

A person in a red jacket and black gear is climbing a massive, blue-tinted glacier. The climber is positioned in the lower right quadrant of the frame, moving upwards. The glacier's surface is highly textured with deep crevasses and ridges. A rope is visible extending from the climber down the ice face. The overall scene is dramatic and emphasizes the scale and challenge of the task.

# Board Priorities

EY Center for  
Board Matters



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



Shape the future  
with confidence

# Introduction

## Moving from what to how

### || Welcome to the Board Priorities report ||

As we were developing this report, we thought hard about how best to meet the changes and challenges 2026 is bringing and prepare for 2027. Our networks indicated that strategic resilience in the face of geopolitics, leadership and culture, innovation, cybersecurity and sustainability – in that order – remain at the top of board agendas, where they have been for the past few years.

However, what has changed – and continues to change at incredible speed – is the environment in which organizations operate. Speaking to our clients and the leaders within our business, we realized there are major areas where new thinking is urgently needed.

With the disruptive forces of transformation becoming increasingly non-linear, accelerated, volatile and interconnected (NAVI), boards will need to respond in new ways<sup>1</sup>. Treating board priority topics in silos or as standalone issues is no longer effective. Systems thinking and rapid analysis are needed to understand new interlinkages, correlations and impacts. Faster sensing and signal detection is needed: boards must look outward to bring new information and perspectives into the organization and consider multiple possible, probable and plausible futures, as well as inward, at the governance model itself, which is increasingly strained.

For boards, the question now is not **what** are our priorities but **how** should we deal with them to shape the next 12 months and beyond?

This report unpacks the priority themes highlighting approaches, models and actions boards can take to address the most pressing challenges and opportunities.

While geostrategy may be the priority on everyone’s lips, for those looking to make the biggest difference, we advise boards to look at how they govern. The best – and possibly the only – way to cope with the NAVI environment that has become our day-to-day reality, is to rethink the practical ways the board operates, allowing it to handle volatility, ambiguity, linkages and hidden effects.

Elevate efficiency, enhance effectiveness, exercise foresight, encourage independence, engineer simplicity and employ AI: these are the recommendations of the 6E approach, developed in our **Board of the Future report, part 1**<sup>2</sup> and reprised in chapter 6. If you only do one thing differently this year, start on this virtuous circle of actions that should help you better address the other priorities we highlight. Having the time, focus, skills, information and tools to ask better questions and make informed decisions, is the best way to shape the future with confidence.



**Andrew Hobbs**  
EY EMEA Center for Board Matters



**Martijn de Jong**  
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1 [https://www.ey.com/en\\_uk/insights/consulting/how-can-reimagining-risk-prepare-you-for-an-unpredictable-world](https://www.ey.com/en_uk/insights/consulting/how-can-reimagining-risk-prepare-you-for-an-unpredictable-world)  
2 [https://www.ey.com/en\\_uk/board-matters/what-is-the-agenda-for-reimagining-more-strategic-future-looking-boards](https://www.ey.com/en_uk/board-matters/what-is-the-agenda-for-reimagining-more-strategic-future-looking-boards)

# B Board Priorities

The six board priorities are:

- 1 Geostrategy: how to integrate political risk governance into strategy and operations ▶
- 2 How to prioritize innovation in the age of AI ▶
- 3 Using cybersecurity to protect financial resilience and trust ▶
- 4 Managing greater sustainability integration into operations ▶
- 5 Rethinking leadership, culture and talent for the future ▶
- 6 Reimagining governance: how the 6E agenda develops a proactive agenda for change ▶

## || Methodology ||

This report is based on in-depth interviews with EY teams and leaders working with a broad range of clients across Europe and Asia. It also draws on recently published EY thought leadership, as referenced throughout the report, including the Board of the Future Part 1 study.

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# Geostrategy: how to integrate political risk governance into strategy and operations

# 1

Geopolitics is the most disruptive of board priorities, rising quickly on the board agenda as conflicts take center stage and government policies focus more on national security goals than purely economic ones. The dominant response has been supply-chain de-risking and on- or nearshoring critical products and strategic sectors to strengthen sovereignty, causing major operational impacts. In 2021, only 26% of boards took action prompted by geopolitics, by 2025, that number grew to 76%.<sup>3</sup>

The EY-Parthenon **2026 Geostrategic Outlook** highlights how state interventionism is shaping business, with AI and energy emerging as critical assets and increasing demand for water and critical minerals to support digital infrastructure – an issue that is likely to **expand to other resource scarcity**.<sup>4</sup>

Our interviews highlighted that boards often lack confidence in management’s geopolitical assessment. Better information flow between the board and executives, clear methodologies and metrics and visibility on analysis are key for assurance.

## Developing geostrategy as a core competitive capability

Our interviewees noted that the boards of leading companies had elevated geopolitics from a risk function to a strategic function. It is and should be increasingly embedded into strategy, operations and governance, with geopolitical intelligence being used as a lens through which to view investment decisions, operating models and value creation strategies.

This evolution reflects a broader emphasis on strategic resilience: boards are shifting from treating resilience as recovery after disruption to viewing it as the capability to anticipate change, adapt early, and seize opportunities even in volatile environments.

The EY report, **The five habits of successful Geostrategists** makes clear that geostrategy is no longer about episodic risk management: it is increasingly becoming a competitive capability.<sup>5</sup> The habits it highlights enable organizations to anticipate disruption, capture emerging opportunities and build resilience in an increasingly complex global landscape.

