Virtual Roundtable

Board Oversight of AI

February 25, 2026

<u>Key Takeaways</u>

The Society for Corporate Governance, in collaboration with Diligent, convened a virtual roundtable on **Board Oversight of AI** on February 25, 2026. The program brought together 222 Society members to discuss how boards can provide effective oversight of AI as it becomes more deeply embedded across business models, products, and operations.

Specifically, the discussion explored what differentiates AI governance from other areas of board oversight; how to determine the appropriate board and committee AI oversight structure; what effective oversight looks like in practice; fiduciary duty implications; how directors can build and maintain AI fluency; and evolving disclosure and stakeholder expectations.

Below are the key takeaways from the program. *These takeaways are not, and should not be construed as, legal advice.*

What differentiates AI governance from other areas of board oversight

- **The rapid pace of technological change is the most widely recognized factor.** While there are similarities with traditional areas of board oversight, more than half of companies (59%) in a recent Society survey identified this as the primary differentiator. AI capabilities and use cases are evolving faster than most other areas boards oversee, making it challenging to keep directors adequately informed without overwhelming them. Unlike more mature oversight areas, there is no widely accepted model for AI oversight. Organizations are building governance structures while making real-time decisions about where oversight should reside.

- **The board's role in AI oversight is still evolving, with less clarity around decision-making responsibility than in traditional areas.** Unlike areas such as budgeting and capital allocation—where boards and committees tend to have clearly defined decision-making authority—AI governance lacks a well-established role for board-level decisions. At the same time, management is still in the early stages of structuring its approach to AI, making it difficult to clearly delineate the board's role.

- **AI governance is multifaceted and cuts across nearly all areas of an organization.** It encompasses risk management, business opportunities, legal considerations, workforce implications, and ethical concerns, among other areas. Issues such as bias, fairness, and reputational risk are more prominent and interconnected than in many traditional oversight areas. AI also impacts multiple functions simultaneously, including IT, HR, and Legal, warranting more integrated and cross-functional board oversight.

Determining the appropriate board/committee oversight structure for AI

- **There is no one-size-fits-all approach to AI oversight at the board level.** Responsibility may reside with the full board or one or more committees. Regardless of the structure, it is important that charters and supporting documentation clearly reflect oversight responsibilities and processes. Boards also benefit from well-documented discussions, with minutes that include sufficient specificity on AI-related risks and mitigation efforts.

- **Organizations may consider adopting flexible oversight structures that evolve with the company's AI maturity.** Rather than trying to get AI oversight "right" from the outset, boards can establish initial structures with the understanding that oversight and reporting will evolve as the company moves from AI exploration and adoption toward implementation and maturity. As with sustainability, which migrated from marketing to legal to strategy, AI governance may similarly migrate at both the management and board levels.

- **Some companies are splitting AI oversight between the full board and/or board committees to address both the multifaceted risks and strategic opportunities AI presents.** For example, the audit committee may monitor AI-related risks, while the full board focuses on broader strategic implications. This approach requires clear coordination so responsibilities remain aligned and groups are not working at cross purposes.

What effective oversight looks like in practice

- **While most boards receive some AI-related reporting from management, cadence and content vary widely.** AI-related information is most commonly reported on an ad hoc or issue-driven basis (40%) or at least quarterly (39%). Boards most commonly receive updates on strategic rationale and value creation objectives (52%), followed by key risks and mitigation measures (41%), and inventories of the company's AI use cases (38%). Fewer receive data governance and model integrity metrics (24%), despite increasing focus on responsible AI indicators such as validation, human oversight, and evidence that governance processes are working in practice. Notably, 16% of boards do not currently receive any AI-specific information.

- **Effective AI oversight starts with viewing AI through the lens of board governance—not technical expertise.** Directors do not need to be AI experts but do need a clear understanding of how AI is being used in the company and its implications for strategy and risk. Helpful information for the board is grounded in the company's industry context—highlighting its positioning, competitors, relevant use cases, and the key strategic questions facing the business—while also incorporating legal and risk perspectives to capture both opportunity and potential downside.

- **Expectations for AI reporting to the board may increase as AI becomes more central to the business**. While there is no defined minimum standard or cadence, companies with significant or mission-critical AI use may face higher expectations for providing decision-useful information to the board on a regular basis.

The fiduciary duty implications in relation to the use of AI

- **AI is generally being treated as part of existing fiduciary duties—not a new standard**. Directors' responsibilities around AI largely fall within the traditional duties of care and loyalty, requiring them to act on an informed basis and in the best interests of the company, including overseeing both AI-related risks and opportunities.

