

Ethics for accountancy and finance professionals: Integrity in challenging greenwashing if encountered; objectivity in assessing Green Claims versus Green Performance, regardless of pressures that may be applied; and professional competence and due care to address upcoming ESG reporting and assurance considerations, eg TCFD requirements.
AI and society (1/3): rising tide to lift all boats?

Overall standard of living

- Positive: 64%
- Negative: 11%
- Net: 53%

Level of inequality

- Positive: 32%
- Negative: 28%
- Net: 4%

Ethics for accountancy and finance professionals: there is a public interest obligation, particularly to under-represented or vulnerable groups.

'The government’s tax-collecting arm has announced that it will use AI to detect tax evaders. Therefore, I expect an end to the corruption and an increase in government revenue'. ODG participant

'I feel my rights as a citizen are restricted as assumptions are made about me based on scattered data collected'. ODG participant
Impact of AI on my rights as an employee (eg fair and transparent hiring and remuneration practices)

- Positive: 47%
- Negative: 18%
- Net: 29%

‘My rights as an employee are both positively and negatively impacted by AI. Positives could be increasing productivity, and less involvement in boring activities. Negatives are that AI processes might dictate human behaviour, forcing the employee to behave in certain way to align – which will restrict freedom’. ODG participant

Ethics for accountancy and finance professionals: Integrity is essential in communicating impact of AI to employees in straightforward way.
Impact of AI on my rights as a consumer (eg how my data is used by a company, discriminatory treatment, levels of transparency)

- Positive: 35%
- Negative: 34%
- Net: 1%

**Ethics for accountancy and finance professionals:** Integrity is essential in transparently representing when AI is being used and not marketing other software as AI.

**Ethics for accountancy and finance professionals:** Confidentiality of customer data is essential to ensure that customers are being treated fairly.

‘My rights as a consumer are infringed, with information collected being processed somewhere to help interested parties plan their business and make money’. ODG participant
AI and governance (1/14)

1. Tone at the top
   - AI ethics policy
   - Procuring AI responsibly
   - Model governance

2. Ethics and philosophy
   - Strategic case for ethical AI
   - Set-up and monitoring
   - System failure and resolution

3. Regulatory landscape
   - Oversight and delivery approach
   - Data governance
   - Review and feedback

Planning

Deployment

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AI and governance (2/14): right and wrong

Ethics for accountancy and other finance professionals: professional judgement cannot be replaced by a compliance-based checklist.

'I fear sometimes in the future when AI is at its full capacity, whether the human being could be forced to conform to one set of values'. **ODG participant**

**HOW ALGORITHMS ARE DEVELOPED AND DEPLOYED IS THE NEW BATTLEGROUND OF IDEAS, CULTURES, AND VALUES.**
AI and governance (3/14): regulation

Ethics for accountancy and finance professionals: Professional standards for compliance will change with the evolving regulatory landscape of AI.

AI needs to be regulated...like with most things when there are laws/guides then there are rules to adhere to.

ODG participant
Leaders prioritise ethics as highly as profits

- **4%** Strongly disagree
- **14%** Disagree
- **15%** Neither agree nor disagree
- **39%** Agree
- **27%** Strongly agree
- **1%** Don’t know

‘The attitude toward AI from the CEO/Leadership team...is to sell anything remotely close to it for as much money as possible’. ODG participant

‘I think it depends on the top-down leadership approach towards AI adoption. Once the leadership is committed to transforming the organisation, opportunities keep arising day by day. We started using AI for forecasting, then RPA, Live Chat, Chatbot, and the journey continues at pace’. ODG participant
AI and governance (5/14): implemented ethical framework for AI

1. Fairness
   - Avoid unfair bias and discrimination against individuals or groups
   - Be inclusive and incorporate diverse perspectives in design and deployment

2. Accountability
   - Provide clarity on who is responsible for the decision
   - Provide a process for challenging a decision and seeking redress

3. Sustainability
   - Human-centred AI supports flourishing of, and avoids harms to, individuals and societies
   - Consider long-term impact on people and planet

4. Transparency
   - Appropriate disclosures when AI is used
   - Explain how a decision is reached

5. Human oversight
   - Humans have visibility and ability to monitor
   - Humans can step in and remedy if needed

6. Ethical use of data
   - Embed data privacy and confidentiality mechanisms
   - Consider the needs of subjects whose data is used by the AI system

7. Safety and robustness:
   - Ensure security and reliable operation, as intended, through the life cycle
   - AI should be resilient, with a fall-back plan for managing system failure

8. Standards and law
   - Act within legal and regulatory requirements
   - Ensure continuing compliance as AI regulation matures
AI and governance (6/14): strategic case for ethical AI

Impact of AI on the integrity of financial information produced

FOR AN ETHICAL AND SUSTAINABLE APPROACH, THE BUSINESS CASE FOR AI IMPLEMENTATION MUST CONSIDER LONG-TERM TRENDS RATHER THAN SEEKING THE LATEST TOOL SIMPLY FOR FEAR OF MISSING OUT

Ethics for accountancy and finance professionals:
Objectivity is essential in recognising fully loaded costs and long-term value.

The organisation provides a customised server/storage business model to its customers, thereby reducing the cost for the customer and reducing waste of space and resources. We use AI-based reports to produce/pull data, which cuts the time by 70% compared with pulling the financial data manually. ODG participant
AI and governance (7/14): oversight and delivery

‘Finance leaders have a mix of strategic, financial, operational and governance skills that make them ideal for driving the adoption of ethical practices when using AI in their organisations’. Karen Smith FCCA, Partner, IBM

✓ Ethics for accountancy and finance professionals: Professional competence and due care are essential in enabling appropriate oversight and delivery mechanisms.