<sup>3</sup> EY-Parthenon Geostrategy in Practice Survey – January 2025 and EY Insights analysis from <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/campaigns/board-matters/documents/ey-three-ways-to-transform-board-oversight-of-geostrategic-risk.pdf>

<sup>4</sup> [https://www.ey.com/en\\_se/megatrends/what-falling-frontiers-mean-for-the-global-rush-for-resources](https://www.ey.com/en_se/megatrends/what-falling-frontiers-mean-for-the-global-rush-for-resources)

<sup>5</sup> [https://www.ey.com/en\\_gl/insights/strategy-transactions/the-five-habits-of-successful-geostrategists](https://www.ey.com/en_gl/insights/strategy-transactions/the-five-habits-of-successful-geostrategists)

The five habits are:

**1 || Adapt supply chains to geopolitical realities**

Rather than reacting after disruptions occur, the focus is shifting to proactively diversify sourcing, production and logistics footprints balancing strategic resilience with efficiency. Our interviewees highlighted how hidden technical dependencies, obscure components or unexamined IT assumptions can create major vulnerabilities, as well as potential opportunities.

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Suddenly, your main competitor from another geography will not have access to your key home market anymore because public procurement rules have changed — be ready to seize that moment.

**Famke Krumbüller, EY-Parthenon EMEA Geostrategic Business Group Leader**

**2 || Build political risk analysis into investment decisions**

Evaluate regulatory alignment, political stability and policy direction upfront so that capital allocation, market entry and deals remain sound as leaders and governments shift positions.

**3 || Prepare for the unexpected**

Leading organizations undertake structured scenario planning, building early warning monitoring and crisis response capabilities. Thinking through and identifying different routes to success enables action, even in uncertain environments, allowing them to minimize operational and reputational damage even when geopolitical events escalate.

**4 || Regularly engage the board on geostrategy**

Board focus on the topic is increasing, yet many still address these issues infrequently. Regular assessments, briefings and robust testing are essential. Agreeing on a clear direction, with alternative routes and responses, and ensuring ongoing communication between the board and executive is key.

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If I was on a board now, I would be saying “What is our house view of the big issues and the big trends? Have we thrown stones at the house view? The board needs to reassure itself that all the information it receives, whether it’s from supply chain or HR, is using the same house view as a basis.”

**Oliver Jones, EY-Parthenon Global Strategy and Transactions Markets, Sustainability and Geostrategy Leader**

**5 || Determine who has a seat at the geostrategy table – and who needs one**

Effective organizations clearly assign ownership of geostrategy. They establish defined leadership responsibility and cross-functional coordination across tax, trade, public policy, risk, general counsel, compliance, operations, strategy and technology, ensuring that geopolitical insight translates into coherent action rather than fragmented or reactive responses.

Our interviewees highlighted the role of the audit committee in exploring how the internal audit function can bring emerging risks into strategy conversations, and how scenario planning and subsequent decision-making need a variety of perspectives. Do not just rely on analysis from your in-house team or resident specialists.

By using these five habits, boards can help organizations create the right foundations to capitalize on the opportunities that shifting geopolitics bring.

## || Questions for boards ||

- Where and how are we scanning for and monitoring geopolitical risks and opportunities, and what early warning systems or scenario planning processes are in place?
- How does our board composition and governance structure support geostrategic oversight, e.g., with a dedicated committee or integrated responsibility?
- Where are we exposed to political, regulatory or resource-based single points-of-failure, and which of these could become competitive advantages if we acted early?
- Do we have a unified “house view” on key geopolitical trends or are we open to divergent perspectives? How is that shaping strategic choices not just risk mitigation across markets, supply chains and capital allocation?

## || Actions to consider ||

- Establish a cross-functional executive committee with responsibility for integrating geopolitics into deals, strategy, supply chain, HR, risk and investment. Objectives could include:
  - Developing a culture where geopolitical understanding is used to balance competitiveness and compliance
  - Using a transparent methodology with stress testing and contrarian views, to develop a “house view” of key geopolitical trends and assumptions
- Ask management to demonstrate how each function is using geopolitical insight and a “house view” in its planning and active monitoring.
- Establish an annual geostrategic capability review, including multiple-path scenario exercises, and external expert challenges, with major investments and M&A on the agenda.
- Embed structured scenario exercises into board cycles. This should include alternative scenarios not single-path solutions.

# How to prioritize innovation in the age of AI 2

Innovation is not optional, it is a strategic capability. It helps organizations anticipate and respond to disruption, meet changing customer expectations, capitalize on rapid technological change and compete and evolve.

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Winning in these dynamic times will rely not just on managing new and emerging risks, but also on prioritizing innovation to stay relevant and drive growth.

Cigdem Oktem, US Center for Board Matters

As case studies like Kodak have taught us, failing to innovate creates clear strategic risks and potential obsolescence. Organizations can lose competitiveness as rivals adopt new technologies and more responsive business models. Delayed innovation often makes future transformation more difficult, while stagnation can affect culture, talent attraction and the ability to respond to disruption.

## Caution on AI

AI and emerging technologies are central to innovation today. AI, as we are all seeing, is a transformative force that has huge potential to improve decision-making and automate processes. It generates deeper data insights, supporting new business models and productivity gains. However, AI and other technologies must be implemented responsibly, with governance, ethical oversight, and strong data management to avoid regulatory, operational and reputational risks.

One message that comes through clearly from interviews for this report, is the need to avoid the AI “frenzy” and “fear of missing out” (FOMO). Boards have a role to play in insisting on clarity of purpose for investments in AI and other technologies, ensuring that the transformation agenda is deeply connected to strategy.

There is a real risk that AI, in particular, can stifle innovation; an excessive focus on AI diverts investments from true innovations, acting as a drag on long-term competitiveness. For boards, it is key to encourage the allocation of capital toward actual innovation, not just AI and technology implementation for the sake of it.

