

# The EU AI Act: A Microsoft Overview

Microsoft is ready to help customers do two things at once:  
**innovate with AI and comply with the EU AI Act.**

Organizations around the world use Microsoft products and services for innovative AI solutions that empower them to achieve more. For these customers, particularly those operating globally and across different jurisdictions, regulatory compliance is of paramount importance. This is why, in every customer agreement, Microsoft has committed to comply with all laws and regulations applicable to Microsoft. This includes the EU AI Act. It is also why we made early decisions to build and continue to invest in our AI governance program.

What follows is a top-level overview of the AI Act to help orient customers to this new law. We encourage customers to consider their own circumstances and unique risks as they determine how the Act might apply to them, and to seek legal advice as needed.

## Understanding the EU AI Act

### The Basics

**The European Union AI Act** is a comprehensive new law that establishes uniform rules to address potential AI risks to health, safety, and fundamental rights.

- **The AI Act adopts a risk-based approach to the regulation of AI systems and models**, imposing the most significant obligations on providers of high-risk AI systems and general-purpose AI models with systemic risk.
- **The AI Act spreads obligations across actors in the AI supply chain** — from model and system providers to deployers, distributors, and importers of AI systems.
- **The timeline for compliance with the AI Act is staggered.** The first provisions come into effect in February 2025, after which there are staggered dates for different parts of the AI Act through August 2027.
- **Consistent with Europe's product safety framework, the AI Act establishes high-level essential requirements, and codes of practices and technical standards will play a key role in fleshing out compliance details and operationalizing the AI Act.**



### The AI Act extends beyond Europe

Although the AI Act is a regulation enacted by the European Union, its effect will go beyond the Union's 27 Member States. The AI Act will apply to companies that operate in other countries, including the United States, that place AI products on the EU market or that produce AI systems whose outputs are used in the EU.

## Regulated Technologies

The AI Act establishes one set of rules that apply to **AI systems**, and a different set of rules that apply to **general-purpose AI (GPAI) models**.

### AI Systems

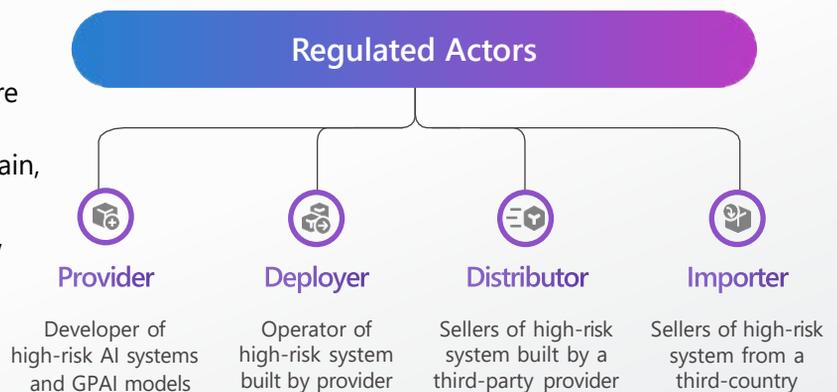
The AI Act's definition of AI systems is broad and draws from the most recent OECD definition of AI system. It covers machine-based systems designed to operate with varying levels of autonomy, and that infer, from the input received, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments. Requirements for AI systems vary depending on the AI system's risk level. The AI Act identifies three levels of risk: unacceptable risk, high risk, and specific transparency risk.

### General-purpose AI (GPAI) Models

Models that are capable of competently performing a wide range of distinct tasks and can be integrated into a variety of downstream applications. The AI Act imposes additional obligations on GPAI models posing systemic risks. Specific requirements for GPAI models will be set out in a Code of Practice due to be finalized by May 2, 2025.

## Regulated Actors

The requirements under the AI Act are intended to apply to the most appropriate actor in the AI supply chain, so different obligations apply to different actors: providers, deployers, distributors and importers.



## Shared Obligations

The AI Act also spreads obligations across - and anticipates cooperation between - actors in the AI supply chain.

- ➔ **General-purpose AI (GPAI) systems:** AI systems that are based on a GPAI model and have the capability to serve a variety of purposes, both for direct use as well as for integration in other AI systems. Providers of GPAI systems may in some cases need to assist their customers who deploy GPAI systems in high-risk scenarios.
- ➔ **AI tools, services, components, or processes:** Organizations that supply AI tools, services, components, or processes that their customers subsequently integrate into a "high-risk" AI system may in some cases need to assist their customers in complying with the AI Act. The AI Act is clear, however, that in such cases, the parties can decide among themselves how to allocate their respective obligations, so long as this is set out in a contract or other written agreement.

## Building Microsoft products and services to comply with the EU AI Act

As outlined in the inaugural [Transparency Report](#), Microsoft has adopted a risk management approach that spans the entire AI development lifecycle.

