

Beyond tomorrow's board: future-back design for governance

EY Board of the Future study
Part II



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

Foreword by Jeanne Boillet and Massimo Marinelli

Dear reader, It is important to note that this report is written by standing in the future. We are putting ourselves in the next decade, designing governance approaches from the future-back, to address the likely challenges public interest enterprises and their boards will likely face.

Its genesis is the notable change we have observed in the last few years after decades of practice: Boardroom mindsets have had to shift because we no longer live in an age where repeating proven strategies and approaches will ensure success.

The second part of the *Board of the Future* study, this report aims to meet this mindset shift by provoking discussion on the future of governance with unconventional, outside-the-box thinking.

Our [first report in the Board of the Future series](#) offers a range of immediate recommendations for improving the short- to medium-term performance and sustainability of current governance systems. We termed the “6E” agenda for refreshing and extending the lifespan and efficacy of current governance models (recap on page 3).

If Part I is about **extension**, this second report is about **reinvention**. It is deliberately explorative, ideating on how enterprises and their boards might more radically transform different dimensions of their governance systems over the next decade in light of increasing demands, accelerating change, exponential AI adoption and growing uncertainty.

We focus on six key opportunities for transformation to align governance with the demands of the future. The intent is not to prescribe a fixed change agenda but to generate curiosity and debate and spark better questions. We hope directors will improve on these ‘working propositions’ and develop mechanisms most suited to their circumstances.

You are not going to agree with all the things that are in this report. In fact, you may not agree with anything – and that’s intentional. It is meant to be provocative, to spark bold and brave thinking that may lead you down a different path than the one we share.

We have no magic looking glass for what the future holds but just because the world is uncertain, doesn’t mean we should stand still.

In part, the motivating thinking behind this provocative approach comes from the words of Don Fabrizio in the *The Leopard*, the novel by Giuseppe Tomasi di Lampedusa: “If we want things to stay as they are, things will have to change.”

We hope you find this an interesting and thought-provoking read.



Jeanne Boillet

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EY Board of the Future study Part I – a recap

What is the agenda for reimagining more strategic, future-looking boards?

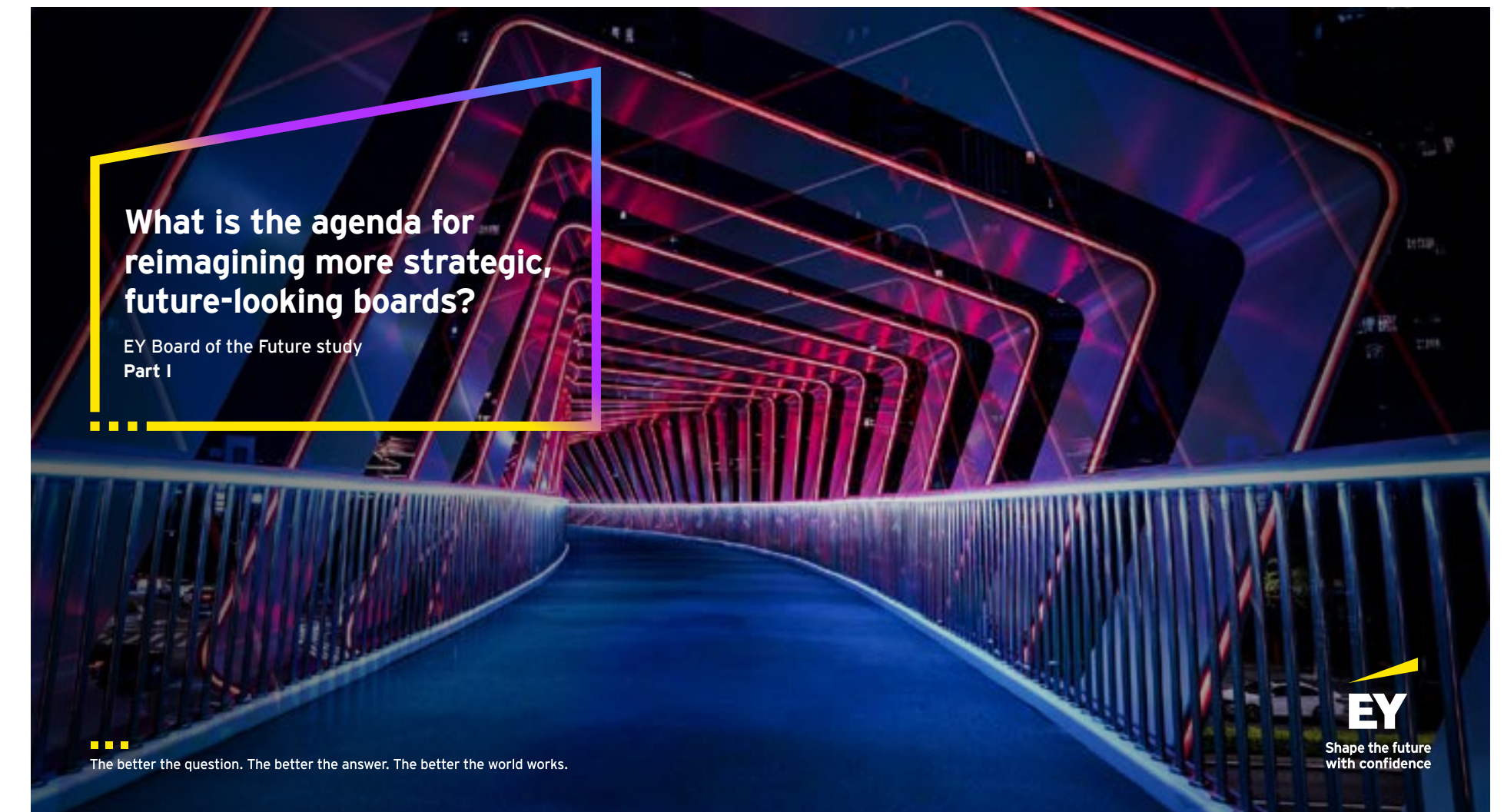
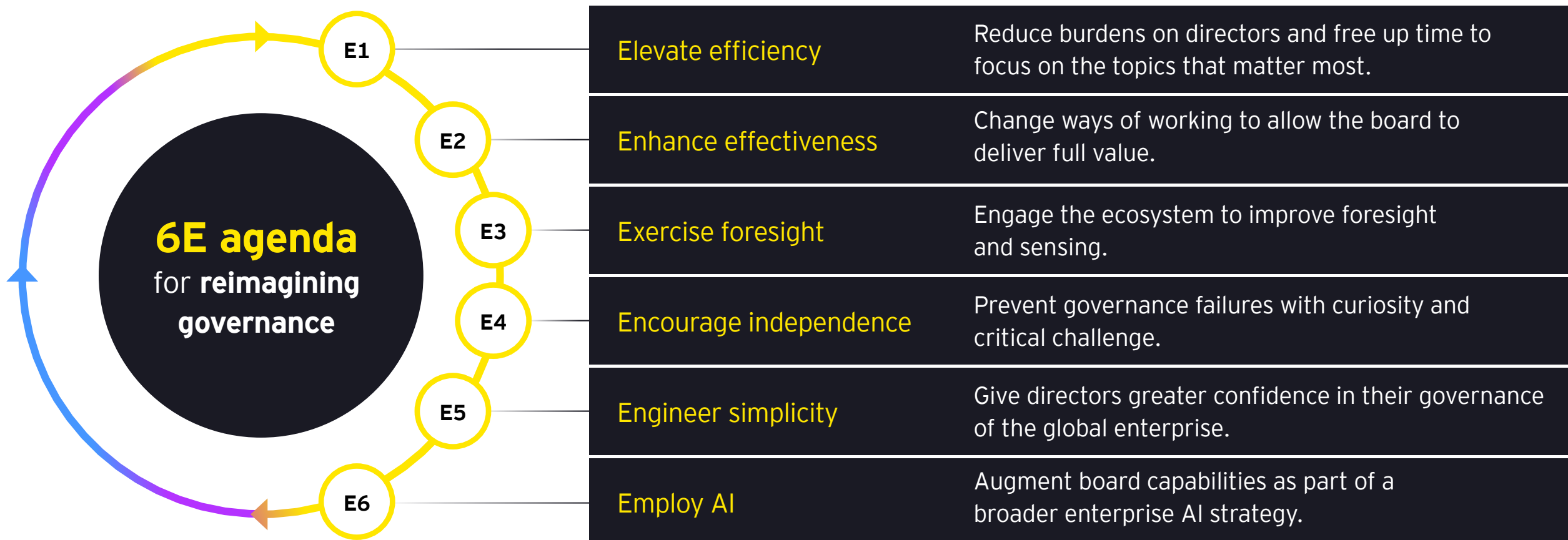
In-depth interviews conducted with nonexecutive board directors of some of the largest global listed enterprises for the [EY Board of the Future study Part I](#) not only reveal a governance model under strain – calling into question whether it can be sustained – but also point to an actionable agenda for change.

Our interviewees serve on the boards on some of the world’s largest enterprises (more details in ‘About the research’).

Most study participants reported being overloaded and struggling to maintain comprehensive oversight across vast, multimarket operations

and to find sufficient time for critical strategic foresight. Even those with a more positive viewpoint acknowledged the growing challenges of governance.

The directors in our study did not just identify governance risks and challenges; they also offered valuable insights on how to address them with timely actions in the boardroom in collaboration with management. These insights yielded a set of six priority areas for change in a 0-3 year timeline. We call this the “6E” agenda for reimagining governance.



About the *EY Board of the Future* research – Part II

Part II of the *EY Board of the Future* series aims to provoke boards, governance specialist and commentators, and regulators to think without constraint on the future of governance in a three-to-10-year time horizon.

As with [Part I](#), this report draws on insights garnered from interviews with 21 nonexecutive directors serving on the boards of some of the world’s largest companies, with aggregate revenues of US\$1.9 trillion and a market capitalization of US\$2.3 trillion. Most are part of the Fortune Global 500. Our interviewees sit on a total of 90 boards.

But where the first report closely distills the “voice” of the directors interviewed and their accounts of current governance challenges faced by large multi-market organizations, this second report leapfrogs well ahead. It synthesizes the ideas and thinking of Dr. Dean Blomson, an independent governance researcher and EY alumnus, with that of EY internal subject matter leaders and EY external business ecosystem partners focused on governance. The perspectives of study interviewees are integrated where they have a view far into the future.

The intent is not to put forth a prescriptive agenda or new governance framework; rather, we hope our working propositions will generate debate and further ideation about the future of governance.

We request of readers only that you ask, ‘Why would this be helpful?’ ‘How could this work?’ and ‘What could happen if we don’t do anything?’ before finding reasons that make it impossible to move from the status quo or even to respond incrementally. Then, please give us your suggestions for how we might improve our propositions or important perspectives we may have overlooked.