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Companies and their boards need to be clear about where the actual enterprise value of AI is, and how you will unlock it. Ask yourself questions: Are you implementing AI to achieve cost efficiency, or is it broader and strategic? If you do not approach it through a strategic lens, AI may become “digital popcorn,” popping up everywhere in the organization without having a structural, longer-term impact.

Iain Burnet, EY Asia-Pacific Consulting Managing Partner

Our interviewees expressed strong skepticism about over-trusting AI, noting that companies are deploying it before it is ready. They urge strong governance, guard rails and oversight. There is a recurring theme that boards risk being distracted by activity metrics, such as technology adoption rates or license counts – rather than focusing on enterprise value creation.

### EY report: How boards can lead in a world remade by AI

The central takeaway from the recent EY Center for Board Matters report<sup>6</sup> on how boards can lead in a world remade by AI is the need for boards to adopt transformative rather than incremental thinking about AI.

While many organizations have realized productivity gains from early AI deployments, competitive differentiation is expected to come from fundamentally redesigning processes and operating models around AI capabilities rather than simply automating existing workflows. Boards should encourage management to identify where AI can reshape value creation, reassess its technology risk appetite, and ensure that AI initiatives are tightly linked to strategic outcomes.

The report also underscores significant implications for talent and workforce strategy. As explored in chapter two of the **EY Megatrends Report: Why shared intelligence will redefine talent**, talent models need to change. Automation is reducing routine entry-level work, which can generate efficiency gains but risks weakening leadership pipelines and limiting experiential learning.

Boards should ensure that human capital strategies evolve accordingly shifting from talent pipelines to changing portfolios. This involves redefining entry-level roles, investing in reskilling, and preserving pathways for developing the critical judgment, creativity and leadership capabilities that remain distinctly human advantages. Balancing short-term cost savings with long-term organizational capability and social expectations is likely to become a key governance responsibility.

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AI is always the enabler of people. It’s not the end; it’s a means to an end.

Choy Huat Low, Malaysia People Consulting Leader; Partner, Ernst & Young Consulting Sdn. Bhd.

Another critical theme is accountability. Despite advances in AI autonomy, responsibility for outcomes remains firmly human. Issues such as bias, inaccurate outputs and overreliance on AI-generated content can expose organizations to operational, legal and reputational risks. Boards should therefore ensure robust governance frameworks, clear accountability structures, rigorous testing and transparent risk management practices. Organizations that manage these risks effectively can convert trust into a competitive differentiator.

6 <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/campaigns/board-matters/documents/ey-cbm-how-boards-can-lead-in-a-world-remade-by-ai.pdf>

Finally, boards themselves must evolve. High-performing boards are expected to shift from passive monitors of strategy to active strategic partners, engaging earlier with management on AI opportunities and risks, and maintaining focus on value and strategic impact. Continuous AI education for directors, deeper collaboration with management and integration of AI considerations across all board discussions from strategy and risk to talent and ethics are increasingly essential for effective oversight.

Accelerating trends and emerging technologies may mean that the mix of board members needs to be more dynamic, and many future-focused boards undertake an annual review of skills and experiences. Targeting candidates who bring perspectives from different backgrounds (e.g., generation, industry and geography, gender and race) and who demonstrate different thinking styles, critical challenge and constant curiosity, ensures that the board has the necessary expertise for where the company is going, rather than where it is today.

Overall, sustained innovation, supported by responsible AI and technology adoption and active board oversight, is essential for competitiveness. Companies that fail to innovate risk decline, loss of relevance and even obsolescence.

### What CTOs want from the board

The EY [Enhancing Board Oversight of Technology report](#) provided fascinating insight into what chief technology officers are looking for from their boards, where a mix of education, clarity and respect for knowledge is seen as leading practice.<sup>7</sup>

What CTOs want from their boards:

- **Engagement:** Develop stronger relationships with technology executives and have more strategic discussions. Boards are looking for more strategic conversations with management, rather than just listening to presentations.
- **Recognition:** Recognize the IT executive as a strategic leader and understand that their knowledge and insights should inform major decision-making. Technology is the backbone of modern business; managing cybersecurity risks is crucial, and CIOs and chief information security officers aim to move beyond their traditional roles as technology managers to become strategic leaders.

- **Risk management:** Set the technology (including cyber) risk appetite for the company and proactively discuss trade-offs. The board plays a crucial role in setting the company's risk appetite and guiding executives on balancing risk and reward.
- **Autonomy:** Maintain oversight without micromanaging. A technology expert on the board should maintain an oversight role rather than overstepping boundaries.

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Boards need to be asking themselves, “Do I know what cyber-related questions I need to ask my CISO and the whole executive team to understand if they are doing a good job?”

Lutz Naake, Assurance Technology Risk Partner, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft

<sup>7</sup> [Enhancing Board Oversight of Technology](#) EY report

## || Questions for boards ||

- What enterprise value are we explicitly trying to create through innovation, and what evidence tells us this is realistic, measurable and strategically material?
- Which transformative theme or strategic objective does an AI initiative support, and how is success defined?
- Where is AI being applied? What controls ensure it doesn't introduce new unacceptable systemic risks?
- What innovations or strategic bets are we not funding because of our AI investments, and how do those trade-offs shift our long-term competitiveness?
- How can AI augment the board's own oversight, e.g., using predictive analytics or early risk detection, without compromising judgment, independence or fiduciary responsibility?
- How do we as a board stay abreast of what technology can do, and ask better questions?

