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EY Center for Board Matters

Five ways boards can respond to investor expectations on AI



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Boards can earn investor confidence through enhanced communications around AI oversight practices and related board education and experience, talent strategy and investments.

Between October and December 2025, the EY Center for Board Matters spoke with stewardship leaders from institutional investors representing \$55 trillion in assets under management. The message was clear: investors want to understand how AI is governed, including how the board is developing AI fluency and overseeing AI opportunities and risks for the business. They also say that AI is changing, and may even revolutionize, their own stewardship work. Here are five ways boards can respond to investor expectations and prepare for engagement.

Show how the board oversees AI and builds its acumen

Investors want a clearer view into how boards are executing AI oversight. This includes which committees hold AI oversight responsibilities and the relevant experience of their members; who from management briefs the board on AI, and how often; and how the board receives education and independent external perspectives related to AI's impact on the business's strategy and risks. Investors are also interested in understanding management-level AI governance and risk management structures.

WHAT BOARDS SHOULD DO

Challenge whether proxy statements, committee charters or other disclosures could give more insight into the board's work and ongoing education on AI, including committee responsibilities, communication between management and the board, and how the board is engaging external experts and advisors.

Define directors' technology skills with real specificity

Some investors said that a board skills matrix noting "technology" expertise may not be specific enough anymore. They encourage companies to be more precise in the skills matrix and/or in director bios as to the details of what directors' technology skills and experiences include. That does not mean they expect to see an AI expert on every board. Most emphasized their interest in understanding how the full board is building AI knowledge; a few said AI expertise on the board should be proportionate to the size of the bet the company is taking on AI. More generally, some investors are also looking at how the skills categories within matrices evolve to keep up with changing oversight needs.

WHAT BOARDS SHOULD DO

Explore ways to sharpen the board skills matrix and bios with specific and relevant technology skills and experiences and provide examples tied to company strategy and needs.

Oversee how management protects the talent pipeline as AI reshapes work

Over half (53%) of the investors we spoke with raised concerns about AI's impact on the workforce, particularly the risk that the loss of junior talent (as AI replaces entry-level work) could lead to "brain drain" and reduce the talent pipeline for leadership. They encourage companies



to be transparent about how AI will affect human capital needs, and to include details in disclosures about how the company is maintaining human expertise, and upskilling employees in order to take full advantage of advanced technologies. Some are also asking whether management provides a channel for employees to raise AI concerns.

WHAT BOARDS SHOULD DO

Critically examine how management is balancing cost savings with managing the risks of long-term talent erosion and potential customer and investor backlash, and oversee how management is communicating AI-related talent decisions to investors. See more in *How boards can lead in a world remade by AI* and [Can AI advance toward value if workforce tensions linger?](#).

Monitor communications on AI investment progress and ROI

The long-term investors we spoke with generally said they do not expect immediate ROI but would like updates on AI investments, including on equity and debt financing for AI projects, the pace at which returns are expected, the KPIs being used to measure progress, and how these investments fit into the company's long-term strategy and capital allocation plan. Some wanted greater insight into how companies assess the adequacy and timing of AI investments. A few wondered how activists may assert themselves – for example, through proxy challenges – in this area where ROI is not apparent and companies lack a strong narrative for how those investments are progressing.

WHAT BOARDS SHOULD DO

Consider the effectiveness of investor communications on how the company's AI investments drive strategic goals and long-term competitiveness. Encourage management to strengthen communications on how the company is learning, course-correcting and making progress. Monitor the company's performance on AI investments related to peers.

Prepare for AI-powered investor stewardship

Investors are using AI to integrate data sets and distill research at scale, and exploring use cases to assess director quality, map director connections, and deepen their company performance analysis. None said they are using AI to make voting decisions today, and a few said pilots show limits in consistently interpreting and applying policies. Still, particularly given the current headwinds facing proxy advisors, some said they are accelerating internal R&D in this area and future use cases could conceivably include proprietary AI proxy voting agents.

WHAT BOARDS SHOULD DO

Encourage management to make disclosures machine-readable and comprehensive so that they are fully available to investors as they rely more on AI for scanning and synthesizing information. Ask management how they are using AI to anticipate and prepare for investor questions.

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