Society for Corporate Governance

Private Companies Community Quarterly Meeting (AI-Focused)

March 31, 2026

Key Takeaways

The first Private Companies Community Quarterly Meeting of the calendar year took place virtually on Tuesday, March 31, 2026. The meeting was open to all in-house private company members, as well as law firm members and governance and other advisors who counsel private companies.

This structured, AI-focused program, conducted under the Chatham House Rule, explored topics including board AI oversight and governance practices, AI board reporting, AI policies and frameworks, and the use of AI tools in the boardroom.

Dylan Sandlin, Program Manager, Digital & Cybersecurity, with the National Association of Corporate Directors (NACD) was our featured guest and shared the NACD's perspective on board oversight of AI, as well as guidance it is providing to directors seeking to navigate this rapidly evolving area. The key takeaways below primarily reflect the NACD's perspective.

Board Oversight & Governance

- **AI is now a top strategic priority for private company boards.**
  - ➢ According to a recent NACD survey, AI ranks just behind economic conditions as the most impactful trend for 2026 among private company directors.
  - ➢ Notably, for the first time, more private company directors than public company directors expect AI to significantly impact their organizations.
  - ➢ This reflects AI's move to the forefront for private companies, with directors now viewing it as a critical priority that intersects with core oversight areas and shapes organizational strategy.

- **Private company boards continue to add agenda time for AI discussions.**
  - ➢ Time devoted to AI on full board meeting agendas increased significantly from 23% in 2023 to 62% in 2025.
  - ➢ Board committees are also increasingly incorporating AI into their agendas.
  - ➢ Boards often discuss internal productivity and use of AI, AI in products and services, and how AI is impacting the broader ecosystem.

- **Private company directors generally view AI through three core lenses: competitive advantage, long- and short-term impact, and strategy vs. risk.**
  - ➢ Boards are highly focused on whether their company will gain or lose competitive advantage; there is a strong urgency to be a "winner" rather than a "loser" with respect to AI adoption and implementation.

- They distinguish between long-term differentiation and short-term ROI. Long-term discussions center on strategic success, while short-term focus is on how to drive efficiency from current investments.
- There is a deliberate shift toward keeping AI discussions at the full board level strategically focused rather than overly focused on risk.

- **Directors are highly motivated to build their understanding of AI, yet structured institutional board education remains limited.**
  - Directors are proactively seeking AI knowledge – consuming reports, taking courses, and sharing resources within their networks.
  - Yet only 14% of private company boards established formal AI education programs for their directors.
  - This reliance on individual initiative over structured education creates a strategic lag, with individual director knowledge outpacing the development of board-level capabilities.

- **Formal AI governance frameworks are still emerging and inconsistently adopted.**
  - Only a quarter (25%) of private company boards have approved formal AI governance frameworks, such as the National Institute of Standards and Technology AI Risk Management Framework (NIST AI RMF) or ISO/IEC 420001:2023 (the first international standard for AI management systems), but adoption and usage vary.
  - Many boards rely on informal "mental models" rather than structured frameworks.

- **The NACD has developed a four-pillar model to guide board oversight of AI.**
  - The pillars progress sequentially: strategic oversight, capital allocation, risk oversight, and technology competency.
  - This cascading approach reflects how AI oversight is evolving—from establishing strategic relevance, to investing in execution, to managing emerging risks.
  - The technology competency pillar emphasizes the need for sufficient AI fluency at the board level, alongside organizational talent and capabilities, to oversee and execute on AI.

- **Companies are taking a measured approach to adding AI expertise at the board level, recognizing that a dedicated AI expert may not be necessary in every case.**
  - The AI expertise discussion mirrors prior cybersecurity expert debates – boards are generally advised to align the level of expertise on the board to the technology's anticipated impact on the organization.
  - Demand for AI expertise varies by sector, with technology-focused companies showing a stronger appetite for AI experts on the board, while others rely on external advisors and briefings to stay informed and maintain effective oversight.
  - Director recruitment remains a broader board composition decision: companies balance the need for AI expertise against other knowledge and skills gaps on the board.

- **"AI board member" initiatives (i.e., where AI serves as a director) are often viewed as signaling tools and PR stunts.**
  - They are characterized by limited authority, unclear fiduciary status, and minimal adoption beyond narrowly defined advisory roles.

- **At most companies, AI board reporting is still exploratory and typically integrated into existing risk or technology reporting.**
  - Last year, only about 15% of private company boards indicated having established AI-specific metrics for reporting to the board.
  - Some organizations are beginning to shift toward more strategic and performance-oriented reporting (e.g., adoption, utilization, efficiency gains) as AI use becomes more embedded.

- **Private company boards are placing significant emphasis on understanding AI's impact on the workforce.**
  - 62% of private company directors asked management how AI could affect the company's future workforce needs.
  - Discussions focus on both risk management (e.g., workforce disruption, HR-related risks) and supporting a sustainable talent pipeline.
  - Boards are also assessing potential headcount impacts, recognizing automation opportunities while avoiding premature workforce reductions amid ongoing uncertainty.
  - Some companies are incorporating AI fluency into talent strategy and reporting to the board, embedding AI capabilities into hiring and performance assessments.

- **There is no universal or one-size-fits-all approach to AI oversight at the board level.**
  - In an in-meeting poll, 39% of PCC attendees reported that, at their company, AI oversight is assigned to a board committee, 32% retain oversight at the full board level, and 29% use a hybrid approach.

<u>**Use of AI in the Boardroom**</u>

- **Most companies are relying on existing policies rather than creating new AI-specific policies or frameworks for director use of AI.**
  - In another in-meeting poll, 60% of PCC attendees indicated that their company has not developed AI governance policies, guidelines, or frameworks for their directors.
  - Generally, existing confidentiality, data handling, and board portal rules are being applied to AI, including clear prohibitions on uploading or sharing sensitive information in external tools.
  - Additionally, in the absence of board-specific policies, some companies apply existing internal AI guidelines for employees to directors.
  - Restrictions help mitigate risk but also raise concerns about potential use of unsanctioned AI tools if approved options are not available.

- **Based on the NACD's experience, the use of AI in the boardroom remains limited, with directors using AI primarily for meeting preparation.**
  - Few companies have enabled AI within board portals, and directors are generally not pushing for it, as risk concerns outweigh perceived benefits.
  - Directors do use AI independently (e.g., for market/industry research, question generation, and trend analysis), but not with sensitive board materials.
  - Some management teams have indicated finding value in using AI internally to prepare board materials, anticipate director questions, and improve meeting readiness.

- **The use of AI in generating board and committee minutes is being approached cautiously, tempered by the recognized need to maintain human oversight and judgment.**
  - Meeting minutes are viewed as requiring a level of tact, nuance, and judgment that AI cannot reliably replicate.
  - Concerns persist around accuracy and attribution, particularly the risk of AI mischaracterizing statements or introducing wording that does not reflect what was actually stated.
  - AI could be used in a supporting role (e.g., development of templates or initial structuring of the minutes), but not as a substitute for human drafting and review.