## || Actions to consider ||

- Adopt a value-based AI and innovation dashboard that tracks realized value (not adoption metrics), risk exposures and capability gaps, reviewed quarterly by the board.
- Shift oversight from "Are we doing enough fast enough?" to "What value are we trying to create, and how will we measure it?". Demand clear value cases, not tool adoption metrics. Ensure that transformation themes, such as growth and innovation, productivity, operational excellence, performance and the CFO agenda, and resilience, are deeply connected to strategy.
- Require "AI-first but human-anchored" design principles for large transformations, including clarity on accountability, talent impacts, ethical guardrails and cross-functional governance.



# Cybersecurity: how to protect financial resilience and trust

# 3

New technologies are now so embedded and interconnected across the organization and the broader ecosystem that they underpin every aspect of the enterprise. However, as reliance increases, so does systemic risk.

Cyber incidents often trigger wider fraud exposures, such as payment diversion, identity theft and third-party compromise. Major companies that have been in the spotlight serve as high-profile warnings that this issue needs to be taken very seriously.

Impact and oversight extend beyond IT, to include finance (payment fraud, financial controls and AML exposure), procurement (supplier vetting and contract controls), operations (resilience and business continuity) and the internal audit (cyber assurance across the enterprise). Large scale technology changes, M&A and expansion into new markets also create broader cyber risks from systems integration or talent availability.

Organizations understand that to protect financial resilience and trust, the issue needs not just simply stronger governance, but governance that is clearly based on principles and practices. One that encourages proactive detection and cross-functional collaboration, and that elevates cybersecurity in the boardroom.

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The financial services sector leads best practices in managing cybersecurity risks, thanks to regulatory drivers such as the EU’s Digital Operational Resilience Act (DORA). More broadly, the Network and Information Security Directive 2 (NIS2) demands that boards educate themselves on the issues, seeing cybersecurity as a whole business risk. Other sectors need to catch up quickly.

Lutz Naake, Assurance Technology Risk Partner, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft

## Board oversight of cybersecurity

The EY Center for Board Matters research reveals that board oversight on cybersecurity most often sits with the audit committee, though structures may need reassessing to help ensure that cyber risk, culture and risk appetite receive appropriate attention.<sup>8</sup> Boards need regular updates but as cyber risks evolve rapidly, quarterly cycles are too slow and dynamic information sharing from senior technology and security leaders is vital.<sup>9</sup>

Swift decision-making is much easier from a place of education and understanding. Changing their mindset on cyber from compliance to curiosity may

<sup>8</sup> Cyber and AI oversight disclosures in 2025 | EY – US

<sup>9</sup> [https://www.ey.com/en\\_us/board-matters/cyber-disclosure-trends](https://www.ey.com/en_us/board-matters/cyber-disclosure-trends)

require directors to have the courage to admit that they do not have the necessary expertise and that they need to proactively seek out training programs, bring in outside experts to assess and advise on cyber risk, and run simulations as effective responses to build knowledge. More than half (58%) of Fortune 100 companies report using simulations, tabletop exercises or response-readiness tests in this area – up from just 3% in 2019.

When embedded into core governance processes, cybersecurity oversight strengthens organizational resilience and signals to stakeholders that cyber risk is being managed with rigor and strategic intent. Alignment with recognized frameworks such as NIST or ISO is also becoming standard practice, helping demonstrate disciplined risk management to regulators and investors.

**Taking a holistic approach to cyber risks and AI**

Companies are not only focusing on the opportunities that AI offers; there is also increasing attention on cybersecurity risks, disaster recovery, resilience and the ability to shut down AI when necessary. The C-suite should be enhancing its foresight by taking a holistic approach to AI, from policymaking, to implementation, communication and business continuity. The latter includes securing data, ring-fencing and ensuring a “kill-switch” for AI. Boards should encourage this entire value chain approach to assist in the full integration of AI within the company.

**|| Questions for boards ||**

- How are we treating cybersecurity as an enterprise-wide business risk rather than primarily an IT issue?
- How are we taking a broad approach to cyber resilience, including AI-related risks, business continuity and the ability to shut systems down if required?
- How are our governance structures and information flows enabling fast enough decision-making in response to rapidly evolving cyber threats?
- How are we collaborating outside our organization to improve resilience against cyber attacks?
- How are we guaranteeing that the board has sufficient cyber and technology expertise?

**|| Questions for audit committees ||**

- How have we assessed cyber risk management?
- How quickly could management detect, contain and recover from an enterprise-wide cyber event – and what independent assurance do we have that these capabilities work in practice?

**|| Actions for boards to consider ||**

- Treat cyber fraud as a strategic business risk. It has financial, operational and reputational consequences beyond technology functions.

- Ensure cybersecurity is firmly integrated into core board governance including committees and enterprise processes.
- Run a board-level cyber simulation at least annually, including scenarios where cyber incidents trigger broader financial, operational or reputational crises.
- Seek a grounded understanding of cyber risk management capacity across your operations and value chain.
- Look to sectors outside your own for collaborations on cybersecurity and examples of best practice

**|| Actions for audit committees to consider ||**

- Understand how internal audit addresses the topic.
- Invest in board education, simulations and external expertise.
- Manage convergence risk – cyber breaches frequently enable broader fraud across payments, procurement and supply chains.
- Prioritize proactive resilience – AI-enabled attacks and deepfakes require continuous monitoring, cross-functional oversight and prevention-focused governance.

# How to continue to integrate sustainability into company operations

# 4

While some companies consider sustainability a compliance necessity, and others are feeling political pressure, many see sustainability as a business imperative that increasingly drives long-term value, resilience and competitive positioning.