Creating governance fit for a NAVI world

The rate of internal change in boardrooms increasingly lags the pace of external. Post-pandemic we entered into an operating environment where change is **nonlinear, accelerated, volatile and interconnected** (NAVI). Disruptions come with a greater frequency and magnitude, but governance models remain built for a slower era.

Boards feel the change and the building pressure. One of the nonexecutive directors interviewed observed, “The issues in and of themselves are not new. The combination of all of them in a very unpredictable world right now is what is new for me. The other thing that’s new is that there is more geopolitical disharmony. Uncertainty and volatility feel to me like they’ve just become the norm. We haven’t even talked about AI yet.”

Seventy-three percent of board members say that because of the constant state of unpredictable change, their strategy is constantly evolving, according to a [survey of public company directors](#) conducted by Corporate Board Member and the EY Americas Center for Board Matters.

Governing the superfluid enterprise

The advent of the **superfluid enterprise**, explored in the EY Megatrends 2026 and beyond report, will drive governance transformation. A superfluid organization has eliminated operational friction using agentic AI, smart contracts and ecosystem coordination, enabling information, decisions and value to flow with minimal resistance. The shift to superfluidity will involve three stages – AI assisted operations, collaborative autonomy and fully superfluid enterprises.

As the enterprise becomes more autonomous, boards confront growing risks related to accountability, compliance and integrity in decision-making. Addressing them – and keeping pace with the rest of the enterprise’s transformation – will demand that the board itself become AI enabled to enhance its effectiveness.

“

There hasn’t been a moment like this since the first industrial revolution — technology-driven S-curves are now coming every six months instead of every three to four years.

Michael Von der Geest

EY UK and Ireland Head of Business Transformation and Innovation

Maintaining the currency of trust

Trust will be increasingly in demand and valuable as organizations and consumers navigate uncertainty and disruption. We are entering the **trust economy**, where organizations that invest in trust will better adapt, innovate and thrive.

Boards are guardians of this trust; and to thrive, governance must go beyond compliance. In a trust economy, organizations will better adapt, innovate and thrive where they invest in principles and policies, robust systems and controls and behaviors that engender and safeguard trust. This requires internal trust between the board, executives, managers and employees, and external stakeholders.

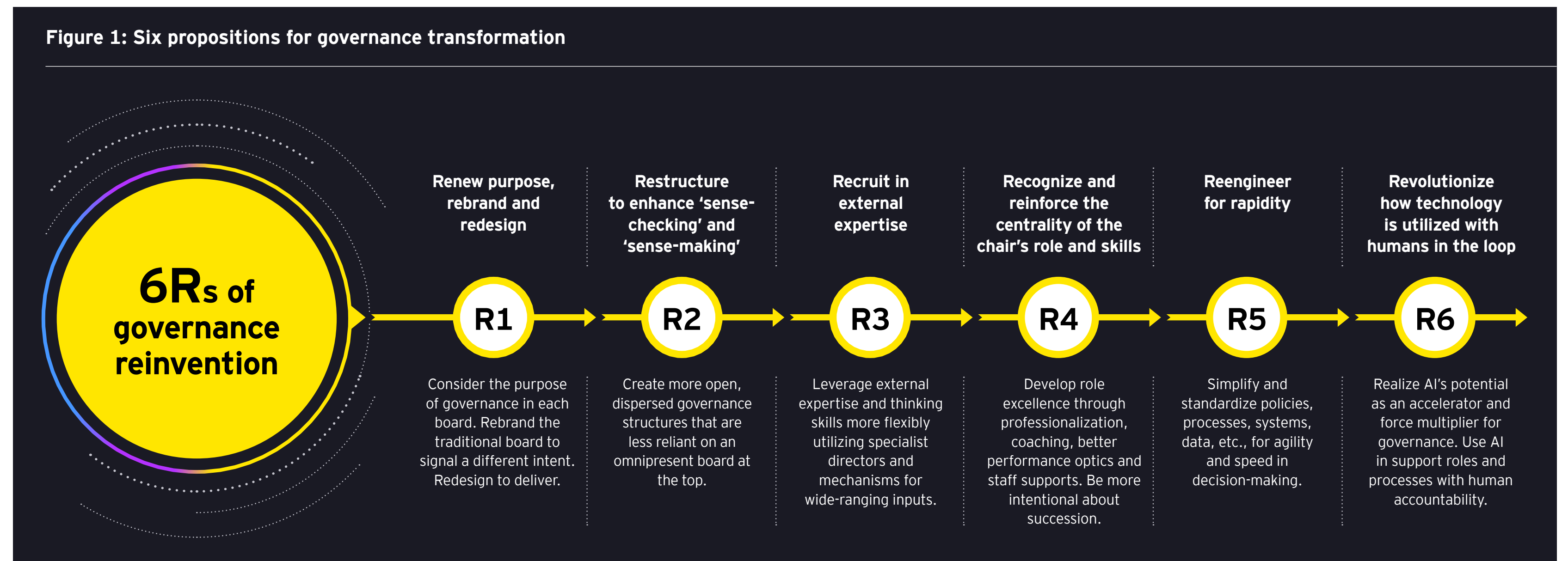
This raises an important question of how boards can demonstrate that they are worthy of that trust, i.e., the governance systems and behaviors can be relied upon beyond mere claims or disclosures.

Major enterprises, whether global or regional, physical or virtual, face daily opportunities for trust to be broken. Simply relying on people-based systems for diligence and extensive vigilance is unlikely to be sufficient. It is necessary to look beyond ‘high touch’ human endeavors from the board itself and consider other mechanisms to enable trust-enhancing governance, in particular, AI as a supplement to human intelligence.

Closing the gap

Boards already find it hard to match the strategic and operational tempo and scale of global business, as discussed in Part I of this study. The gap between the rate of external change and internal responses will only increase unless boards and management teams along with regulators and standard-setting organizations begin to rethink governance to address the imperatives of the NAVI world.

Drawing on these central design principles, this report offers six key big ideas or propositions (what we call the 6Rs) for reinventing or transforming governance behaviors, structures, and mechanisms over the 3-10 years horizon (as shown in Figure 1):



Executive summary: key propositions for the future of governance

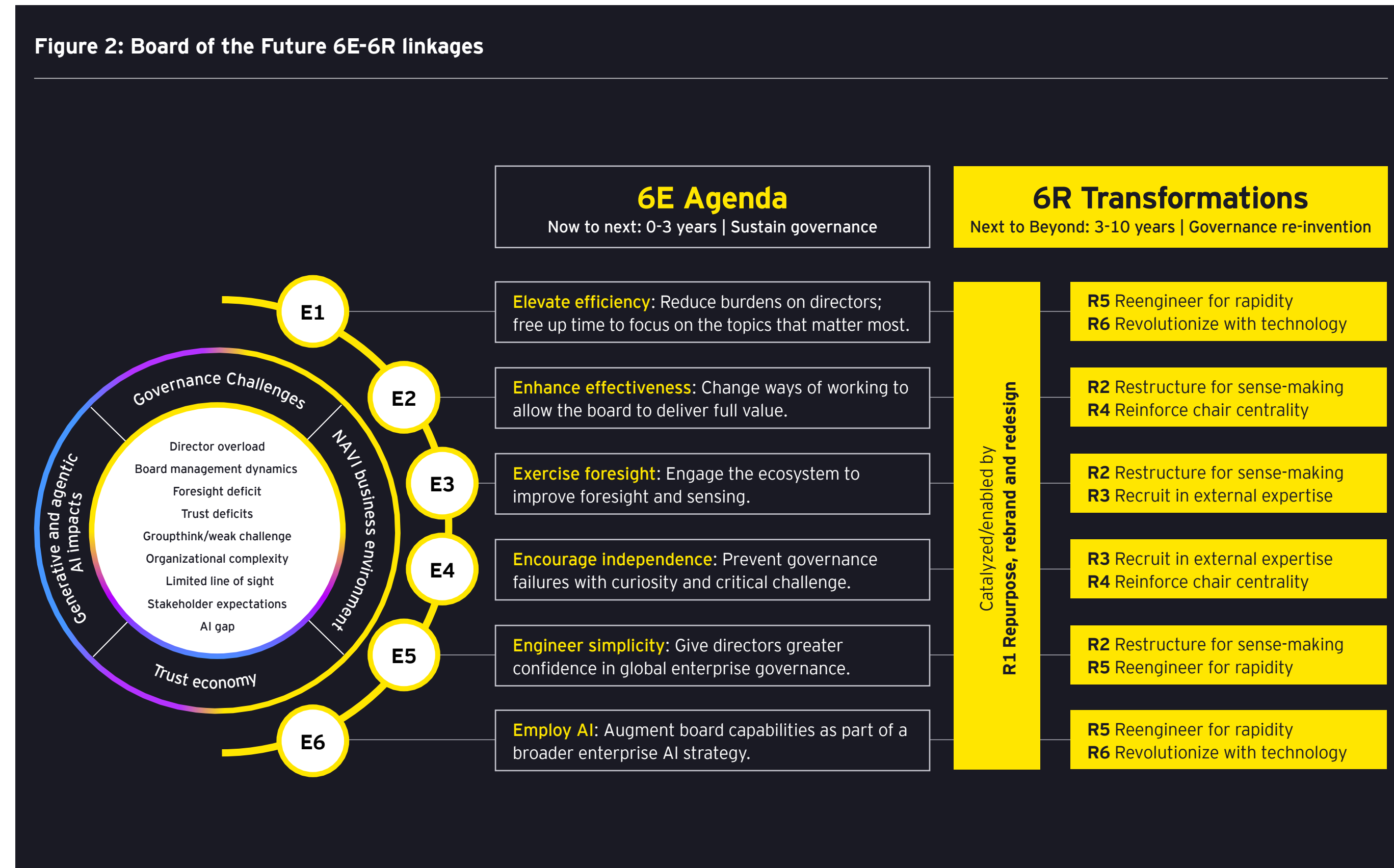
The big idea or propositions for governance transformation interact systemically in a virtuous cycle. Therefore, our view is that considering them together will provide a set of mutually reinforcing benefits:

- R1 Renew purpose, rebrand and redesign:** Rigorously revisit governance purpose, clarifying why the board exists and what outcomes and value it is meant to create. Where a shift is warranted, renaming and redesigning the board can act as a powerful signal, if it is supported by tailored structures, roles and enabling policies. Success depends on sequencing substance before symbolism, aligning capabilities and behaviors to governance intent, and demonstrating the change credibly to stakeholders over time.
- R2 Restructure to enhance 'sense-checking' and 'sense-making':** Move from standardized board structures toward designs that are explicitly aligned with company strategy, scale, and context. This could include a shift from static committees toward more flexible, expertise-led stewardship councils (as one example), strengthening stakeholder voice through formal engagement and representation mechanisms, and adopting clearer, risk-based approaches to governance of subsidiaries. An expanded, insight-driven company secretary could act as an integrator and sense-checker, enabled by supporting data and technology.
- R3 Recruit in external expertise:** Acknowledge the limits of traditional director capacity and knowledge as boards confront greater complexity, faster disruption, and shorter skills half lives. Deliberately augment governance with more flexible board access to scarce, high-value expertise through the creation of time-bound specialized directors, strengthening advisory panels, and establishing more dynamic channels for external insights, including the 'augmented' company secretary function and executive team.
- R4 Recognize and reinforce the centrality of the chair's role and skills:** Establish the processes and supports needed to develop excellence in the chair role that will drive to better governance outcomes. Begin by formalizing chair selection, evaluation, and succession. Invest chair-holders with education, coaching and supporting administrative capacity. Develop great chairs as 'first among equals' who are able to regenerate governance and create the right dynamic and impact in and outside the boardroom.
- R5 Reengineer for rapidity:** Respond to rising volatility and complexity with more agile, real-time monitoring, reporting and board decision-making enabled by technology. Simplify policies and metrics where consistency matters, while decentralizing and dispersing decision-making where speed and proximity to the business matter most. Redesign core processes around real time data, automated compliance, and integrated, enterprise-wide governance frameworks. Vary decision making tempo dynamically, supported by AI enabled scenario modeling, dynamic materiality assessments, and continuous future scanning.
- R6 Revolutionize how technology is utilized with humans in the loop:** Support rapidity by moving pragmatically to realize AI's potential as a governance accelerator and force multiplier. Embed AI first in high confidence governance support roles – monitoring, synthesis, scenario analysis and documentation – while clearly anchoring human accountability for judgment and decisions. Apply AI to governance processes around real time data, automated compliance, and continuous sensing, supported by clear guardrails, validation standards and legal defensibility. Ask: What is our vision well out into the future for how we could utilize AI sensibly and ethically to do things that today seem impossible? (For exploration of how boards could address the risks arising from AI, see [Board of the Future Part I](#) and [How boards can lead in a world remade by AI.](#))

How Part I's 6Es relate to Part II's 6Rs

In Part I, the "6E" agenda was about refreshing and extending the lifespan and efficacy of current governance models improving the short to medium term (0-3 years); (as seen in Figure 2). Part II's 6Rs build off this groundwork with a focus on aligning governance with the demands of the future (3-10 years). It doesn't mean we are suggesting on waiting to take action on the 6Rs until three years time. We are offering a view of what the future may be like, so conversations can start now as to what may be right for your governance model of the future.

Figure 2: Board of the Future 6E-6R linkages



Cross-cutting conditions for success

The transformational governance propositions outlined in this report could only be realized and deliver their intended outcomes if a number of foundational conditions are met consistently across the governance system.

Clarity of purpose and intent

Boards must first achieve explicit alignment on their own purpose, role, and governance philosophy in a NAVI* world. Without a shared and articulated understanding of why the board exists, *what it is accountable for* and will focus on, and conversely *what it will deliberately not seek to do*, structural and technological reforms risk becoming superficial or incoherent.

Willingness to change mindsets and behaviors, not just structures

New governance structures, redesigned processes, or advanced technologies will not be effective unless directors and executives are willing to modify how they think, interact and exercise judgment. This includes greater openness to challenge, curiosity, experimentation, and the disciplined use of evidence over intuition alone.

Courage and leadership from the board and executive team

Governance transformation requires sustained courage: To move away from familiar models, to explain changes clearly to stakeholders and investors, and to accept that some reforms may challenge prevailing norms or expectations. Without visible leadership from both the board and executive team, transformation efforts are likely to stall.

Strong alignment between board, executive and governance support functions

Effective governance redesign depends on tight alignment between the board, the CEO, the executive team, and the company secretary (or equivalent governance function). Clear roles, trusted information flows and shared ownership of governance outcomes are essential to avoid fragmentation or duplication.

High-quality data, information flows, and transparency

Many proposed reforms assume timely, reliable, and well-structured data flowing vertically and horizontally across the enterprise. Without disciplined attention to data integrity, escalation protocols, documentation, and decision traceability, faster or more devolved governance arrangements will increase risk rather than reduce it.

Regulatory and stakeholder alignment

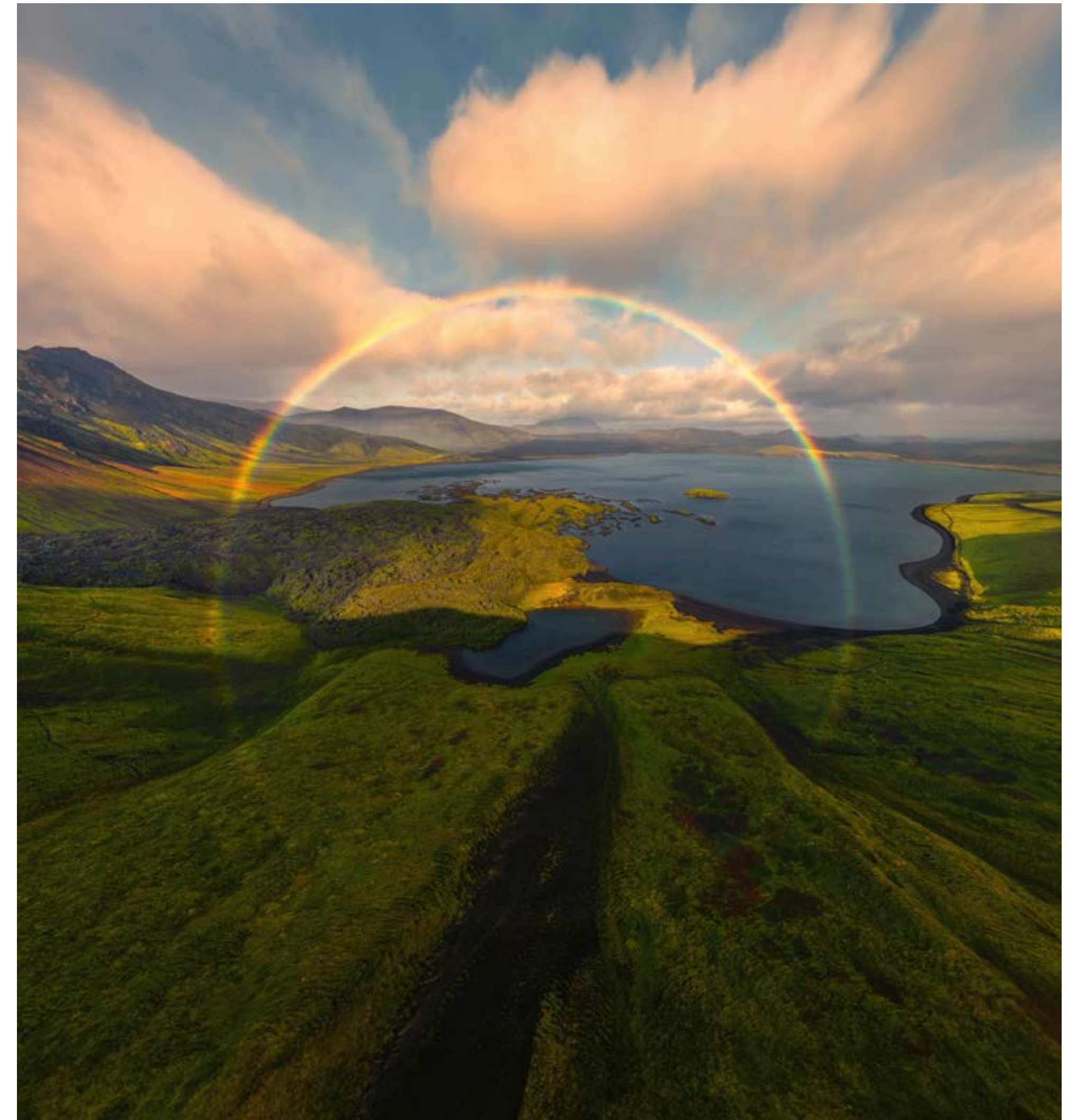
Fit-for-purpose governance would not be uniform across enterprises or jurisdictions. Regulators, investors and other stakeholders would need to align with bespoke governance arrangements, provided accountability, transparency and trust are preserved.

Thoughtful integration of technology into governance with clear human accountability

Technology, including AI, must be embedded deliberately into governance operations, with clear guardrails around accountability, ethical use and justifiable reliance. Human judgment, responsibility and stewardship cannot be outsourced or subverted, even as technology becomes a core governance actor.

Ongoing investment in governance capability and capacity

Governance transformation requires sustained investment: In director education, chair development, governance support capabilities, data infrastructure, and technology. Treating governance as a cost to be minimized rather than a capability to be strengthened will undermine long-term outcomes.



* NAVI: nonlinear, accelerated, volatile and interconnected.

An aerial photograph of a winding asphalt road on a rugged, rocky cliffside. The road curves along the edge of the cliff, overlooking a deep blue ocean with white-capped waves crashing against the rocks. The cliff face is a mix of brown and reddish-brown rock, with patches of green vegetation. The overall scene is dramatic and scenic.

R1

**Renew purpose,
rebrand and
redesign**

What is the challenge we are solving for?

How does one go about determining whether the governance model of each enterprise will be reliably fit-for-future-purpose and where changes are needed? How do we deliver consistently on our governance 'brand promise'?

The NAVI world requires a deep revisiting and reconsideration of the purpose for each enterprise and each board – not only why the enterprise should exist, but also what the role and purpose of the board is and should be. Purpose serves as an important compass in rapid change and volatility.

Stakeholders' changing expectations for the board's role and reach require that boards periodically review and validate their purpose, value add, scope and authority, and interplay with other governing bodies – effectively justifying their existence.

The word 'board' no longer adequately describes what it does and more importantly what it needs to do. A comment from one of the nonexecutive directors interviewed encapsulates the problem: "The idea of a board is very general. You can put everything in it."

The generic name begs the questions of: 'Why are we really here?' Are we in essence a performance and progress review body? Or are we here as a decision advisory and review board? Or as a compliance checker? Or is there some other expectation for our primary purpose and value-add?

What are the proposed options or mechanisms and how might these work?

The organization's answers to these questions will point to a board-specific purpose. Adopting a label that clearly indicates this purpose would act as a powerful signal to board members, helping to align them to the intended mode of thinking, acting and interacting with shareholders and other stakeholders.

It would also send a powerful signal to stakeholders who would expect the board's purpose to be brought to life in its operations. Renaming makes a fresh brand promise that must be delivered by the individuals inside and outside of the boardroom.