Practices like impact assessments and red-teaming help identify potential risks and ensure that teams building the highest-risk models and systems receive additional oversight and support through governance processes, like the Sensitive Uses program. After mapping risks, Microsoft uses systematic measurement to evaluate the prevalence and severity of risks against defined metrics. Risks are managed by implementing mitigations like the classifiers that form part of [Azure AI Content Safety](#) and ensuring ongoing monitoring and incident response.

Documentation plays a key role in ensuring those using AI understand its intended uses and limitations, together with a systematic approach to measure and mitigate potential harms. All AI systems need to address specific transparency risks. Microsoft has published 33 Transparency Notes since 2019 to provide essential information about the capabilities and limitations of our AI tools, components, and services that customers rely on as downstream deployers of Microsoft AI platform services. Microsoft has also published documentation for its AI systems, such as answers to frequently asked questions. The [Transparency Note for Azure OpenAI Service](#) and [FAQ for Copilot](#) are examples of this approach.

Tooling is necessary to achieve consistent and efficient compliance, and Microsoft makes available to customers versions of the tools it uses for internal purposes. These tools include [Microsoft Purview Compliance Manager](#), which helps customers understand and take steps to improve compliance capabilities across many regulatory domains, including the AI Act; [Azure AI Content Safety](#) to help mitigate content-based harms; [Azure AI Studio](#) to help with evaluations of generative AI applications; and [Python Risk Identification Tool or PyRIT](#), an open innovation framework that Microsoft's independent AI Red Team uses to help identify potential harms associated with the highest risk AI models and systems.

## Microsoft is hard at work implementing the EU AI Act's requirements

Ahead of the European Commission's AI Office providing additional guidance in the coming months, Microsoft is taking a proactive, layered approach to compliance. Microsoft was among the first organizations to sign up to the three core commitments in the [AI Pact](#), a set of voluntary pledges developed by the AI Office to support regulatory readiness ahead of some of the upcoming compliance deadlines for the AI Act. EU regulators are prioritizing the preparation of additional guidance and compliance mechanisms for those parts of the AI Act that have the earliest compliance timeframes; Microsoft is adopting a similar approach.

Cross-functional working groups combining AI governance, engineering, legal, and public policy experts have been working for months to identify whether and how Microsoft's internal standards and practices should be updated to reflect the final text of the AI Act. These teams have also been identifying any additional engineering work needed to ensure readiness. The framework for guiding engineering teams building Microsoft AI solutions—the [Responsible AI Standard](#)—was drafted with an early version of the AI Act in mind.

A unique feature of the AI Act is that there are more than 60 secondary regulatory efforts that will have a material impact on organizational compliance. Many of these efforts are just getting underway, and there is a key window of opportunity to help establish implementation practices that are efficient, effective, and aligned with emerging international norms.

Microsoft is engaged with the central EU regulator, the AI Office, and other relevant authorities in EU Member States to share insights from its AI development, governance, and compliance experience, seek clarity on open questions, and advocate for practical outcomes. Microsoft is also participating in the development of the Code of Practice for general-purpose AI model providers and remains a longstanding contributor to the technical standards being developed by European Standards organizations, such as CEN and CENELEC, to address high-risk AI system requirements in the AI Act.

Microsoft will continue to make significant product, tooling, and governance investments to help customers innovate with AI in line with new laws like the AI Act. Implementation practices that are efficient, effective, and interoperable internationally are going to be key to supporting useful and trustworthy innovation on a global scale, so Microsoft will continue to lean into regulatory processes in Europe and around the world.

## Preparing your organization for the EU AI Act

### 1 Understand your AI footprint

As the AI Act imposes varying obligations on different actors and types of models and systems, it's important to thoroughly review the Act and understand potential impacts.

### 2 Review your AI governance

Ensure your governance framework is prepared to meet the AI Act's comprehensive requirements for ensuring the responsible development and deployment of AI systems.

### 3 Engage in the regulatory process

Stay informed about the ongoing regulatory developments and secondary initiatives related to the AI Act. Engage with policymakers and industry groups to understand the evolving requirements and ensure timely compliance. Be prepared to adapt AI systems and processes as new regulations and guidelines are introduced.

Documentation and resources related to the AI Act will continue to be published on the Microsoft Trust Center to provide updates and address your questions. Microsoft's [Responsible AI Resources](#) site is also a rich source of tools, practices, templates, and information intended to help customers establish the foundations of good governance to support AI Act compliance.

Responsible AI is a journey with no finish line, and it's a journey that Microsoft is on alongside its customers. Microsoft embraces this concept of shared responsibility and aims to support its customers with their AI development and deployment activities by sharing knowledge, providing documentation, and offering tooling. This all ladders up to the [AI Customer Commitments](#) made in June of last year to support customers on their responsible AI journeys.

The information provided is intended for informational purposes, does not constitute legal guidance, and should not be viewed as a complete statement of the requirements of the law, nor the actions necessary to comply with any requirements of the law. Please consult a legal professional for legal advice tailored to your specific circumstances.