EY research – including **the CEO Outlook Pulse** and long-term value surveys – shows that companies embedding sustainability into their strategy are more than 40% more confident than their peers in future performance over the next 12 months.<sup>10</sup> They are also better positioned for growth and innovation, and more likely to strengthen investor trust, access capital and respond to rising stakeholder expectations.

However, with the easy wins delivered, the next steps require more fundamental organizational change and creativity in harnessing sustainability to generate financial returns and competitive gains in the face of pressured budgets. While capitalism may rebalance in the future, sustainability progress has slowed with rapidly increasing compliance and a troubling trend toward “greenhushing” as political support for fossil fuels resurfaces in some parts of the world. The **EY Sustainable Value Study** shows that many organizations are responding by pushing back their commitment dates significantly, with the median deadline moving from 2036 to 2050 – 14 years later.

## Keeping a long-term perspective

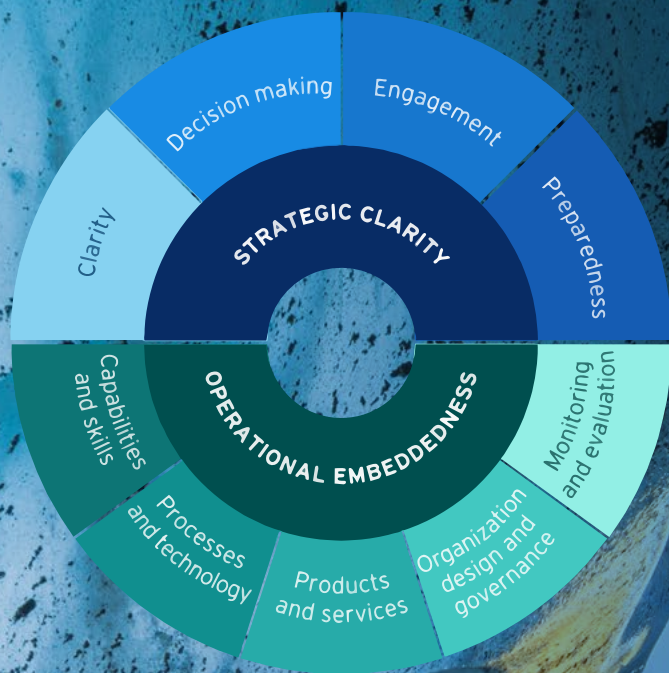
For boards, the biggest mindset change is understanding that sustainability is not just about decarbonization but also about the long-term reality of adapting for the future world. Boards must step up their role as challengers, setting guardrails and supporting the executive team to balance the trade-offs between short-term profit and long-term viability and future success.

**The EY Center for Board Matters** report titled “**How can boards bridge the gap between sustainability ambition and action**” shows that 41% of organizations want significant improvement in the integration of sustainability goals with strategy and finance. It demonstrates how the board, chief sustainability officer and chief financial officer can use collaboration, empathy and “multilingual” storytelling – where different language is used in different environments – to align and embed sustainability strategy with the company’s growth ambitions.

<sup>10</sup> [https://www.ey.com/en\\_uk/insights/long-term-value/europe-corporate-governance-survey-findings](https://www.ey.com/en_uk/insights/long-term-value/europe-corporate-governance-survey-findings)

## An operating model blueprint

The **EY Sustainable Operating Blueprint** provides a holistic framework to embed sustainability into enterprise strategy and daily operations through practical operational steps. Boards can use it to structure their inquiries and thinking, to help shape the organization's approach.



The model uses two mutually reinforcing levers – strategic clarity and operational embeddedness. For boards, the central responsibility is to ensure both levers remain active, aligned and continuously reinforced.

1. Strategic clarity defines true sustainability for the organization and guides how priorities are set, tested and prepared for change:

**a) Decision-making**

Boards can use modeling and scenario planning to prioritize sustainable transitions in core decision-making while balancing commercial, ethical and social considerations.

**b) Engagement**

Boards should ensure that sustainability expectations influence suppliers, markets and wider stakeholders, and pay attention to value outcomes for consumers, shareholders and investors.

**c) Preparedness**

Boards must assure that the organization is ready for change by providing strong leadership and effective change management so that talent, culture and workforce planning evolve in step with sustainability goals.

2. Operational embeddedness turns ambition into systems, processes and everyday business practices that drive measurable impact:

**a) People and capabilities**

To encourage their organizations to develop sustainability expertise, boards need to check that leadership aligns teams to sustainability goals that ensure employee education, wellbeing and betterment.

**b) Processes and technology**

Boards should support effective transformation by encouraging technologies that can help monitor and reduce energy consumption, automate data collection and incorporate sustainability criteria into investment decisions.

**c) Products and services**

Boards should discuss linking sustainability directly to innovation, competitiveness and growth by mandating sustainable choices in design, sourcing, production, distribution and marketing.

**d) Structure and governance**

Boards must assure that governance structures, organizational design and compliance frameworks enable clear accountability and consistent decision-making.

**e) Monitoring and evaluation**

Reliable data and feedback loops enable boards to exercise effective oversight and maintain credibility with stakeholders regarding sustainability commitments. This includes outcomes measurement approaches, impact assessment and assurance, and attention to unintended consequences.

## Managing sustainability-related risk

By challenging management around sustainability issues, boards set the tone at the top. They should ask questions regarding risk reporting and the integration of sustainability into internal control systems, financial exposure to physical, transition and adaptation costs and ensure that sustainability issues are included in stress testing and scenario analysis. Robust metrics and KPIs, reported regularly, are important tools for managing major risks such as carbon emissions.

Sustainability should not be considered simply as being environmentally related. As a creator of long-term value sustainability in its broadest sense should be a material financial consideration when reviewing investment decisions.