One of the interviewed directors said, "changing the name changes the way board members perceive their role. The name you should choose depends on what you're expecting from your board. As soon as you call the board a value creation council, you pass a super strong message to the board member of what you're expecting from them."

Depending on each board's definition of its governance purpose and support of enterprise purpose, the traditional hierarchical board structure would likely need to be replaced or considerably modified to demonstrate and operationalize its values. Those interacting with the board will watch closely for 'truth in advertising'.

For example, stewardship might be identified as the core principle of a board's purpose. Stewardship aims to leave an asset in at least the same state, but preferably in better condition, for future generations of owners or other stakeholders. This could result in the board being rebranded as a 'Stewardship Council.' To deliver on this brand promise, a board might then be redesigned as a more dynamic and specialized body, focusing on strategic oversight and long-term value creation and helping the enterprise act in the best long-term interests of all stakeholders.

As another example, it might be called a 'Value Creation Council', to indicate a similar set of implications on focus and priorities, agenda, roles, and skills.

As to how a 'Stewardship Council' could work, it could be composed of different steward types, representing complementary skills, governance orientations and mindsets:

- **Fiduciary Stewards:** Individuals with deep financial, legal, and risk management expertise focused on protecting the enterprise's assets and ensuring compliance.
- **Strategic Stewards:** Individuals with diverse industry experience, foresight in emerging trends, and a strong understanding of global markets focused on guiding long-term strategies and innovation.
- **Stakeholder Stewards:** Representatives (either directly elected or selected through a robust process) of key stakeholder groups (e.g., employee representatives, customer advocates, community leaders) who would bring diverse perspectives directly to the highest level of governance.
- **Technology and Innovation Stewards:** Individuals with expertise in cutting-edge technologies, including AI and cybersecurity, and their strategic implications, to help the enterprise remain competitive and leverage innovation responsibly.

Given that the specific skills, orientation and focus of each set of stewards are different, these could operate as 'sub-councils' under the umbrella board or council.

Actions to consider and where to start

The first step should be a review and possible revision of purpose from two perspectives: The board's current and likely future purpose (*raison d'être*, role, duties and responsibilities) and the board's role in achieving the organization's purpose. The fit-for-future-purpose must be brought to life.

The objective should be to provoke a rich conversation among the board and executive team, with careful testing and socializing of the options, to arrive at a clear articulation of the 'brand promise' of the board and associated governance outcomes.

This entails deciding on the mix of standard vs. tailored or bespoke board capabilities and the associated board structures (see Chapter R2) required to realize the governance intent. This means asking where and why the organization should have generic governance capabilities and where and how governance must be unique. For example, specific capabilities might be needed to achieve objectives related to stakeholder engagement, reporting or data analytics.

Then determine the needed enabling policies, processes, technology, skills and structures and how they should be phased in and integrated.

Specific conditions for success

A fundamental revisit of governance purpose in the NAVI world would have to precede any board rebranding. Failure to do so means that the required supporting behavioral and structural shifts would be an afterthought. Rebranding without deep contemplation has the danger of becoming purpose washing and a triumph of form over substance.

Rebranding would also need to be accompanied by approaches and mechanisms that make sure that the core 'de minimis' activities of monitoring and reporting continue robustly without exposing the enterprise to greater risk.



A person in a yellow shirt is sitting on a suspension bridge that spans a deep valley. The valley floor is a calm lake reflecting the surrounding mountains. The mountains are rugged and covered in snow, with some peaks reaching into a cloudy sky. The scene is captured from a high vantage point, looking down at the person on the bridge.

R2

**Restructure to
enhance 'sense-
checking' and
'sense-making'**

What is the challenge we are solving for?

How can the board be augmented with more 'eyes', 'ears' and 'antennae' to better gather and assess signals of change and risk? How can governance structures enable – rather than impede – the board's sense-checking and sense-make this roles?

Eight or ten nonexecutive directors presiding over a global or multi-geography, multi-business unit enterprise are likely to be operating close to or at the outer limits of their reach, time capacity and cognitive bandwidth. A NAVI world only makes it harder for those governing to carry out their sense-making task.

As discussed in Part I of the *Board of the Future* study, the scale of the largest corporations – the number of subsidiaries and legal entities, geographic spread, and disparate policies and processes, etc. – poses an increasing governance challenge. Organizational complexity makes it harder and slower to do sense-checking internally.

Further complicating matters is that the axiom 'structure follows strategy' is usually applied to the enterprise's organizational design, but not to its governance design. Governance structures are largely uniform despite the distinctive strategies and operating models of large global companies. While standardized governance structures help stakeholders understand what mechanisms are in place and promote consistency of practice internally, standardization doesn't necessarily enable distinctive performance.

If we acknowledge the constraints of board capacity, and that every business has a unique set of circumstances that its governance system needs to respond to, it raises the following questions about how to achieve fit-for-future-purpose governance:

- How could governance structures be reconfigured to enable faster, more effective decision-making?
- How do we strengthen and supplement a 'closed board' model with a broader range of inputs and expertise, as and when needed?
- How can different vantage points – experiences, mindsets, decision-making styles, etc.– be accessed and built into board deliberations?

What are the proposed options or mechanisms and how might these work?

The transformation envisioned in this proposition requires a few factors to be brought together, depending on each enterprise's unique circumstances and requirements.

- **Use of specialized committees:** Instead of traditional committees (e.g., audit, nomination), the board establishes dynamic, project-based sub-groups (or 'Stewardship Councils' under the illustrative board rebranding) focused on specific strategic priorities, such as sustainable growth, transformation and resilience. Membership of these councils would be fluid, always including nonexecutive directors but also outsiders who are not directors and based on expertise relevant to the specific challenge.
- **New mechanisms and responsibilities for stakeholder engagement:** Key stakeholders have direct representation or participation on the postulated Stewardship Council (see Chapter R1) to ensure their views are heard at the highest level. Senior-level dedicated 'Stakeholder Officers' would be responsible for understanding and advocating for the needs of specific stakeholder groups.
- **Mechanisms to manage the governance of dispersed subsidiaries more efficiently, effectively and transparently:** Agree on a governance philosophy and arrangements for where and when to have tighter (standardized, prescriptive) or looser (non-standardized, more 'permissive') controls. Determine what mix of settings – across policies, processes, reporting, subsidiary boards, etc. – will help to reduce risk exposure by enabling the board to be suitably informed 'at a distance' and achieving cohesive and reliable governance with and across the governance structures of subsidiaries or operating entities.
- **Integrated, bolstered and repurposed company secretary function:** An expanded, highly skilled company secretary (or corporate secretary) function supports the board with broader functions and skills, such as data analysis, stakeholder engagement, and strategic foresight, to bring actionable insights to the board. The secretariat's focus broadens from legalistic and procedural recommendations to commercial and business-oriented support.

Such a team would draw on non-traditional competencies such as behavioral science, data science and scenario planning. These skills would be used to develop views independent of management on stakeholder needs and expectations, corporate culture and ethical performance, and brand delivery. The team would also provide modeling, 'futuring' and research support. It may not house all of these skills but would source and coordinate access to them.

This expanded company secretary team would not duplicate the work of the executive but would operate as a neutral, second line of defense and sense-checking, especially on topics where it is harder for an over-stretched board to make independent inquiries (e.g., workforce culture, supplier and customer perspectives, across multiple markets and operations) and where it may be dangerous to rely on a curated view from management.

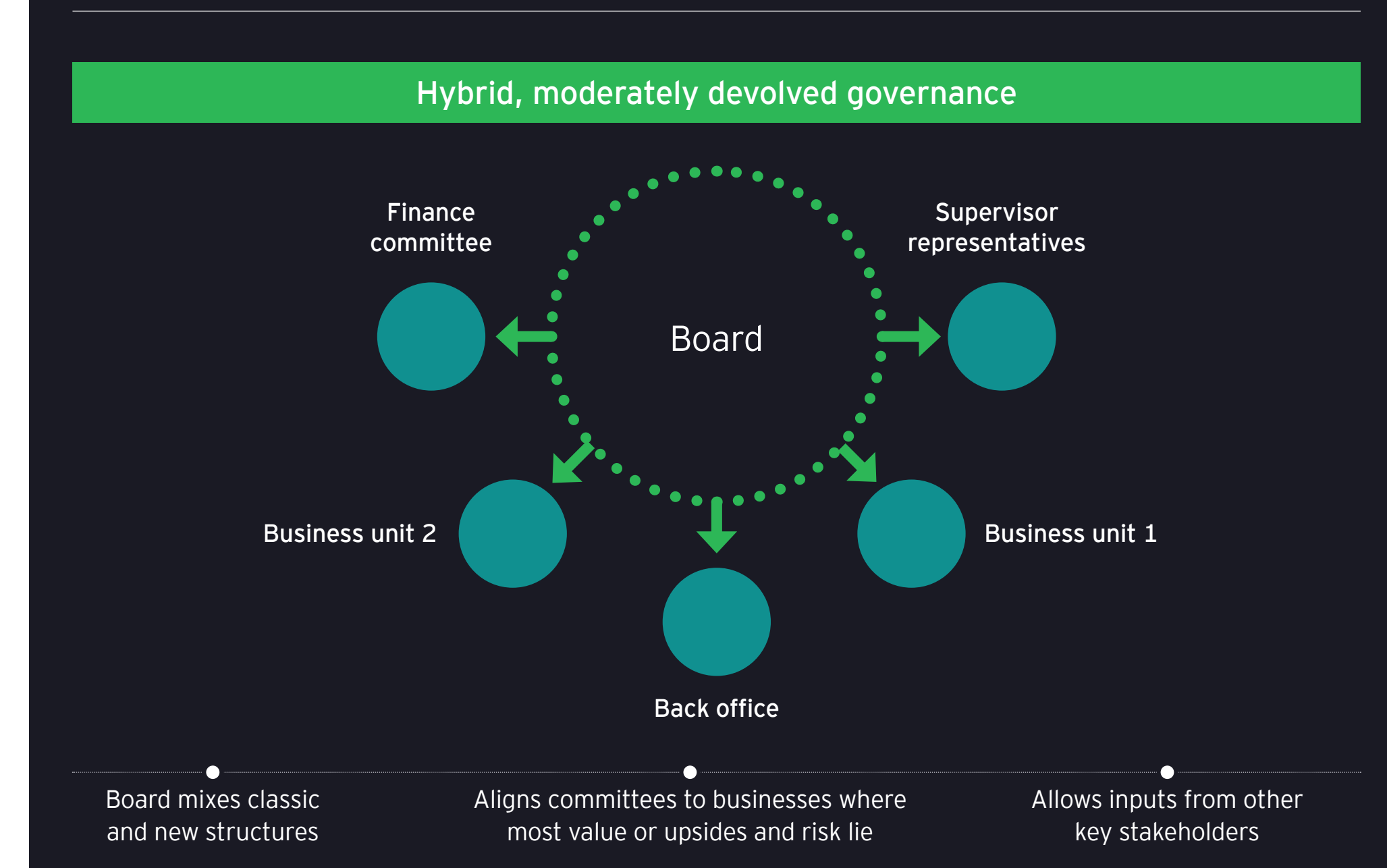
Hybrid to networked governance operating models

Governance structures could operate on a spectrum determined by the emphasis placed on classic 'closed' elements (decisions made in a closed boardroom, with little external input or visibility) through to more 'open' elements. 'Hybrid' would adopt mixed elements. Governance structures could change from centralized and hierarchical to more devolved and dispersed linked groups or networked groups (see Figure 3).