- **Meeting fiduciary duties depends on information flow and oversight processes**. As with traditional areas of board oversight, boards need reliable information from management to stay informed on AI developments, risks, and controls. This includes establishing processes to identify and escalate potential red flags, leveraging committees where appropriate, and enabling the board to effectively assess how AI-related risks and opportunities are being governed and monitored.

Attaining and retaining board AI competence and fluency as the technology evolves

- **AI fluency at the board level is about practical understanding that supports oversight.** Fluency means directors can engage meaningfully in AI-related discussions by understanding how AI connects to the company's business model, performance drivers, and risk profile. This includes interpreting management reporting, challenging assumptions, and assessing whether AI initiatives are delivering intended outcomes, without needing to understand the underlying technology in detail.

- **Continuous, multi-layered, and tailored AI education is critical given the pace of technological change**. Effective education programs go beyond one-time or annual training and instead use frequent touchpoints, refreshed content, and multiple formats (e.g., management briefings focused on how the company is using AI to drive productivity, revenue, and growth; external experts presenting on industry trends, practical use cases, and concrete implications for the business; and external courses that build broader foundational knowledge). Education should help AI fluency evolve alongside the technology and remain relevant to the board's oversight responsibilities, including by tailoring content to different board committees.

- **Director education cannot be viewed in isolation from management**. Senior leadership must be even more fluent in AI to effectively probe, challenge, and avoid overreliance on model outputs. This requires both management and the board to gain exposure to business applications—beyond consumer tools such as ChatGPT—to ask informed questions and understand AI's impact on the company.

Disclosure and investor/stakeholder expectations related to AI

- **Disclosure practices are emerging, even without formal requirements.** While formal AI disclosure requirements remain limited, many companies are incorporating AI into existing disclosures, such as risk factors or broader discussions of business impact, particularly where AI represents a material issue or uncertainty.

- **Some companies see investor questions focus on business implications of AI rather than formal governance.** In shareholder engagements, AI-related questions tend to center on strategy, capital investment, return on investment, sustainability, and core business models, as well as how companies are deploying AI responsibly and delivering on their commitments. In some cases, companies are also responding to external narratives or misconceptions about AI's impact on their business.

- **Companies should consider proactively preparing their AI narrative ahead of stakeholder inquiries.** Even if conversations with investors or other stakeholders have not yet occurred, they are likely coming, and companies benefit from defining in advance how they will articulate their use of AI, governance approach, and risk management. In a fragmented regulatory environment, laying this groundwork early—including formulating a clear view on workforce impacts and strategy—positions companies to respond clearly and confidently to stakeholders.

More on how boards are approaching AI oversight

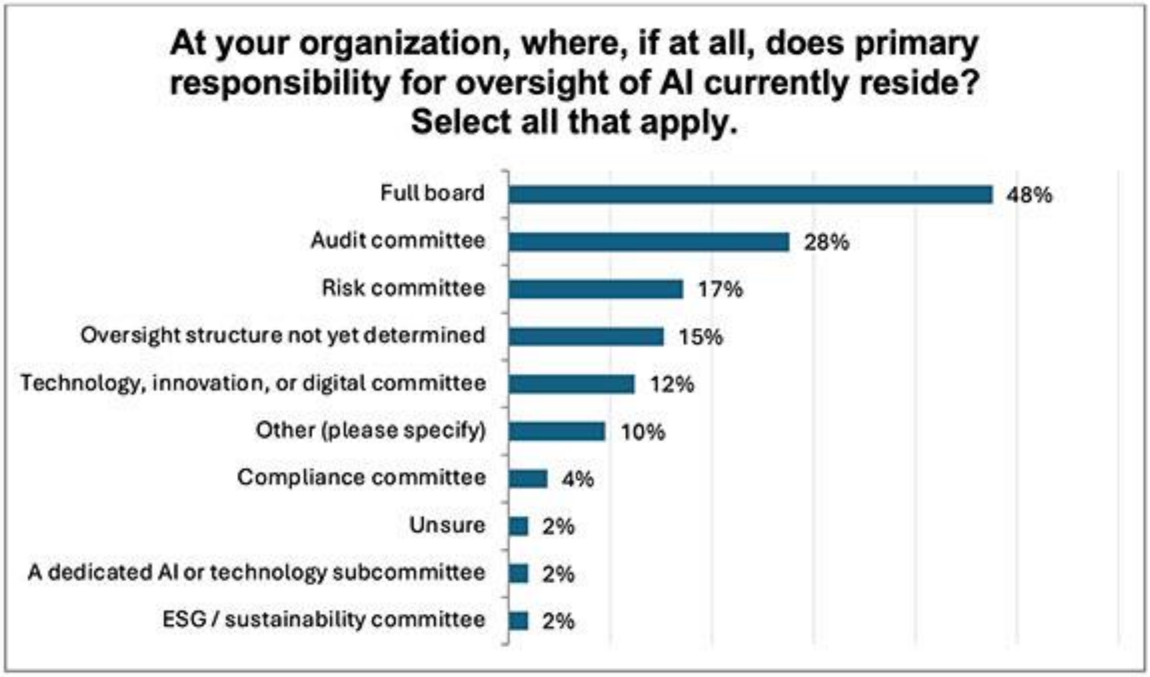
A benchmarking survey of Society in-house members conducted in advance of the February 25 virtual roundtable offers additional insights into how boards are structuring oversight, allocating responsibility, and building fluency as AI becomes an increasingly core governance issue.