Boards can incentivize positive progress through setting targets, regular monitoring and linking sustainability performance with executive remuneration plans.

### Questions for boards

- What are the benefits of recommitting to a shared definition of what “sustainability” means for our business, and how should we evaluate it, so that it is consistently reflected in decisions across functions?
- What long-term strategic choices around capital allocation, operating model or product portfolios materially change if we treat sustainability as a value driver rather than a compliance requirement?
- How can sustainability investments support other strategic objectives, e.g., productivity, efficiency, security, and resilience?
- How are sustainability considerations influencing major investment decisions in new buildings, supply chain redesign or AI deployment?

### Question for audit committees

- How exposed are we to sustainability-related transition risks and how credible is our data, modeling and scenario analysis to support these claims?

### Actions for boards to consider

- Require sustainability to be explicitly addressed in all major board decisions and investment proposals.
- Use the EY Sustainable Operating Model Blueprint as a structuring tool for board oversight.
- Link sustainability performance to incentives and ensure ongoing board monitoring of these incentives.

### Actions for audit committees

- Integrate sustainability risks into core risk governance and scenario planning.
- Encourage the strengthening of alignment between the board, CFO and CSO on sustainability and value creation. Revisit your equity story for investors and clarify how sustainability plays a role.



# Rethinking leadership, culture and talent for the future

# 5

In a fast-changing, complex NAVI world – strongly influenced by ever evolving technologies – organizations that succeed when their people can adapt, innovate and respond confidently to challenges. Boards have a core responsibility to ensure that leadership, culture and talent are fit for the future.

A strong culture can provide a firm platform when the external environment is uncertain. As culture is defined by everyday behaviors and decision-making, boards shape it through what they expect, prioritize and model. Boards have a crucial role in not only making sure that the executive is future-ready but also signaling what is expected through role modeling the required mindsets and behaviors.

## Building a high-performance culture

Purpose sets the “North Star” for the organization; it serves as both a goal and a direction of travel. The board must ensure absolute alignment on their purpose narrative and their shared definition of success – for the short, medium and long term – to bring teams together and drive forward.

Treating culture as a performance system rather than a set of value statements means focusing on an agreed set of behaviors, routines and working conditions that determine how people actually perform and make decisions. The board has a particular responsibility to “walk the talk.”

Future-ready organizations set high performance expectations and ensure accountability while also providing psychological safety for challenge and permission to try, fail and learn. Boards can help maintain this balance by ensuring expectations are clear and achievable, supporting leaders in developing empathy, communication and coaching skills and monitoring wellbeing and engagement to identify early risks.

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Performance is going to be enhanced and sustained if people are more motivated and confident. There are three buckets of motivation – autonomy, belonging and competences. Cultures need to ensure all three are present.

Liz Campbell, EY Lane4 Partner, EY Professional Services Limited, Ernst & Young LLP

## The board as a high-performing team

The leaders interviewed for this report noted that boards often call themselves a team; however, being – by design – a disparate group that meets together a few times a year, they do not always work like one.

To optimize performance, they need to invest time in how they work together, establish a clear purpose, mutual accountability and defined team success measures. It cannot be left to chance. The chair of the board is critical in this development process, bringing in and balancing a range of voices and experiences, synthesizing discussions, and maintaining a psychologically safe space.

To solve the challenges of today's complex environment, individuals within the board team need to reduce reliance on their traditional areas of expertise and "know what they don't know." This involves developing new capabilities such as cultivating intellectual humility and curiosity, metacognition (awareness of one's own thinking and biases) and systems thinking.

Achieving this also requires breaking down silos between the board and executives, establishing shared routines that foster transparency and mutual learning. Executives are encouraged to view the board as a strategic asset rather than a compliance check, drawing on its collective expertise and networks.

### The power of different thinking

Access to a broad range of perspectives and cognitive approaches is critical to solving complex problems and driving innovation. A commitment to building this capacity needs to be top-down. Building a leadership fit for the future – particularly in large, interconnected Organizations – requires structured engagement across generations.

Shadow boards and next-generation advisory groups are effective tools for injecting fresh thinking and challenging established assumptions. Boards that actively seek out unconventional thinkers, including those with neurodiverse cognitive styles increasingly well-suited to technology-led environments, will be better positioned to navigate complexity and anticipate change.

Ultimately, the organization that out-think their competitors will be those that deliberately build teams with different mental models, problem-solving approaches and lived experiences. The board should lead by example, modeling the intellectual curiosity and openness to challenge that it wants to see across the entire organization.

### The impact of AI on the talent pipeline

Building a robust talent pipeline has become increasingly challenging as organizations pursue efficiency through AI adoption. The **EY AI Pulse Survey** notes 47% of organizations realizing AI gains report that they are investing more in AI capabilities and boards must ensure they are enabling the right talent, culture and training for the next era of AI.<sup>11</sup> The impact is significant. According to the EY Center for Board Matters report "**How boards can lead in a world remade by AI**" recent studies from Harvard and Stanford confirm a meaningful decline in entry-level employment since 2022 due to AI, creating risks of reduced experiential learning opportunities and lost bottom-up innovation. This is despite the substantial value that new talent brings through critical thinking and digital skills. While EY leaders' experience suggests that companies focusing on AI-first process reinvention can improve efficiency by more than 90%, boards must ensure that human capital strategies balance these cost savings with long-term talent development by establishing clear KPIs around junior worker development, retention and advancement.<sup>12</sup>

<sup>11</sup> [https://www.ey.com/en\\_us/insights/emerging-technologies/pulse-ai-survey](https://www.ey.com/en_us/insights/emerging-technologies/pulse-ai-survey)

<sup>12</sup> [ey-cbm-how-boards-can-lead-in-a-world-remade-by-ai.pdf](#)

### || Questions for boards ||

- How do we know that everyone is clear on our purpose and the “story” of the organization?
- How are we assessing how closely our desired values and behaviors are being exhibited across the organization?
- How do we know – rather than hope – that our culture helps enable challenge, adaptability and psychological safety, particularly in the boardroom and in high-stakes decision processes?
- How are we helping ensure that our working environment enables learning, experimentation and adaptability?
- What is our long-term talent pipeline in an AI-reshaped workforce, and where do we see declining experiential learning that could undermine future leadership capability?