The possible structural and governance organizational permutations are extensive and should enable enterprises to meet both their unique and common governance requirements.

While a few illustrative structural variants have been described above, it is imperative to remember that structure alone doesn't solve performance problems. A range of other levers need to be addressed at the same time: E.g., processes, skills, systems, technology and data, mindsets and behaviors, participants and relationships.

Figure 3



How might it work?

Each one of these hypothetical constructs works in specific circumstances and in different ways. But here we will focus on how the least conventional structural arrangement, a networked board (see Figure 4), might work.

The design aim of the networked board is to be responsive to emergence and more reliably to interpret and respond to signals and developments (internal and external factors within and around the organizational system).

With the board rebranded as the 'Stewardship Council' (see R1) example, most nodes would be focused on how to create current and future value, rather than primarily on monitoring of compliance.

Because context changes and circumstances will be different for the various organizational 'nodes' that comprise a network, sense-making and decision-making

is moved closer to the action and the organization's edges to promote speed and responsiveness.

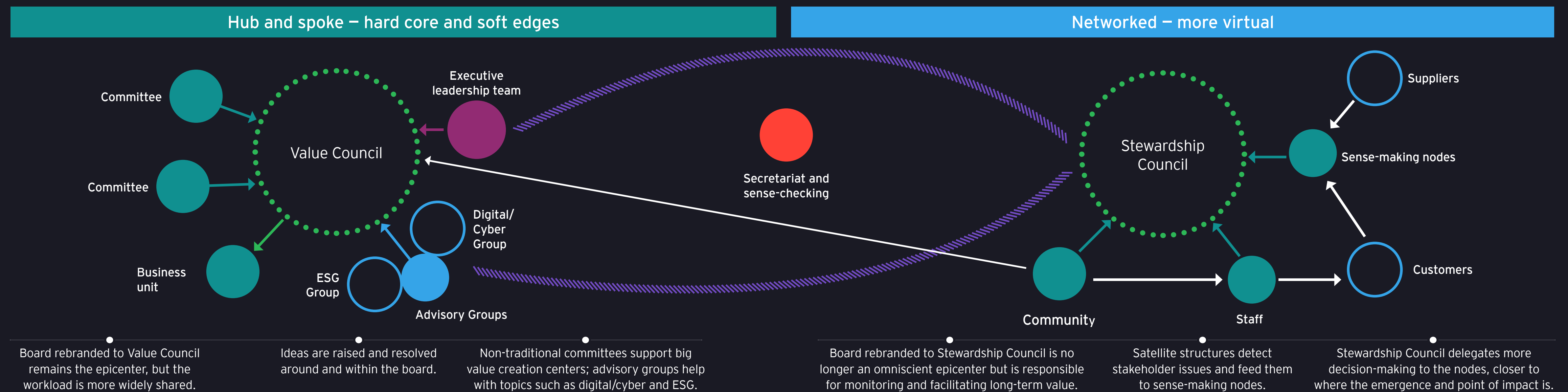
The Stewardship Council acts not as an 'all-seeing, controlling epicenter', but more as a monitor, facilitator and synthesizer, utilizing an augmented company secretary and enabling technology for help in sense-making and sense-checking. Each node needs to have freedom within boundaries and clear parameters for its decision-making (otherwise the system will become immobilized or there will be over-reach). This means that clarity of focus and clear delegations of authority for each node are critical, via an integrated framework.

This model requires sophisticated competencies in 'constituency management' and alignment. It also needs high levels of trust and communication to ensure timely back and forth information flows across the network nodes.

Stakeholder management would not reside exclusively with management and the investor relations team but could be via:

- Direct participation of particular stakeholder constituencies in the 'nodes' of the governance ecosystem
- Formal representation of key stakeholders on the Stewardship Council
- Appointment of senior level 'Stakeholder Officers' responsible for understanding and advocating for the needs of specific stakeholder groups
- Use of outside specialists to take the pulse of key stakeholder groups periodically to ensure that board perceptions and inputs are objective and accurate

Figure 4



Actions to consider and where to start

In 'fit-for-purpose' governance there should be no one-size-fits-all approach or prescribed governance structures or systems.

If governance mechanisms and structures need to be fit-for-purpose, each board should start with its own purpose and key roles and then consider structural options that may be better suited to the size, maturity, growth rate and aspirations, and footprint of the business.

To help assess alternatives, a set of design criteria should be described, particular for each entity, such as:

- Need for prompt decision-making
- As few governance layers as possible
- Single point vs. dispersed accountability
- Line of sight and consistency of structures down and across the enterprise and its subsidiaries
- Clarity of accountability, ownership and legal liability

Specific conditions for success

Fit-for-purpose governance requires a bespoke set of structural choices and associated systems by each board and executive team necessary to support the desired capabilities mentioned in **Chapter R1**, such as new governance competencies and expertise, redesigned processes, delegations of authority, ways of working and mindsets and use of technology.

Diligent work will be needed to create seamless data flows between governance structures and layers or silos of management.

The end result will be a mix of tailored responses to meet unique requirements and particular circumstances and adoption of more standard mechanisms where it matters less.



A scenic landscape featuring a prominent, jagged mountain peak in the background. A vibrant rainbow arches across the sky above the mountain. In the foreground, a winding road curves through a lush green valley. The scene is bathed in the warm, golden light of a sunset or sunrise, with the sky transitioning from blue to orange. The overall atmosphere is serene and majestic.

R3

Recruit in external expertise

What is the challenge we are solving for?

How might we mitigate the limitations of time, bandwidth, knowledge and expertise of the skilled, intelligent and experienced people serving as nonexecutive directors so that the board has the insights it needs to govern effectively in the NAVI world?

Boards face the challenge of more rapid knowledge and skills redundancy. Research in the pre-Gen AI era indicated that the half-life of a job skill was about five years, but today the skills half-life is likely even shorter.¹ In addition, as ever vaster amounts of knowledge become instantly accessible, the premium on judgement grows exponentially.

The difficulty of attracting scarce in-demand talent to boards, especially related to AI and new technology, exacerbates these challenges. As one senior chair observed: “Right now there’s a real competition to get the best AI expertise on the board and there are few candidates.”

Moreover, professionals and executives at the pinnacle of their careers will likely not be attracted to the boards of publicly listed corporations due to the scope of the commitment and the risk-reward proposition. In some jurisdictions, nonexecutive directors may have significant legal liability exposure even as the challenges of the role increase.

Companies and boards would benefit if more narrowly defined and ringfenced roles and responsibilities could be established for those who want to offer their skills as nonexecutive directors in more limited and targeted ways.

As discussed in **Chapter R6**, augmenting their capabilities with AI will likely be an important part of the answer. But we must also consider how boards could have dynamic and timely access to the expertise of a wider pool of contributors whose perspectives could improve decision-making.

Skills and insights gaps can be addressed by:

- Attracting, and more flexibly accessing, people with scarce skills and insights who are otherwise uninterested in ‘routine’ board topics and duties and the associated liability exposure and part-time remuneration.
- Integrating diverse (cognitively, experience, generational, etc.) perspectives that enhance governance.
- More flexibly balancing the mix of longer term, ‘broader scope’ skills supporting board continuity and shorter duration, specialized expertise with narrower interests.

What are the proposed options or mechanisms and how might these work?

Where and how to utilize additional skills and access particular experience is not a new concern, but boards need to be more deliberate and imaginative in tapping external inputs as a force multiplier and as a remedy for their blind spots and knowledge gaps. This could be accomplished through the utilization of new approaches and others that are known and used today but not pervasive.

Specialist directors

In this construct, a new class of specialized nonexecutive directors would be given a board seat for a specific purpose for a shorter term (e.g., two years, or even shorter) than the four or five-year appointments for most directors.

The specialist director would meet the needs of boards that require deep specialist skills and engagement that could not be obtained through existing, more conventional means. The role is designed to attract individuals at the height of their careers who don’t have the interest or availability for a classic board commitment, such as current business owners or executives who are at the cutting edge of AI.

An analog can be found in the “special situation directors” that are increasingly utilized in many countries. However, the specialized director differs in that the role is driven by the ongoing need for leading-edge, specialized insight rather than a time-bound, high urgency situation (e.g., a transaction, transformation, geopolitical event).

Bringing this role to the boardroom would entail clearly and explicitly defining the topical scope of the role in an individual’s engagement documents as well as in external governance disclosures. To channel their effective participation, clear guardrails would be needed for channeling which domain topics and associated information must go to these specialist directors as ‘must knows’ versus which are optional and ‘nice to know.’ This approach would have to be enabled by changes to each adopting corporation’s constitution.

The goal of the specialist director is not *less* accountability, but better-targeted accountability that also enables individuals with specific (and rare) talents to be attracted to the board and contribute to the areas that most excite them.

Important caveat:

As with all ideas offered in Part I and Part II, these are options that need to be carefully evaluated by every board for its own circumstances; and the necessary due diligence must be done on the reliability and efficacy of the options. Legal implications need a particularly thorough consideration.



1. ‘Skill, re-skill and re-skill again. How to keep up with the future of work,’ World Economic Forum website, <https://www.weforum.org/stories/2017/07/skill-reskill-prepare-for-future-of-work/>, accessed 21 May 2026.

Existing mechanisms

Boards will need to orchestrate a mix of existing and new mechanisms to access perspectives externally and internally, particularly as the NAVI business environment increases stress on board decision-making and boards face circumstances that no one has likely ever faced in the past.

As one director said: “You almost need an ongoing sort of catalyst (for fresh thinking); something with more dynamic board structures, whether it’s... shorter duration boards... and rotating advisory panels.”

