Society for Corporate Governance

Private Companies Community Quarterly Meeting
Board Oversight and Governance of AI

June 24, 2026

Key Takeaways

The second **Private Companies Community Quarterly Meeting** of the calendar year took place virtually on Wednesday, June 24, 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 **private company board oversight and governance of AI**, including maintaining education and awareness, board structure, committees, and operations, and other practical considerations.

The key takeaways below primarily reflect the perspectives of our featured guests, two public and private company board members: Renee Hornbaker and Heather Redman. The meeting was moderated by Dylan Sandlin, Program Manager, Digital & Cybersecurity, with the National Association of Corporate Directors (NACD).

Maintaining education and awareness

- **AI oversight begins with director education, with boards recognizing that building and maintaining AI fluency is an ongoing responsibility that extends beyond the boardroom.** Effective AI oversight requires directors to develop a working understanding of AI-related risks, opportunities, and business applications. Because AI is evolving rapidly, boards should not rely solely on periodic board presentations to build AI fluency but foster a culture of continuous learning that encourages—and, where appropriate, establishes expectations for—directors to participate in external educational programs, conferences, workshops, and/or other ongoing learning opportunities. As one director noted, in the era of AI, the concept of board refreshment extends beyond recruiting new directors to include the ongoing refreshment of incumbent directors' knowledge and capabilities.

- **Hands-on experience with AI can be an important component of director education, provided it is accompanied by appropriate governance and security guardrails.** In addition to building a foundational understanding of AI, directors can deepen their appreciation of AI's opportunities, limitations, and risks by using AI tools themselves. Some companies are supporting this by providing their directors with practical training and secure, company-approved AI environments while establishing clear guidance on the appropriate use of AI.

Board structure, committees, and operations

- **Boards should approach AI as a strategic business issue and use that perspective to shape the board's oversight approach across the full board and its committees.** Asking why AI is strategically important to the company may serve as the foundation for allocating AI oversight responsibilities, informing committee focus, and guiding discussions regarding strategy, capital allocation, business initiatives, competitive positioning, and even CEO leadership. Because AI is evolving rapidly, boards should revisit this question periodically, allowing board priorities, committee responsibilities, and oversight practices to evolve in line with the company's strategic objectives.

- **While there is no one-size-fits-all approach to AI oversight, many boards may benefit from integrating AI responsibilities across existing committees while maintaining full-board oversight of strategic AI matters.** Because AI affects virtually every aspect of the business, boards may wish to assess committee charters and allocate AI-related responsibilities based on each committee's existing mandate rather than creating a standalone AI or technology committee. For example, audit committees may oversee AI-related risk, controls, governance, and disclosures; compensation or human capital committees may oversee workforce and talent implications; and nominating and governance committees may coordinate director education and periodically review committee charters and the (re-)allocation of AI oversight responsibilities. At the same time, the full board should remain responsible for strategic matters, including evaluating AI's implications for the company's long-term strategy, capital allocation, and CEO leadership.

- **Committee charters should appropriately reflect AI oversight responsibilities while remaining sufficiently broad to accommodate future technological developments.** Rather than amending committee charters to address AI specifically, boards may wish to consider whether existing charter language is broad enough to encompass AI and other emerging technologies without requiring frequent revisions. More explicit AI-related oversight activities can instead be reflected in committee work plans, agendas, or annual calendars as priorities evolve. At the management level, organizations may also consider adopting an enterprise-wide AI governance framework or AI policies, subject to appropriate board and committee review.

Management reporting and metrics

- **Management reporting and AI-related metrics should be approached in the same way as those for other significant business initiatives.** Reporting should help directors understand both the business value AI is expected to create—whether through improved efficiency, new revenue opportunities, or other strategic objectives—and the risks associated with achieving those objectives. Reporting could also provide insight into expected return on investment, key learnings to date, and remaining uncertainties. However, management should avoid placing disproportionate emphasis on AI-related risks at the expense of potential business benefits,

recognizing that moving too slowly on AI may itself present a strategic risk if competitors are advancing more rapidly.

- **Companies should consider incorporating AI oversight into existing compliance, escalation, and accountability processes rather than creating separate reporting structures.** Potential AI-related policy violations or other significant AI incidents can be escalated to the board through the same established reporting channels used for other major compliance matters, while recognizing that boards may expect more frequent reporting as AI capabilities and risks continue to evolve. Additionally, regardless of the level of AI autonomy, clear human accountability should remain in place, with identified individuals responsible for AI-related decisions, actions, and outcomes.

Other considerations for AI board oversight and governance

- **Boards can add strategic value by balancing oversight of current AI use with forward-looking discussions about AI's long-term business implications.** In the near term, boards can ask foundational questions about how AI is being used across the organization, what data and AI tools are being accessed, and whether appropriate governance, controls, and identity management processes are in place. Looking further ahead, boards can challenge management to explore how AI may reshape the company's business, competitive position, and growth opportunities over the next several years.
- **Boards should view AI's workforce implications through both a short- and long-term lens.** In addition to understanding how AI initiatives affect the workforce at present—such as by automating routine tasks, changing job responsibilities, or increasing employee productivity—boards should consider their longer-term implications for recruiting, workforce planning, employee education, and reskilling. As AI capabilities evolve, organizations may wish to explore opportunities to reskill and redeploy employees before reducing headcount, recognizing that many employees can continue to add value in new or redesigned roles.
- **Organizations beginning their AI journey may benefit from establishing an internal governance framework for the responsible use of AI across the company.** Early steps include assigning clear management responsibility for AI, adopting and consistently enforcing AI usage guidelines and/or policies, maintaining visibility into how AI is being used and what data is shared with AI tools, reducing the use of unauthorized or "shadow" AI, and educating the board on the organization's AI strategy, governance, and risk management efforts. Organizations may also consider establishing a cross-functional AI governance committee—including representatives from the business, legal, IT, and risk functions—to oversee AI implementation, adapt governance as AI use expands, and evaluate AI capabilities embedded in third-party tools before they are approved for use.

Access additional AI-related resources—including sample policies, template guidelines and frameworks, basic resources, and benchmarking surveys—on our Artificial Intelligence page.