Key takeaways include:

- **Board oversight structure** – While most boards engage in discussions on AI-related issues, only 25% of companies represented in the survey have formalized board oversight with defined responsibilities and reporting. Others rely on periodic, structured discussions, reported by 37% of companies, or initial or ad hoc discussions, reported by 27% of companies.

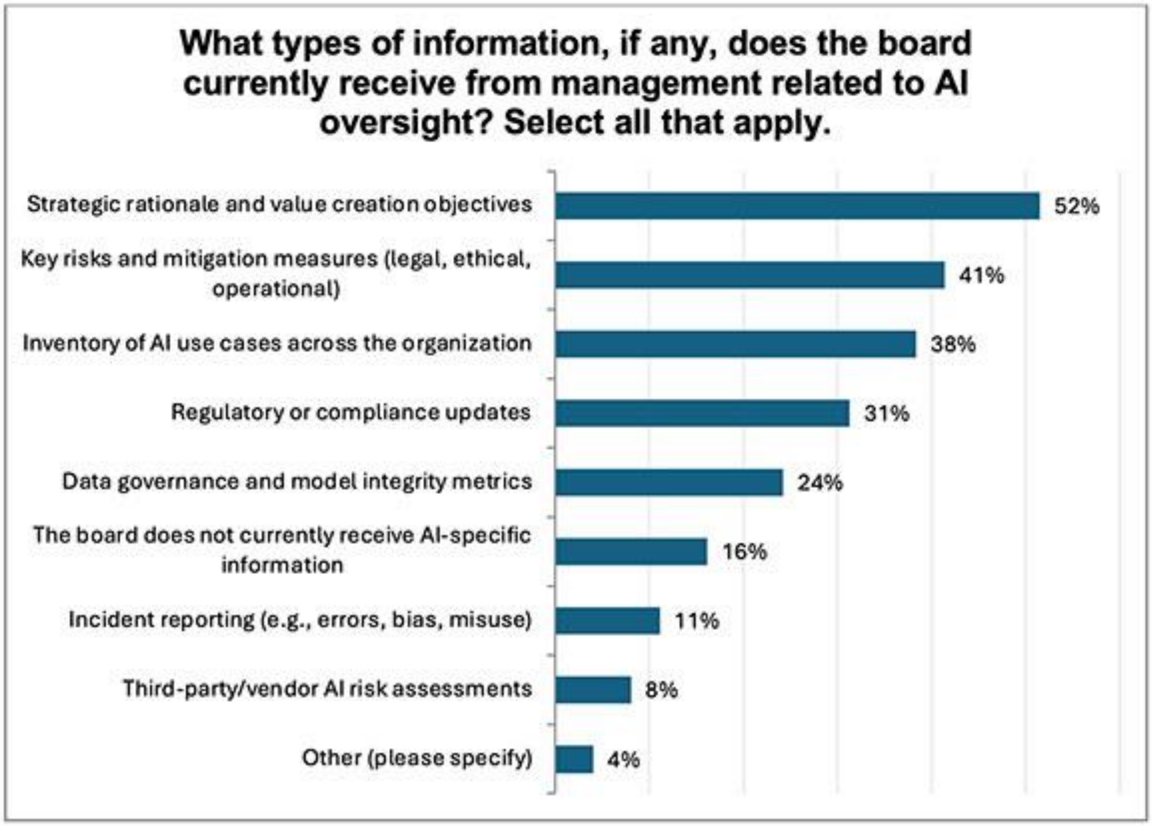
- **Governance differentiator** – The speed of technological change stands out as the primary differentiator, reported by 59% of companies, followed by the breadth of AI's impact across the organization (44%), and data governance and quality dependencies (39%). Additional factors include regulatory uncertainty or fragmentation (37%), ethical considerations and/or societal impact (28%), and heightened reputational risk (20%), while 24% report that AI oversight is not materially different from other areas of board oversight.

- **Where oversight resides** – Responsibility for AI oversight most often sits with the full board rather than a specific committee.