Important mechanisms include:

- **Expert advisory boards:** Established with temporary agendas/mandates or more permanently constituted, to provide access to specialized skills and experiences.
- **Board whisperers and qualified persons:** Specialist advisers or experts brought in from time to time to provide point expertise.
- **Stakeholder councils:** Staff, suppliers, customers and/or community members convened to provide periodic insights and feedback on the business to help the board to hear important messages and market signals in an unfiltered way.
- **Shadow boards:** A group of younger managers or employees convened to provide fresh perspectives and insight into the board and management, helping companies address two pressing issues: accessing younger workers who want to contribute (but otherwise could not) and need to be developed as NextGen leaders; and avoiding board and executive team myopia and blind spots to changing norms, needs and market conditions.
- **Citizen juries for ethical dilemmas:** Randomly selected ‘citizen juries’ who provide independent perspectives on complex ethical dilemmas facing the enterprise, helping to ensure broader societal values are considered.

These new and existing structures would co-exist alongside classic governance arrangements. They create the potential to have both classic ‘closed’ elements (decisions made in a closed boardroom with limited external input or visibility), and more ‘open’, participative and contributory elements.

Actions to consider and where to start

Start by going beyond the board’s conventional skills matrix, asking:

- What specialized skills and experience are we going to need periodically or for a relatively condensed period?
- Where do we find and how do we attract and engage these people? What commitment do we require of them?
- How will we get the best out of them? How will they fit into our organization and governance ecosystem?
- What is the risk environment we are asking them to operate in?
- How do we fairly compensate them and can we mitigate their exposure?

Specific conditions for success

The starting point is the recognition that we are operating in a NAVI world in which past success and learning are less and less predictors of future success.

As one interviewee said: “Implicitly there is the hypothesis that past experiences are going to be more than useful for people that are facing today’s future. One of the challenges that we have today is that for many reasons, this hypothesis is becoming less valid than it was before. We’re less in a linear world where the past experience was super useful for the future.”

It would also require:

- Support of the company secretary and CEO to work with the board to establish the purpose and mandate, focus, decision-making rights, and modus operandi of each group.
- The board and executive to find reliable ways for insights to flow smoothly back and forth.
- Willingness to pay for superior and scarce skills and consider better director incentives.
- Recognition that classic binary (i.e., on the board or not on the board) arrangements are no longer sufficient and acceptance that, dynamic, ‘360-degree governance’ requires mechanisms for more flexible board participation.





R4

**Recognize and
reinforce the
centrality of the
chair's role**

What is the challenge we are solving for?

How do we set a higher bar for board chairs to achieve more predictable performance and transparent behaviors that advance improvements in governance and effective dynamics?

The role of the chair is pivotal to effective governance; yet, becoming a good chair is left largely to learning by experience and on the job training.

Chair responsibilities typically range from managing the relationship with and performance of the CEO, overseeing selection and onboarding of board members, to cultivating positive board management engagement, promoting quality debate and driving effective and efficient board operations.

The caliber of the chair, both in expertise and character, deeply influences dynamics on the board and between the board and management. As one nonexecutive director interviewed said: "The orchestrator of what we're spending our time on is a combination of the CEO and the lead director or the chairman to make sure that the board is getting its job done."

The stakes are highest in the following areas:

- **Chair selection and evaluation processes:** Chair selection, evaluation and retention are often subjective, opaque to fellow directors, and shaped by CEO tenures, many of whom are first-time leaders with shortening tenures. In 2025, 84% of new S&P 1500 CEOs were first timers; between 2021 and 2024 average CEO tenure fell 16% to 8.5 years.² A more formal chair selection process could help preserve continuity as CEO churn rises. Because chair performance is largely invisible to shareholders absent major governance or performance failures, the cost of choosing or keeping the wrong chair can be profound—weakening board effectiveness and, in turn, the executive team.
- **Board transformation for new imperatives:** The likelihood of the board changing to meet new imperatives (including the 6Es in Part 1 and the 6Rs of this report), depends on the chair's willingness and ability to engage the CEO, board and executive team members in driving governance evolution and transformation. As one nonexecutive director observed: "I've rarely seen a situation where boards or board chairs choose to be innovative." Another commented: "There's no one to say: 'here's the path to innovation. Here's what I would do differently.'"

Finding ways to improve consistency, sophistication, impact and success rates of chairs will be essential.

What are the proposed options/mechanisms and how might these work?

The next decade will see a boardroom generational shift as directors hit term limits and retirement ages and boards increasingly seek leading-edge technology skills typically found in younger cohorts. This creates an opportunity to deliberately develop next-generation chairs. The challenge is ensuring incoming chairs and directors have the leadership skills – especially sophisticated soft skills and thinking abilities needed to navigate a NAVI world and build on the prior generation's legacy.

One board interviewee said: "In many ways, we have to change the requirements or the education process for board chairs and board leadership so that over time we produce the [needed] changes. A board chair boot camp, to challenge and educate directors... and almost force a dialogue where they encourage each other to approach innovation and change. Nobody wants to go to a board of directors' school, but you can't be a dentist without going to school."

Here are some proposals:

1. **Create programs to develop, credentialize and prepare chairs.** "Tool up" chairs via education and coaching; and establish mechanisms to evaluate and recognize great chair performance where the chair is a "first among equals." Find ways to improve accredited chair training and back this up as a reporting requirement. Consider an accredited, professional vocation "track" for chairs.
2. **Ensure chairs have organizational coaches and observers.** As already trialed in Australia, this approach could involve accredited training on soft systems, bias detection, improvements in their listening skills, mindfulness and EQ, and the like. This includes far more effective deployment of board review and 360-degree feedback, finding safer ways to deliver candid reviews to chairs.
3. **Give chairs a budget to retain a full-time chief of administration and staff.** Support chairs with resources for planning, gathering of views offline, coordination of stakeholder inputs, evaluation of messaging and data being put forward by the executive, etc.
4. **Establish reportable guidance on how chairs are planning for chair succession.** Actively evaluate chairs on succession development and preparation, recognizing that this is even more pressing and consequential where the CEO is also the executive chair, since a CEO departure creates two critical governance gaps.

5. **Provide the market with insight into the performance of chairs through regular reporting on transparent metrics.** Move voluntary reporting away from input factors – backgrounds, meeting attendances, shareholdings, etc. – to 'throughput quality' and outcome factors. These could include decision-making processes, extent of rigorous debates, use of future scans/scenarios, bias-busting and stress testing mechanisms, and continuous sensitivity testing of performance metrics. Astute investors will increasingly focus on impact, and proactive boards will volunteer relevant insights into governance effectiveness.

Actions to consider and where to start

Set up a current and aspiring chairs' academy, along with peer mentoring, and education.

Wise chairs have the responsibility to think about 'next gen' chairs, on their own boards but also beyond, for the benefit of sustainability of enterprises more generally.

Stock exchanges, corporate regulators, leading governance institutions and major accounting firms all have a vested interest in working with chairs to raise the bar. Everyone benefits, not least, shareholders themselves.

Specific conditions for success

For this to work and to be effective, a few critical conditions need to be met:

- Demand by the market and company specific investors (particularly institutional investors) for greater transparency and insights into the impact of each chair.
- Willingness by chairs to be coached, supported and advised on their own performance and EQ; participation in peer platforms for learning, discussion and sharing of leading practices.
- Learning and personal development of nonexecutive directors to be a properly budgeted and organized board action that is expected, tracked and reported on.
- Chair succession, and not just CEO succession, to be a deliberate and organized board activity. As one senior chair put it: "You may want two or three on the board who, based on the way they operate, have the ability to become the next chair; but you want them on the board for a good five years before they become chairs."



2. '2025 S&P 1500 CEO Transitions: Behind the CEO Moment,' Spencer Stuart website, <https://www.spencerstuart.com/research-and-insight/2025-sp-1500-ceo-transitions-behind-the-ceo-moment>, accessed 21 May 2026.



R5

**Reengineer
for rapidity**

What is the challenge we are solving for?

How do we equip the board and governance system with the ability to move fast when needed, and with clarity, consistency and justifiable confidence in and across the system?

‘Moving fast’ means engineering speed and cohesion into assembling, synthesizing and analyzing information, deciding and acting. Speed is not a solution to everything, but volatility and the accelerating pace of external change increasingly demand it.

Some believe that boards have become ‘institutionalized’ in that they tend to be rules-driven, procedural, regimented and predictable in their focus. This is the exact opposite of what is required at a time where fluidity, adaptability, improvisation and speed are required for a NAVI world.

This challenge of agility runs up and down the enterprise governance system, characterized by:

- Friction, delays and distortions in data and information as it flows up, down and across a layered and dispersed multi-geography enterprise.
- Lack of visibility into who is the decision-maker, what they have decided (and sometimes why) and whether the decision is being implemented and working as intended.
- Inability to quickly understand a decision’s secondary impacts and implications elsewhere in the business.

A lack of standardization and simplicity in policies, metrics, compliance-, risk- and reporting-processes can get in the way of rapidly forming a reliable understanding of what is happening (or will happen). These also impede having a consistent and clear line-of-sight into performance and governance-related matters vertically and horizontally across the enterprise – the impacts of which are felt in the boardroom.

And the final challenge for future decision-making processes lies with increasing demands for transparency, which are unlikely to abate.

What are the proposed options mechanisms and how might these work?

Redesign processes fundamentally enabled by technology to support real-time decision-making, monitoring and reporting on performance, risks and compliance. Here are several propositions aimed at speeding up governance, when needed, and reducing unnecessary friction and noise that impedes clarity or complicates decision-making:

1. **Find the right balance of standardization and customization:** Examine where consistency and standardization is an advantage or pre-requisite versus where greater autonomy or devolution, uniqueness or heterogeneity in decision-making systems and data brings greater advantages. Apply this thinking to policies, processes, controls, procedures, standards and data across the enterprise.
2. **Develop an integrated governance framework without geographic or subsidiary siloes:** This includes standardization and harmonization of policies, standards, processes, templates, metrics, monitoring systems etc., wherever possible. It means ‘de-complicating’ governance systems and mechanisms. As one director said, “With an increase in complexity, having that consistency and standardization in a global organization is really important, provided you understand and appreciate what potential limitations that could impose.”
3. **Deliberately work on decision-making tempo and frequency, to become faster, more variable and less metronome like:** Speed isn’t always a benefit; the challenge for every board is to decide which categories of decision-making benefit from speed and which require consideration and the exercising of cautious judgement.
4. **Decentralize decision-making with central oversight:** Empower business units and teams to make different types of decisions within defined parameters and accountabilities, while maintaining central oversight on

strategic alignment and risk management (decisions need to be segmented in more creative ways, not simply by dollar or euro value). The board creates an environment for effective and efficient decision-making across the enterprise rather than being the central orchestrator and controller of decisions.