### || Actions for boards to consider ||

- Treat culture as a performance system rather than a set of values posters.
- Agree as a board on how you will cultivate a boardroom culture of intellectual humility, systems thinking, metacognition and curiosity.
- Institute regular culture-health reporting that combines behavioral indicators, employee experience data, internal audit observations and external “sensing” mechanisms.
- Oversee a strategic workforce plan that explicitly addresses AI-driven role changes, reskilling, entry-level experience design and succession pipelines across multiple generations.

# Reimagining governance: how the 6E agenda develops a proactive agenda for change

# 6

If you are feeling overwhelmed by the breadth, depth and sheer scale of work required to manage these board priorities you are not alone. As we highlighted in our introduction, we recently interviewed 21 nonexecutive directors<sup>13</sup> from some of the world's largest companies for the **EY Board of the Future**<sup>14</sup> Part 1 study, and they described a governance model under strain.

The directors reported feeling overloaded and struggling to maintain comprehensive oversight across vast, multimarket operations, while still finding sufficient time for critical strategic foresight. Even those with a more positive viewpoint acknowledge the growing challenges of governance.

They also offered important insights on how to address today's governance risks and challenges through timely action in the boardroom and collaboration with management. These insights yielded six priority areas for change. Named the "6E agenda," this approach puts forward a set of interconnected actions that create a virtuous cycle, rethinking ways of working from looking backward to "sensing forward" in preparation for a different future. Each step in the 6E agenda supports the next one. Just as the board challenges are multifaceted, so are the actions.

Since EY launched this approach, many directors in our network have commented on how the 6E agenda has articulated something they have felt for a while. The current governance system was not designed for the NAVI world. The Board of the Future report and the 6E approach suggest how to think through the role of governance today and provide practical considerations for change.

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By reimagining governance mechanisms and embracing technological and cultural shifts, boards can become more agile, forward-looking strategic partners, helping to create organizational strength and sustained value creation in a dynamic global economy.

**Jeanne Boillet, Executive Sponsor of the EY Board of the Future study**

<sup>13</sup> Collectively serving on a total of 90 boards

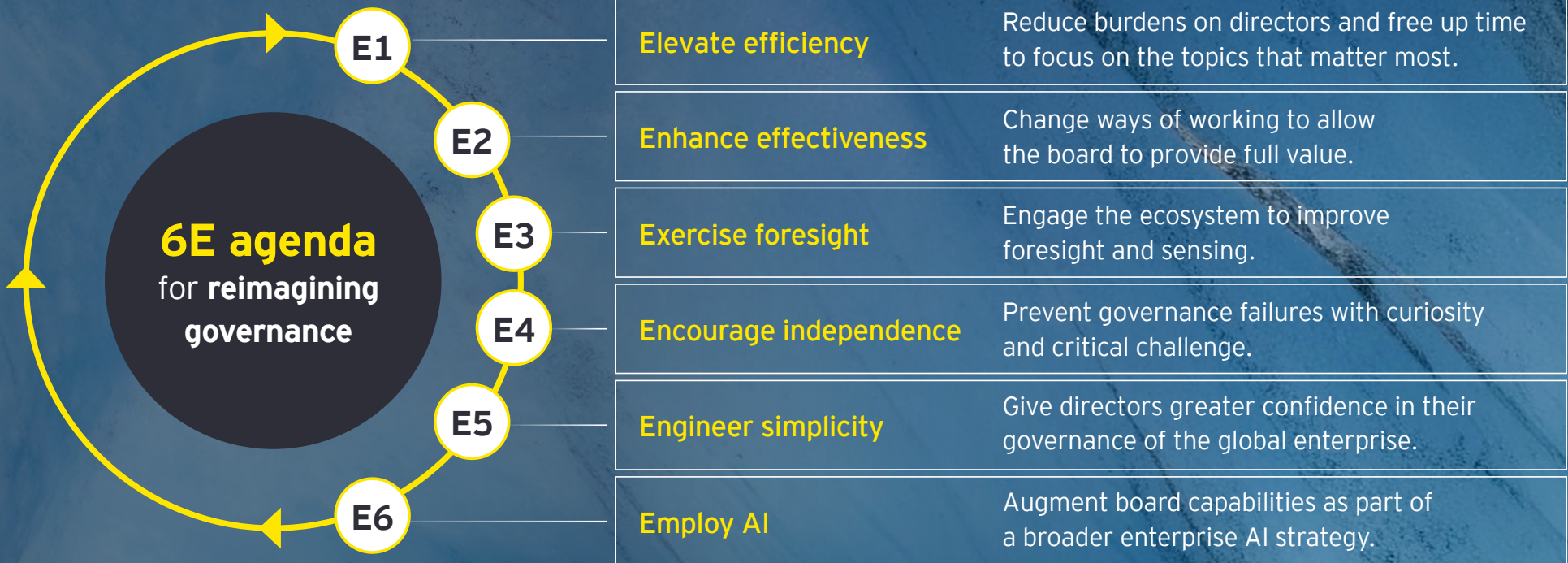
<sup>14</sup> <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/campaigns/board-matters/documents/en-gl-ey-board-of-the-future-study-10-2025.pdf>

\* A nonexecutive director is an independent member of a company's board who does not manage the company's day-to-day operations.