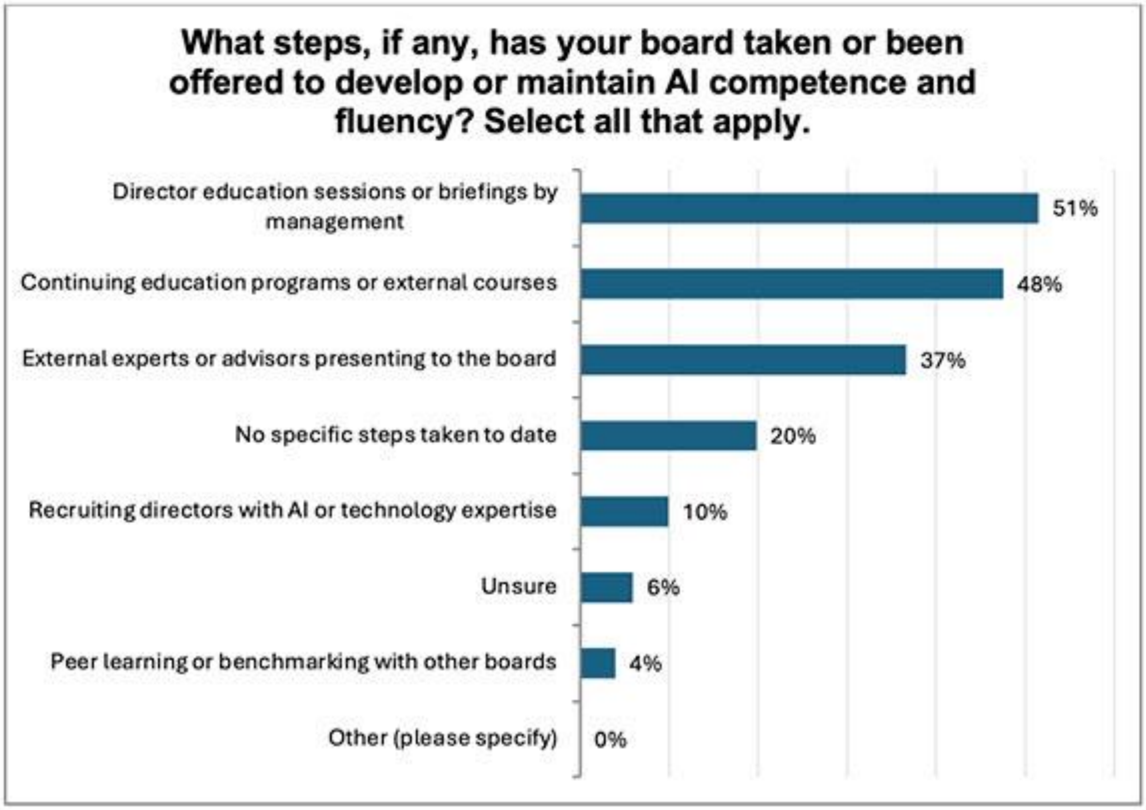


- **Management ownership** – Chief Information Officers and Chief Technology Officers typically lead AI governance and reporting to the board. By contrast, fewer companies report that these responsibilities are led by other executives, including Chief Legal Officers or General Counsels, Chief Executive Officers, Chief Risk Officers, Chief Data Officers or Chief Analytics Officers, and Chief Financial Officers.

- **Information provided to boards** – Boards most commonly receive updates on AI's strategic rationale and value-creation objectives, followed by information on key risks and organizational use cases.



- **Reporting cadence** – AI-related reporting typically occurs on an ad hoc or issue-driven basis or at least quarterly (40% and 39%, respectively). Less common reporting cadences include semi-annual (11%) and annual (8%).
- **Fiduciary responsibilities** – Among boards that have discussed or evaluated their fiduciary responsibilities in relation to AI, a plurality (36%) view AI oversight as falling within their existing duties of care and loyalty rather than requiring heightened oversight. As of the time the survey was fielded, this issue had not yet been discussed at the board level or evaluated at 19% and 17% of companies, respectively.
- **Director readiness** – Roughly half of boards have participated in or been offered management-facilitated AI-focused education sessions or briefings.



- **Regulatory influence** – At many companies (46%), evolving regulatory frameworks and stakeholder expectations are being monitored but have not significantly altered board oversight practices. By contrast, 19% of companies report that these factors are actively shaping board oversight structure and reporting.
- **Oversight challenges** – The rapid pace of technological change is the most frequently cited challenge boards face in overseeing AI (61%), followed by regulatory uncertainty (43%), and integration with existing governance structures (40%). Other challenges include defining appropriate oversight boundaries (39%), lack of director expertise or confidence (30%), and insufficient or inconsistent management reporting (9%).