5. **Automate compliance and reporting:** Leverage technology (e.g., via agentic AI) to automate policy monitoring, compliance processes and generating transparent, real-time reports for internal and external stakeholders. Create a line-of-sight down into business units, teams and subsidiaries, as needed. Reduce the workload on CFO and other management reporting teams.
6. **Continuously monitor and evaluate ethics and behaviors across the enterprise:** Invest in monitoring mechanisms and independent evaluators of culture. Equip employees at all levels with the skills and knowledge required for effective governance and decision-making in a complex environment, building a culture of personal responsibility.
7. **Build responsiveness and agility for different scenarios:** Conduct regular future scans, establish [scenario planning and modeling](#) as a core capability and use AI to track key variables and emerging challenges and opportunities. For example, boards will need to [anticipate disruptive geopolitical trends and build resilience to them](#).

“Future scans, not internal to the firm, but regular external future scans, could really move the needle forward on a highly effective board system of governance,” said one of the nonexecutive director interviewed. Another interviewee said: “You almost have to systematize a contrarian view... It’s scenario analysis on an ongoing basis with a contrarian view on a board that feeds us.”

8. **Use AI:** Enable dynamic materiality assessments with AI to identify the most significant issues for both the enterprise and its stakeholders, informing strategic priorities and reporting and guiding focus and conversations.



Actions to consider and where to start

It is important for boards and management teams to determine where centralized versus decentralized decision-making is valuable and where speed of decision-making is crucial; and then set the processes for achieving the desired balance of these objectives.

This implies a far more flexible and nuanced way of dealing with delegations of authority ('delegations') for decision-making than most conventional approaches, which focus on role or function and expenditure approval levels.

Expenditure level is not the best predictor of complexity or impact. Delegations could therefore be categorized in other ways to better reflect materiality, such as by segmenting decisions by regularity, scope and breadth of impact, such as:

- Routine, optimization type decisions which can be fully automated against clear rules
- Infrequent, broad, big bet decisions (high stakes, high uncertainty)
- More frequent and contained decisions (narrower in scope or impact)
- Cross-functional or cross-business unit, across geographies or enterprise-wide

These delegations must be aligned to the board's expectations of where and when it will participate, where it will check and review or merely note the decisions made by management.

Sophisticated modeling, enabled by AI, needs to be in place for the decisions that really matter. It would require:

- More organic, discretionary processes and data modeling for making those urgent decisions that need to be done at pace with agile processes (System 1 type, thinking fast).
- More structured processes and gates for those 'slow burning' types of decisions, which allows initial seeding of ideas, then subsequent evaluation and dialogue, review and further development over a period (System 2 type, deliberate decisions).

'Decision governance' encompasses not only decision-making rights, but also the data, decision processes and support structures, behaviors, etc. that enable them.

Specific conditions for success

For this to work and to be effective, a few critical conditions need to be met:

- Clarity on the outcomes to be achieved in governance systems and arrangements and how to achieve them.
- A terrain map of how governance should be tiered/coordinated and harmonized across complicated enterprises to support the intended governance purpose.
- Understanding of where localized versus centralized (looser versus tighter) controls in decision-making are preferable.
- Commitment of resources and leadership to reengineer and simplify as part of a transformation program.





R6

**Revolutionize
how technology
is utilized
with humans
in the loop**

What is the challenge we are solving for?

How can we utilize technology to complement/supplement human wisdom and judgment while removing burdensome and routine governance tasks to liberate directors to make better impact?

As enterprise operations continue to be transformed by AI, progressing from AI-assisted operations to collaborative autonomy and full superfluidity, boards will be challenged to bring the same rapidity to decision-making and risk management.

While boards must engage with their executive teams on how their organizations can **harness AI within the enterprise responsibly** (i.e., via a governance framework for AI), directors must consider how to harness AI for their own governance purposes too, individually and collectively.

As an interviewed director expressed it: "I feel like we haven't harnessed the power of technology to make the process more efficient, to make it more repetitive, to make it faster, more transparent, and focus more time on the actual conversation and the decisions being made versus accumulating the numbers and doing the slides."

Another director offered: "As I've been thinking about it, I thought, why is all this technology a solution? And then I thought, it's actually the only solution."

The problem is exacerbated by not addressing the elephant in the room, namely: What will AI be able to do reliably inside the boardroom? What will it mean for our board's ways of working? Composition? Numbers? Our behaviors? Our trust systems?

The question should not be how many board members optimally to have on a board, but how many should be human and how many should be bots. Or better yet: "What future capabilities will we really need to achieve our governance purpose? Then, which of these capabilities are mostly human; which are mostly technology based; and which are a mix?" As one chair explained about his board where there are prescribed international quotas and pre-set constituencies that need to be represented: "Since I can't have a 12th board member who's a human being, I'm going to create a robotic board member as the 12th."

Some board chairs and directors have begun to leverage AI, whether as a research assistant, to reexamine board conclusions or develop scenarios. At least one company has named an AI as 'board observer'. But few boards have made AI central to their operations.³

“

Basically, AI will be a seat on the board. It will be cognitively superior to anyone in the room and have all the data. But at the same time, you need human judgment.

Beatriz Sanz Saiz

EY Global AI Sector Leader

What are the proposed options or mechanisms?

It is helpful to consider AI's possible contribution to the boardroom in terms of the roles it could play, enabled the technology's agentic capabilities, generative capabilities or both. Several AI board support roles that could be perceived as vital are outlined in Figure 5.

Figure 5: AI board support roles

Agentic AI		Generative AI		Both	
Governance system optimizer Agent optimizes governance mechanisms, systems and frameworks to minimize surprises and improve the effectiveness and efficiency of compliance and risk management	Workflow or process optimizer Agent dynamically advises management on how to best manage and direct specific governance matters; controls governance data flowing into/within the organization	Matter monitor or flagger Agent monitors key financial and non-financial KPIs (performance, risk, compliance) across the organization and promptly flags metrics approaching/exceeding defined parameters	Reader or synthesizer AI is used to summarize board submissions, external reports, and other materials the board is deemed to have read and understood and to provide clear actionable insights	Recorder or reporter AI is used to summarize minutes, track director notes and comments on board materials and direct them to management for response	Dynamic advisor AI agent is tasked to act as board member who must make optimal decisions over specific governance matters and recommend responses
Governance systems expert	Governance data traffic controller	Governance alert flagger	Governance reader/summarizer	Company Secretary assistant	Decision/action recommender

Additionally, AI can take on the roles that humans sometimes overlook or tend to avoid, for example:

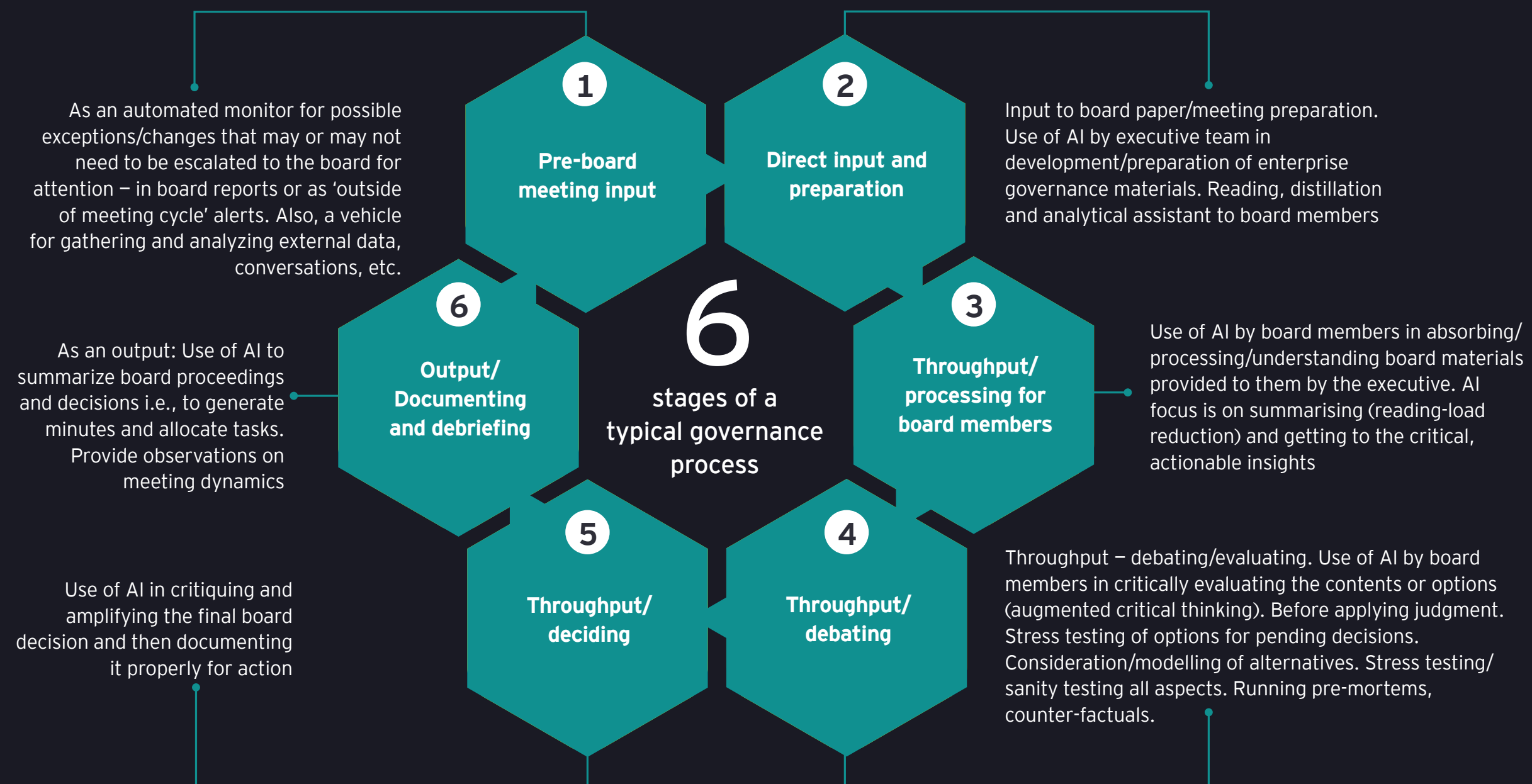
- Sense-checking data.
- Highlighting items not receiving adequate debate or airtime.
- Calling out bias without 'fear or favor.'
- Providing contrarian thinking/perspectives.
- Continuous monitoring of externalities.
- Flagging interesting new trends, threats, etc. ('sense-making')

3. 'How Pioneering Boards Are Using AI,' Stanislav Shekshnia and Valery Yakubovich, *Harvard Business Review*, July-August 2025, <https://hbr.org/2025/07/how-pioneering-boards-are-using-ai>, accessed 21 May 2026.

AI contribution across the governance process

AI could be a game-changer for governance efficiency and automation across six stages of a typical governance process, from pre-meeting input to meeting outputs (see Figure 6).