### The 6E agenda

#### A 6E agenda for reimagining the current governance model:

Each step in the 6E agenda supports the next one, creating a virtuous cycle. Just as the challenges are multifaceted and interconnected, so too are the actions.



The approach can be summarized as follows:

**Elevate efficiency:** Increasing workloads and regulatory demands faced by public company boards drive the need for greater efficiency to free up bandwidth and allow more time for strategic focus. Directors report frustration with outdated data, excessive volumes of information but far too few actionable insights, and a lack of real-time visibility. Boards should pursue active pre-meeting engagement and collaborate with management to adopt new technologies, streamline processes and focus agendas on fewer, high-value topics.

**Enhance effectiveness:** Suboptimal dynamics and a lack of trust can mean that executive teams miss opportunities to benefit from the wise counsel and strategic direction of their boards. There is a candid critique that many boards ask procedural questions to protect themselves, over-rotate on compliance, prioritize appearance over effectiveness, and lack innovation and long-term thinking. Key actions include deliberately building trust, resetting board-management dynamics to prioritize listening and breaking down silos, promoting director professionalization, and establishing explicit board-management expectations.

**Exercise foresight:** If they suffer from inefficiency and ineffectiveness, boards will also face a lack of opportunity and capacity for future-oriented

thinking. They will have inadequate access to fresh perspectives and insufficient mechanisms for strategic exploration. To address this foresight deficit, boards should engage with the external ecosystem. They can do this by systematizing scenario planning, using flexible meeting agendas and taking more dynamic approaches to non-executive director rotation and composition. They can also work in sprints, and harness AI to improve strategic dialogue.

**Encourage independence:** Board effectiveness depends on independent thought and critical challenge; with the quality of the board-executive relationships serving as the “canvas” for transformation. However, internal cultural pressures and consensus-seeking often stifle debate, risking governance failures. To drive robust oversight, boards should cultivate their own robust view of risk, seek unfiltered information and independent sources, and proactively engineer a contrarian mindset. The chair has a critical role in encouraging safe challenge and fostering psychological safety.

**Engineer simplicity:** The complex structures, numerous subsidiaries and diverse jurisdictions of large global enterprises create governance challenges and make it difficult to know with real confidence what is happening across the organization. Boards should consider principles-based frameworks that balance

global consistency with local adaptation, increase their direct exposure to operations and simplify entity structures (including ownership, organizational and capital arrangements).

**Employ AI:** Despite AI’s transformative potential, boards fully acknowledge that they are underutilizing the technology in relation to enterprise and governance matters. Boards should oversee the adoption of responsible AI frameworks and foster human-centric governance augmented by AI (e.g., utilizing AI for real-time, data-driven insights and predictive analytics).

### An evolving board

Looking to the future, it is clear that board composition and capabilities must evolve. Long-term predictions are uncertain, but our interviews suggest that boards may mix human directors with AI agents, and the tension between specialist and generalist skills should shift. However, the board’s mentoring role for management will remain essential.

For more practical details on the 6Es and the Board of the Future study, including actions for boards to consider, please visit [ey.com/ board-of-the-future](https://ey.com/board-of-the-future)

**A curious board is a board that continually improves its understanding of the world, challenges its own assumptions, and makes better strategic decisions as a result.**

A curious board actively deepens its understanding of the organization and its environment by asking probing “what if” and “what are we missing?” questions, inviting diverse viewpoints and engaging with external experts or frontline teams to broaden insight. It demonstrates curiosity through behaviors, such as challenging the assumptions behind management proposals, exploring multiple scenarios rather than relying on a single forecast, and regularly bringing emerging trends, stakeholder perspectives and weak-signal risks into discussion.

But there is also a personal angle that our interviewees highlighted.

To effectively understand the continuous influx of new ideas and situations, individuals must nurture what Carol Dweck terms “growth mindsets”: self-awareness to understand their own decision-making frameworks, intellectual humility to engage in continuous self-education and the ability to consider situations from other viewpoints. Most importantly, boards should maintain a sense of realistic optimism – the confidence to consider situations in the light of available information and then act decisively.

This mindset strengthens governance by improving decision quality, reducing blind spots, fostering constructive challenge, and enabling the board—and the organization—to anticipate change and adapt more confidently.

“

The chairman of the board plays an important role in nurturing the psychological safety that the board needs to enable openness and curiosity to embrace change and opportunity.

Simon Brown, EY Global Learning and Development Leader, co-author of the book “The Curious Advantage”

# C Conclusion

As boards move through 2026, the themes of increasing geopolitical tension, leadership and culture, innovation, cybersecurity and sustainability remain central to shaping organizational performance. Yet, in an increasingly NAVI (non-linear, accelerated, volatile and interconnected) environment, the question is not simply what boards focus on but how they equip themselves to oversee these issues in a way that is connected, future-oriented and strategically coherent.

This report provides insights and recommends approaches and models to achieve that, as well as suggesting questions boards can ask and actions they can take to tackle the priorities head-on. However, we are aware that many directors and the governance model itself are under considerable strain.

To avoid being overwhelmed, and carve out time for strategic thinking, boards should use the 6E agenda from the EY Board of the Future study. By elevating efficiency, enhancing effectiveness, exercising foresight, encouraging independence, engineering simplicity and employing AI, directors can begin a virtuous circle of improvement.

By repurposing and redirecting energy toward curiosity and thinking differently, boards can make better decisions in circumstances where the way forward may seem impossible to identify with certainty.



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