# AI Usage Policy

## Policy Reference Number: G03

| | | | |
|---|---|---|---|
| **Effective Date:** | September 2025 | **Review Date:** | September 2026 |
| **P&P Review Group Approval Date:** | September 2025 | **Board Approval Date:** | N/A |
| **Owner:** | Head of Compliance & Improvement | **Department:** | Compliance & Improvement |
| **Issued To:** | ☒ Board of Management<br>☒ All Staff<br>☐ ET/LT<br>☐ Head Office Managers<br>☐ C&S Managers<br>☐ Department/Other:<br>_____ | **Method of Delivery:** | ☒ Annual Declaration<br>☐ Learn Pro Individual Sign Off<br>☒ Board Portal |
| **Stakeholder Consultation** | ☐ All Staff<br>☐ Customer Engagement<br>☒ DPO<br>☒ SLT<br>☐ Head Office Managers<br>☐ C&S Managers<br>☒ L&D:<br>_____ | This policy will be reviewed every 1 year from the date of implementation or earlier if deemed appropriate for any legislation or regulatory changes. If this policy is not reviewed within the above timescale, the latest approved policy will continue to apply. | |
| **Equality Impact Assessment** | | No | N/A |

**Version Control**

| Date | Owner | Version | Reason for Change |
|---|---|---|---|
| September 2025 | Head of Compliance & Improvement | 1.0 | New policy to support safe AI usage across the organisation |

**Summary of Changes**

| Section | Change |
|---|---|
| All | New Policy |
| | |
| | |

# Contents

1.0 Policy Statement ..... 3
1.1 Legal & Regulatory Framework ..... 3
2.0 Scope ..... 4
3.0 Roles & Responsibilities ..... 4
4.0 Related Policies, Procedures & Documentation ..... 5
5.0 What is AI ..... 5
5.1 Types of AI ..... 5
5.2 Important to know ..... 6
6.0 Training & Monitoring Requirements ..... 6
6.1 Training ..... 6
6.2 Monitoring ..... 7
Appendix 1 – Glossary ..... 8

## 1.0 Policy Statement

Artificial Intelligence (AI) tools are transforming the way we work and have the potential to automate tasks, improve decision-making, and provide valuable insights into our operations.

However, the use of AI tools also presents new challenges in terms of information security and data protection. This Policy and associated Procedure is a guide for employees on how to be safe and secure when using AI tools, especially when it involves the sharing of potentially sensitive company and customer information.

Ark recognises that the use of AI tools can pose risks to our operations and customers. Therefore, we are committed to protecting the confidentiality, integrity, and availability of all company and customer data. This Policy requires all employees to use AI tools in a manner consistent with our data protection and security best practices.

The purpose of this Policy and associated Procedure is to:

- Outline best practices for the use of AI tools within Ark, especially as it pertains to using sensitive data and proprietary company and customer information in these tools; and
- Ensure that all employees use AI tools in a secure, responsible and confidential manner.

The policy outlines the requirements that Ark employees must follow when using AI tools, including the evaluation of security risks and the protection of personal and confidential data.

Breaching this policy may result in disciplinary action, depending on the severity of the violation.

### 1.1 Legal & Regulatory Framework

This policy is designed to ensure that the use of AI systems by Ark employees complies with all applicable laws and regulations, including:

- General Data Protection Regulation (GDPR);
- Data Protection Act 2018 (UK);
- Data (Use and Access) Act 2025;
- Copyright, Designs and Patents Act 1988.

New legislation on the Use of AI is also being tabled in Westminster, and this document will be updated when that legislation progresses.

The pace of development and application of AI tools is ever changing. The underlying principle of this policy, however, is that its use within Ark must be in a manner that promotes fairness and avoids bias to prevent discrimination and promote equal treatment and be in such a way as to contribute positively to Ark's goals and values.

## 2.0 Scope

This policy applies to all Ark employees who use, or seek to use, AI tools to carry out business activity. This scope covers all aspects of Ark activity.

## 3.0 Roles & Responsibilities

There is a range of standard expectations which underpin all policies. Read more about standard role and responsibilities in addition, the following specific responsibilities apply to this policy.

Ark's Head of Compliance & Improvement is the Policy owner responsible for implementing and responsible for enforcing this policy alongside the wider Leadership Team.