Figure 6: AI could be a gamechanger critical for governance efficiency or automation, across six stages of a typical 'governance process'



Exploring each step in more detail

Step 1: Pre-board meeting input

AI will be used for 'bringing the inside up: Agents will have 'always on vigilance' to spot indicators of fraud within organizations. These indicators wouldn't necessarily be KPIs or have fixed parameters but would be based on understanding existing and emerging fraud techniques, such as pattern recognition. AI will also be pivotal to tracking internal performance indicators, compliance, and adherence to standards against performance indicators.

AI will also be used for "bringing the outside in" by doing the heavy lifting on strategic and operational monitoring and providing early warning signals. In all enterprises and their strategies there are many pivotal assumptions, beliefs, and critical success factors that form a foundation, and which require continuous, reliable and prompt tracking of lead KPIs, and other external factors. This is a perfect role for AI, where human detection is expensive, sporadic and variable. In a NAVI world, understanding when and by how much any of these factors are shifting – by product, segment, channel, geography and market, etc. – is almost a survival necessity for directors and their enterprises not to be blindsided.

The technology could also potentially detect conversations going on outside that suggests problems around governance. It could also provide a platform for engaging stakeholders, testing sentiment and exploring or voting on certain matters to test appetite for proposed changes or investments. It could also facilitate clear and comprehensive reporting on the enterprise's impact on its various stakeholders.

Step 2: Direct input and preparation

Agentic AI will prepare board packs tailored to the needs and preferences of individual directors (including specialized directors as discussed) while still ensuring that information remains consistent.

For board paper preparation, the cycle times and full-time equivalent (FTE) savings for the CFO and/or company secretary teams will be significant. Boards ought to be asking their CEOs, CFOs and Company Secretaries about how much time is expended on information gathering, analysis and presentation for board specific requirements and which elements of this process could be automated or otherwise enabled by AI.

Step 3: Throughput/processing for board members

AI could distill and summarize the actionable insights from board packs for the nonexecutive director, lightening the reading and preparation load and liberating time for reflection and further preparation. A senior international chair points to the information-indigestion problem: "Every board meeting it is 1500 to 2000 pages, right? I must read it. I do read it... But it's not fun, right?"

The question to be addressed in the future is whether, with the use of reliable AI, this onerous task should still be a director's job. Why should it be so if there are other, more time-effective ways to be suitably and reliably informed?

Step 4: Throughput/debating

AI will enable board members to elevate their critical evaluation of complex materials by distilling insights, highlighting assumptions, and supporting more rigorous judgment. With real time data platforms integrating signals from across the enterprise and external environment powered by AI, directors will gain continuous visibility into performance, risks, and emergent patterns. This will also enable evaluation of different options or possible responses (pros and cons, costs and benefits) based on 'real time' data; or the use of generative AI to consider new or missing options.

Dynamic scenario planning enabled by AI would shift from static, episodic exercises to an ongoing, adaptive process: AI would track lead indicators and weak signals against pre agreed assumptions, automatically flagging deviations that require board attention before issues escalate. Sophisticated, AI-driven multi variable modeling will allow boards to explore cause and effect relationships far beyond traditional linear analyses.

AI enabled scenario thinking will be essential for future ready governance. As one nonexecutive director noted, "It isn't going to get easier or simpler, and therefore boards today, two years from now, three years from now, five years from now, are likely going to be dealing with increasing complexity."

Step 5: Throughput/deciding

AI will be used to sense-check decisions by the executive and those being made by the board itself. Board chairs or directors could ask for AI's recommendations and rationale, or ask what we may have missed, or use it in playing 'under-examined' implications, risks and consequences of a preferred decision.

One of the directors interviewed said: "I might ask AI something like, 'Are we making the correct decision or what we have missed?' But over time, if the AI is listening to the whole discussion, you may be able to simply ask, 'What are your three conclusions?' Or 'What were the three most important parts of the discussion?'"

Step 6: Output/documenting and debriefing

AI will accelerate and lighten the work of Company Secretaries following board meetings by summarizing the proceedings, preparing minutes, identifying and allocating actions, and generating the necessary follow-up meetings. The Chair could also ask the AI for insights into the meeting dynamics and contributions of each of the directors.

There is an implicit seventh step, which essentially closes the loop initiated in Step 1 (pre-board meeting input) which is 'action follow up': Has management done what it committed to do? Here AI can check and report on actions taken, results achieved, etc., so there is no disconnect (or surprises) between actions agreed and actions taken.

Actions to consider and where to start

The first step is an ongoing, educational and explorative process between the executive and the board about AI as a 'force multiplier of governance'.

The challenge lies largely in the limitations of imagination: AI is moving at a pace where even those who understand its capabilities and speed of evolution are likely to fall short in terms of imagining where and how AI could revolutionize the support for governance.

With time, and depending on deployment, the risks of AI will be mitigated or ringfenced: reliability, explainability, compliance, ethics and transparency. Given this is a long-game, boards need to look beyond current constraints.

Adoption of AI should also be informed by a conversation on both ethics and the law in different jurisdictions. The board and executive should explore whether new laws are needed to address the utilization of new technology or whether law coupled with good governance principles already covers it.

Looking ahead, given the potential of AI to inform decisions, the law may come to match its utilization. A director in our study observed: "There is a risk that in some years' time courts will say, 'OK, you have taken a decision on an acquisition and you as supervisory board supported that, but you did not really use the information basis you could have used because you did not use AI or other tools. And therefore, we think you have based your decision on an information basis which was not really state-of-the-art; and now the acquisition failed, and we think that that you are liable for that.'"

Progressive adoption of AI in the boardroom is likely the best path forward. As another director stated: "You could start by using more tools to manage the compliance piece of the board's work. And so potentially there's an opportunity to start moving along the continuum."

Conditions for success

For this to work and to be effective, a few critical conditions would need to be in place:

- Clarity on where there will always need to be human accountability when AI is used in governance.
- Legal allowance for a 'justifiable reliance' by directors to be placed on certain AI systems and usages, thus providing a liability defense.
- Sufficient certifiable trust in the reliability of AI-generated data and advice, backed by stamps of reliability (in algorithms, source data, ethics, etc.) and independent verification standards.
- New ways of working: Informed board members ready and willing to accommodate AI inputs in meetings, without jeopardizing critical thinking and debate and independent inquiry and judgment. As an interviewed director put it, "My view is more let's keep our brain open and use AI as a tool and control AI, but not the other way around (so) that AI will control the boards, the supervisory board members or management board members."
- Appropriate guardrails: Safety checks, protocols, validation testing for AI monitoring and escalation systems, the goals and safety parameters for Agentic AI, report preparation systems, board paper development support, etc.



Conclusions and key questions for boards and executive teams

The six proposed opportunities for transformation outlined in this report are 'discussion starting' ideas, focused on enhancing the governance reliability and sustainability of complex multi-billion-dollar, multi-market enterprises navigating a NAVI world. **Figure 7** outlines some of the challenges and our 6R response.

We do not advocate for a prescriptive, governance-in-a-box set of mechanisms that would apply to all enterprises in all circumstances. Rather, we offer a range of responses and options, which could be carefully selected and adopted, depending on organizational factors such as ownership structure, maturity, size and scale, operating model complicatedness, operating environment and governance philosophy.

The 6Es in Part I of this study provide a foundation for the 6Rs in Part II; buying many boards some time required to extend their current governance models, while they think more deeply about fundamental redesign and transformation questions.

Our propositions aim to move governance beyond a reliance on a few good, motivated people organized in closed, traditional structures, by embracing mechanisms to broaden and share the governance burden in more open, systemic ways.

The big transformation ideas emphasize the need for enhanced use of technology, new ways of thinking and behaving, some quite different structures and board new roles, adaptability and responsiveness, stakeholder involvement and integration, and a holistic view of value and data-enhanced decision-making.

While some of these proposed transformational changes may sound implausible today, we encourage each board to be open-minded. The biggest risk is that a lack of imagination will lead to inertia and an unwillingness to do things differently.

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So, the problem is not so much to see what nobody has yet seen, as to think what nobody has yet thought concerning that which everyone sees.

Arthur Schopenhauer, Philosopher

Questions for rethinking governance

We urge every board to start an unencumbered exploration of how their governance may need to change, given likely transformation in the enterprise and the operating environment. There are several opening questions you may consider together with the executive team, company secretary, and possibly key investors:

- From the perspective of your future enterprise – looking back from the anticipated impacts of AI, NAVI change and **megatrends** in three to ten years' time – what are your beliefs about the continued relevance and efficacy of your current governance arrangements and systems? What do you think will change, or needs to change, internally or externally (e.g., regulatory requirements)?
- What gives you justifiable confidence (i.e., data rather than beliefs) that your current governance systems are not at risk of being overwhelmed in the future? Or that they are not significantly exposed by fracture lines/gaps between business units, subsidiary entities and geographies and functions?
- How could AI be better leveraged inside the boardroom by directors? And by the company secretary team, executive team and middle management in supporting governance functions?
- What could the board or the executive team do to simplify the oversight and performance monitoring aspects of governance?
- What other skills, structures, and inputs would be a force multiplier for the board – that would add value/support and bring fresh perspectives – in a flexible and dynamic way?
- If you were called upon to describe why your governance system is fit-for-future purpose, what governance capabilities (systems, processes, skills, behaviors, control mechanisms) would you point to – supported by objective evidence – that will stand the test of time?

The future will be upon us sooner than we think, and transformation often takes longer than expected, so we urge your conversations to start now.

Figure 7: Governance challenges and 6R responses

	Challenges	6R Responses
1	The NAVI world and changing stakeholder expectations require a deep revisiting and reconsideration of the purpose for each enterprise and each board	Repurpose the governance of each board, rebrand the traditional board to signal a different intent (e.g., Board of Stewards), redesign to deliver
2	Large, multi-market enterprises are complicated, expansive with multiple moving parts and layers – consuming time to navigate, distorting or diluting signals, disconnecting boards from key stakeholders, slowing down decisions	Restructure : Adopt new structures to enhance 'sense-checking' and 'sense-making' as well as signal detection and evaluation
3	How to access and 'rope in' other hot/scarcely expertise and thinking skills more flexibly	Recruit and leverage other expertise and thinking skills through different participative governance mechanisms and roles ('horses for courses' contribution)
4	Given the centrality of chair's role and skills, to make or break governance, how do we make this less of a hit or miss process?	Recognize and reinforce the centrality of the Chair
5	How does the executive/board 'de-complexify' processes, systems etc. to reduce noise, confusion/distortion and opaqueness?	Reengineer governance for rapidity, consistency (where beneficial) and enhanced levels of confidence in the system itself and enhance line of sight
6	Technology offers great promise to operations, but how can it be used to transform governance?	Revolutionize when and how technology is utilized with (and without) a human in the loop



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