AI IS A STRATEGIC DECISION AND SHOULD NOT BE SEEN PURELY FROM THE PERSPECTIVE OF AN INDIVIDUAL PROJECT DELIVERED DEEP WITHIN A BUSINESS UNIT. IT MAY USE DATA FROM VARIOUS PARTS OF THE ORGANISATION AND FROM EXTERNAL SOURCES, AND NEED COORDINATION ACROSS SILOES, SPEARHEADED BY SENIOR LEADERS.
AI and governance (8/14): procuring responsibly

I am aware of AI use within my industry

Ethics for accountancy and finance professionals:
Professional competence and due care are essential in engaging with and interrogating the offer from AI vendors in the context of the business need.

‘I run the organisation and am very interested in use of AI to make better managerial decisions’. ODG participant
AI and governance (9/14): set-up and monitoring

- Documentation
- Access controls
- Transparency
- Evaluations

✔ Ethics for accountancy and finance professionals:
  Professional competence and due care are essential in operationalising control and monitoring mechanisms.

“I feel implementation won’t be easy as the models will need to factor various control points, for instance to analyse the transactions in general ledger, bifurcate and label transactions in buckets as per the risk level to accurately determine which transactions are high risk and low risk”. ODG participant
AI and governance (10/14): effectiveness in data quality and confidentiality

'I feel implementation won’t be easy as the models will need to factor various control points, for instance to analyse the transactions in general ledger, bifurcate and label transactions in buckets as per the risk level to accurately determine which transactions are high risk and low risk'. ODG participant

'We are using AI in Live Chat...[the] benefit is highly personalised service and to maximise organisational efficiencies. Data privacy is the biggest concern about using AI'. ODG participant
AI and governance (11/14): biggest challenge in data life cycle

Data quality

- Collection: 44%
- Use: 33%
- Secure storage: 27%
- Dissemination/spread: 19%
- Lawful destruction: 9%

Data privacy

- Collection: 16%
- Use: 23%
- Secure storage: 46%
- Dissemination/spread: 26%
- Lawful destruction: 17%

Ethics for accountancy and finance professionals:
Confidentiality and professional standards are essential to ensure that data is handled in a compliant manner.
YOU WILL FIND ONLY IN PLACES WHERE YOU SEARCH. IF YOU ONLY SEARCH WITHIN A CERTAIN DEMOGRAPHIC, YOU WILL FIND GOOD CANDIDATES ONLY FROM WITHIN THAT DEMOGRAPHIC.
AI and governance (13/14): model management

I have a basic understanding of how an AI algorithm works

- Partnering
- Explainability
- Model drift
- Distributed delivery

‘If an organisation uses AI unethically, it would likely be hard to get them to admit it or be able to get access to find out...at the moment, once an AI algorithm has been built, I don’t think it’s very easy to take apart to find out how it’s working’. ODG participant
AI and governance (14/14)

- Complaints and redress
- Securing the AI system

System failure and resolution

Review and feedback

- AI and ethics training
- Lessons learned

Ethics for accountancy and finance professionals:
Integrity is essential in setting up mechanisms for protection and redress in respect of wrongdoing.

Ethics for accountancy and finance professionals:
There is a professional competence-related obligation for continuous learning and development.
Driving ethical AI for sustainable adoption (1/4)

1. **Set tone at the top**
   - **Organisational values** – diversity and inclusion (eg consider the impact of AI on under-represented groups), fairness (eg when using AI for recruitment or surveillance of employees), and transparency (eg appropriately disclosing AI use to customers).

2. **Deliver sustainable value**
   - **Long-term value** and alignment with strategy, beyond immediate use case
   - Consider **reputational risk** from mishandling adoption, and the public interest, in addition to immediate costs
   - Align ‘value’ to Sustainable Development Goals (SDGs)
Driving ethical AI for sustainable adoption (2/4)

3. Exercise professional judgement

- AI can throw up previously unseen situations; **avoid over-reliance on simplistic checklist-based approaches** which don’t give the full picture or leave room for unintended consequences.

4. Challenge greenwashing

- Seek insights from **AI data-driven analysis** to aid professional scepticism in examining whether claims about sustainability, eg on net zero requirements, are matched by its performance; and challenge suspect claims (‘greenwashing’).

5. Comply with regulation and ethics policies

- Push for **regulatory requirements and AI-specific ethics policies to be adhered to**, recognising the challenge of not always being the direct owners of the AI in the organisation.
Driving ethical AI for sustainable adoption (3/4)

6. Prioritise data management
   - Recognise the fundamental role of data as the raw material that feeds AI
   - Focus on data confidentiality and the improvement of data quality

7. Take a strategic approach to oversight and delivery
   - Embed collaboration across siloes with cross-functional teams to ensure that a breadth of perspectives is represented in the approach
   - Establish mechanisms for contesting decisions made via AI, and for whistleblowing on inappropriate use of AI
Driving ethical AI for sustainable adoption (4/4)

8. Understand vendor landscape
   - Build **awareness** of how AI is used within the industry and of the providers of AI solutions
   - Work with vendors who demonstrate a responsible approach, e.g., who have credible mechanisms for correcting for unfair bias or unintended consequences and/or who recognise and mitigate the energy consumption of complex algorithms

9. Build knowledge and skills
   - Create avenues (e.g., **training** courses, on-the-job opportunities) to build awareness and understanding of issues pertaining to AI ethics and sustainability
   - Establish processes to **document** and share **lessons learned** from AI adoption
Questions

Thank you