Ark's Head of Compliance & Improvement will maintain a register of approved AI systems for use by Ark employees and will be supported by the wider Leadership Team. This register will be accessible to all employees. Ark employees should not use AI systems not included on this register. The register will include:

- The name of the AI system;
- The reason for its use;
- The expected information to be input as well as the generated out and distribution of content; and
- Risk assessment considering legal compliance, bias and discrimination, security, data sovereignty and protection.

All employees are responsible for ensuring that personal, confidential, proprietary, or protected data is handled appropriately when interacting with AI systems. This includes data related to customers, people we support, employees, or other third parties.

Data must only be uploaded or shared with AI systems that have been approved by Ark for such use. These approved systems are assessed to ensure they meet our data protection, privacy, and security standards. Examples include embedded AI features within platforms like AIMS, Rubixx, Employment Hero, and Microsoft 365 Copilot.

Employees must not use unapproved or public AI tools (e.g., free online chatbots or generators) to process or share sensitive information under any circumstances.
All employees are responsible for ensuring that AI is used in accordance with the process identified within Ark's AI register.

As set out in Ark's ICT Acceptable Use policy [ICT01], any suspected misuse of AI tools, or uncertainty about appropriate use, must be reported immediately to the Head of Compliance & Improvement or the IT team. A formal review process will be initiated, and outcomes documented in the AI usage register.

## 4.0 Related Policies, Procedures & Documentation

G03a – AI Usage Procedure;
IT01 – ICT Acceptable Use Policy;
IT02 – ICT Security Policy;
G24 – Data Protection Policy;
G24d - Data Protection Impact Assessment;
G25 – Records Management Policy.

Ark's Register of Approved AI Products
Ark's Vision, Mission & Values

## 5.0 What is AI

Artificial Intelligence (AI) refers to the ability of computer systems to perform tasks that typically require human intelligence, such as learning, and problem-solving. Sometimes they can be used for automated decision-making. AI systems can be designed to analyse data, recognise patterns, and make predictions. They may also be used to take actions based on that analysis.

### 5.1 Types of AI

| Types of AI Based on Capabilities | Types of AI Based on Functionalities | Difference Branches of AI |
|---|---|---|
| Narrow AI | Reactive Machine AI | Computer Vision |
| General AI | Limited Memory AI | Deep Learning |
| Super AI | Self-Awareness AI | Expert Systems |
| | Theory of Mind AI | Machine Learning |

| Types of AI Based on Capabilities | Types of AI Based on Functionalities | Difference Branches of AI |
|---|---|---|
| | | Natural Language Processing |

At Ark, AI usage is expected to occur within embedded AI features of existing back-office and productivity software. This includes platforms such as AIMS, Rubixx, Employment Hero, and Microsoft 365 tools like Copilot. These AI systems are typically:

- **Narrow in capability**: They are designed to perform specific tasks (e.g., document summarisation, scheduling assistance, data extraction) rather than general reasoning or autonomous decision-making.
- **Reactive and limited in functionality**: These tools respond to user inputs or predefined triggers and do not operate independently or evolve beyond their programmed scope.

These systems are not trained on Ark's data, nor do they generate new models or insights beyond their intended functions. Their use is generally confined to improving efficiency, automating routine tasks, and enhancing user experience within secure, controlled environments.

Further information about different types of AI can be found in the Glossary in Appendix 1.

### 5.2 Important to know

- AI is a tool — not a replacement for human judgment.
- It doesn't "think" or "feel" like a person.
- All AI-generated content must be reviewed by staff before it's used or shared.

A clear understanding of Artificial Intelligence (AI) enables staff to use these tools safely, ethically, and in alignment with Ark's organisational values and regulatory responsibilities. For detailed guidance on the secure and appropriate use of AI, staff should refer to Ark's AI Usage Procedure (G03a).

## 6.0 Training & Monitoring Requirements

### 6.1 Training

Staff who use AI products will have training appropriate to their needs and to the needs of the organisation as identified on their individual learning plans. Ark will ensure that relevant employees have an awareness of this policy and receive adequate training to enable them

to effectively fulfil their roles and ensure data and ethical issues are considered appropriately.

