AI is transforming your business — and your risk profile

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This article is part of BLG's 12-part series: ***12 Strategic Priorities for Privacy, Cybersecurity, and AI Risk Management .*** *The series equips Canadian leadership teams with the insight needed to lead confidently in an era of digital and regulatory transformation.*

AI technologies are reshaping industries, from predictive analytics in finance to generative tools in marketing and operations. But AI adoption brings new and evolving risks, including legal liability, algorithmic bias, regulatory compliance, and reputational fallout. Boards that treat AI solely as a technology investment may miss critical governance responsibilities.

Why it matters

Former Bill C-27's proposed *Artificial Intelligence and Data Act* (AIDA) would have introduced new compliance obligations in Canada for high-impact AI systems. It remains to be seen whether the federal government will revisit this approach or propose a revised framework better aligned with emerging global standards and strategies. Internationally, discourse on AI regulation is intensifying, as governments race to set ethical and technical standards without compromising innovation.

At the same time, boards must weigh operational efficiency against reputational risk and public trust. Risk exposure increases when AI initiatives are launched without clear policies, governance, or legal review. A proactive governance model, starting with documentation and risk assessment, is essential.

What management and boards must prioritize

1. Defined and documented AI use

Organizations should maintain a register of AI applications in use, their purpose, and any associated risks.

2. Monetization strategy aligned with risk

If AI is generating revenue or insights, those activities must be risk-assessed and compliant with privacy, intellectual property, and discrimination laws.

3. Board-level AI oversight

Boards must understand how AI is used across the organization. They must also receive regular briefings on associated risks and controls.

Final thoughts

AI can be a powerful tool, but without oversight, it also becomes a liability. Responsible adoption starts with strong board leadership and risk-aware implementation.

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