## 6.2 Monitoring

Ark's Leadership Team will monitor AI usage across their business areas to ensure only appropriate AI tools are in usage, and that they are used in line with the requirements set out within this policy.

## Appendix 1 – Glossary

| Term | Description |
|---|---|
| Accuracy | 'Accuracy' in a data protection context is a fundamental principle requiring you to ensure that personal data is accurate and, where necessary, kept up to date. It requires you to take all reasonable steps to make sure the personal data you process is not 'incorrect or misleading as to any matter of fact' and, where necessary, is corrected or deleted without undue delay. |
| AI Assistant | An AI assistant is a conversational interface that uses large language models to support users in various tasks and decision-making processes across multiple domains within an enterprise environment. |
| AI Search | AI search allows users to find information using natural language queries instead of keyword-based searches. |
| General AI (AGI) | An AI system that possesses a wide range of cognitive abilities, much like humans, enabling them to learn, reason, adapt to new situations, and devise creative solutions across various tasks and domains, rather than being limited to specific tasks as narrow AI systems are. It remains a theoretical concept, and researchers are working towards developing AI systems with these capabilities. |
| Automation | The use of technology to perform tasks with minimal human intervention. |
| AI Plugins | Specialised software components that allow AI systems to interface with external applications and services. |
| Bias | A systematic error in a machine learning model that leads to unfair or discriminatory outcomes. It occurs when the AI system produces results that are consistently skewed towards or against a particular group, often due to flaws in the training data, algorithm design, or the way the results are interpreted. Essentially, AI bias can reflect and even amplify existing societal biases. |
| ChatGPT | A chat interface built on top of GPT-3.5. GPT-3.5 is a large language model developed by OpenAI that is trained on a massive amount of internet text data and fine-tuned to perform a wide range of natural language tasks. Example: GPT-3.5 has been fine-tuned for tasks such as language translation, text summarisation, and question answering. |
| Conversational AI | A subfield of AI that focuses on developing systems that can understand and generate human-like language and conduct a back-and-forth conversation. Example: A chatbot that can understand and respond to customer inquiries in a natural and human-like manner. |
| Chatbot | A user-friendly interface that allows the user to ask questions and receive answers. Depending on the backend system that fuels the chatbot, it can be as basic as pre-written responses to a fully conversational AI that automates issue resolution. |

| Term | Description |
|---|---|
| Collective Learning | An AI training approach that leverages diverse skills and knowledge across multiple models to achieve more powerful and robust intelligence. |
| Computer Vision | An AI field that allows machines to "see" and interpret images and videos. |
| Deep Learning | A more advanced form of Machine Learning that uses artificial neural networks with multiple layers to analyse data and make predictions. |
| Expert Systems | These are AI systems designed to mimic the decision-making abilities of human experts in specific fields. |
| Fairness | In a data protection context, 'fairness' means handling personal data in ways people reasonably expect and not use it in ways that have unjustified adverse effects on them. |
| GPT-3 | The 3rd version of the GPT-n series of models. It has 175 billion parameters — knobs that can be tuned — with weights to make predictions. Chat-GPT uses GPT-3.5, which is another iteration of this model. |
| GPT-4 | The latest model addition to OpenAI's deep learning efforts and is a significant milestone in scaling deep learning. GPT-4 is also the first of the GPT models that is a large multimodal model, meaning it accepts both image and text inputs and emits text outputs. |
| Generation | The ability of a generative model to create brand new, original content such as text, images, audio or video from scratch. |
| Generative AI | AI models which create new data by discovering patterns in data inputs or training data. For example, creating an original short story based on analysing existing, published short stories. |
| Hallucination | Refers to a situation wherein an AI system, especially one dealing with natural language processing, generates outputs that may be irrelevant, nonsensical, or incorrect based on the input provided. This often occurs when the AI system is unsure of the context, relies too much on its training data, or lacks a proper understanding of the subject matter. |
| Low-Code | Low-code is a visual approach to software development that enables faster delivery of applications through minimal hand-coding. |
| Large Language Model (LLM) | A type of deep learning model trained on a large dataset to perform natural language understanding and generation tasks. There are many famous LLMs like BERT, PaLM, GPT-2, GPT-3, GPT-3.5, and GPT-4. All these models vary in size (number of parameters that can be tuned), in the breadth of tasks (coding, chat, scientific, etc.), and in what they are trained on. |
| Limited Memory AI | These AI systems can store past data and use it to make decisions, but their memory is limited, and they cannot generalise beyond the data they have been trained on. |

| Term | Description |
|---|---|
| Machine Learning | A subfield of AI that involves the development of algorithms and statistical models that enable machines to improve their performance with experience. Example: A machine learning algorithm that can predict which customers are most likely to churn based on their past behaviour. |
| Meaningful Human Review | Key considerations for meaningful human review include:<br>1) human reviewers must be involved in checking the system's recommendation and should not just apply the automated recommendation to an individual in a routine fashion.<br>2) reviewers' involvement must be active and not just a token gesture. They should have actual 'meaningful' influence on the decision, including the 'authority and competence' to go against the recommendation; and<br>3) reviewers must 'weigh-up' and 'interpret' the recommendation, consider all available input data, and consider other additional factors. |
| Narrow AI (Weak AI) | This is the most common type of AI currently in use. It is designed to perform specific, well-defined tasks, such as facial recognition, playing chess, or driving a car. Narrow AI excels at its designated task but cannot generalise or learn beyond its programmed capabilities. Examples include virtual assistants like Siri and Alexa, recommendation algorithms on platforms like Netflix, and spam filters. |
| Natural Language Processing (NLP) | A branch of AI focused on enabling computers to understand, interpret, and generate human language. |
| No-Code | An approach to designing and using applications that doesn't require any coding or knowledge of programming languages. |
| Neural Network | A machine learning model inspired by the human brain's structure and function that's composed of layers of interconnected nodes or "neurons." Example: A neural network that can recognise handwritten digits with high accuracy. |
| OpenAI | The organisation that developed ChatGPT. More broadly speaking, OpenAI is a research company that aims to develop and promote friendly AI responsibly. Example: OpenAI's GPT-3 model is one of the largest and most powerful language models available for natural language processing tasks. |
| Prompting | The art of crafting clear instructions and specific details to guide AI tools towards a desired output. |
| Reactive Machines | The most basic AI systems, which react to stimuli based on predefined rules and do not have memory or the ability to learn from past experiences. |

| Term | Description |
|---|---|
| Reasoning | AI reasoning is the process by which artificial intelligence systems solve problems, think critically, and create new knowledge by analysing and processing available information, allowing them to make well-informed decisions across various tasks and domains. |
| Responsible AI | The approach of creating, implementing, and utilizing AI systems with a focus on positively impacting employees, businesses, customers, and society, ensuring ethical intentions and fostering trust, which in turn enables companies to confidently scale their AI solutions. |
| Self-Aware AI | A theoretical form in AI that would have its own consciousness and understand human emotions and thoughts. |
| Self-Learning | Systems that can autonomously acquire knowledge and improve their performance over time without explicit programming for each new task. |
| Speech-To-Text | The process of converting spoken words into written text. |
| Statistical Accuracy | Broadly, statistical accuracy refers to how often an AI system guesses the correct answer, measured against correctly labelled test data. In many cases, the outputs of an AI system are not intended to be treated as factual information about the individual, but statistically informed guesses as to something which may be true about the individual now or in the future. |
| Super AI | This is a theoretical form of AI that surpasses human intelligence in all aspects, including creativity, problem-solving, and overall cognitive abilities. Super AI could potentially develop its own goals, emotions, and desires, and make decisions independently. This concept is largely speculative and not yet a reality. |
| Text-To-Speech (TTS) | A technology that converts written text into spoken voice output. It allows users to hear written content being read aloud, typically using synthesised speech. |
| Theory of Mind AI | A hypothetical type of AI that can understand and respond to human emotions, beliefs, and intentions. |
| Tokenisation | The process of breaking text into individual words, or sub words, to input them into a language model. Example: Tokenising a sentence "I am ChatGPT" into the words: “I,” “am,” “Chat,” “G,” and “PT.” |
| Unstructured Data | Any information that isn't arranged in a pre-defined model or structure, making it tough to collect, process, and analyse. |
| Voice Processing | The pipeline of speech-to-text conversion followed by text-to-speech synthesis. |