

EY Center for Board Matters

An assessment of AI oversight effectiveness



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

Key considerations for boards and management

In this dynamic environment, boards should take a continuous improvement approach to artificial intelligence (AI) oversight and periodically revisit and revise their inputs and processes. This self-reflection and discussion tool is designed to help board members reflect on how their board oversees AI-related risks and opportunities, how it engages with management, and how effectively it receives and uses information to support decision-making. We suggest that each board member individually reflect on these considerations and then have the full board collectively identify areas of alignment, gaps in oversight and opportunities to strengthen governance approaches over time.

Tone of discussions

- 1. Our recent board discussions about AI can be characterized as focused on:**
 - Elements of data and privacy
 - Risks and communication to the workforce
 - Use cases and ROI for AI investments in functions and processes
 - How AI will transform the company overall
- 2. The board hears directly from the following executives regarding AI:**
 - CEO
 - CFO
 - R&D Leader
 - Chief Legal Officer
 - Chief Information Security Officer
 - Other _____

Information and assumptions

- 3. The information and data the board receives regarding AI and the company meets which of the following criteria:**
 - Timeliness
 - Accuracy
 - Consistency
 - Integrity
 - Completeness
 - Backward-looking
 - Forward-looking
- 4. Our board regularly pressure-tests management's assumptions about AI both in terms of risk and potential for growth:**
 - Disagree
 - Somewhat agree
 - Agree
 - Strongly agree



Approach and understanding

5. Our board's understanding of AI and emerging technologies is:

- Driven by board members with technology experience
- Driven by board members who have educated themselves
- Mainly handled in a designated committee
- Provided by outside parties and advisors

6. Our board's oversight is strongest when:

- We have transparency into assumptions
- We hear multiple perspectives from management
- We revisit prior decisions when AI evolves
- We bring in outside experts
- We test our own blind spots

Continuous improvement

7. Our board's comfort level with the company's readiness to handle an AI-incident is:

- High
- Moderate
- Low
- We have not discussed this as a board

8. Our board discusses the skills and capabilities of the current management team in terms of AI implementation:

- Never
- Periodically
- As part of overall talent review
- As needed based on changes happening in the organization

9. If our largest competitor announced an AI-driven reinvention tomorrow, our board's reaction would be:

(e.g., calling emergency session, getting briefing from management, stay the course)

10. To enhance our board discussions and oversight of AI issues, we need to:

(e.g., add more time to agendas, have stand-alone education sessions, change the focus of discussion to be more strategic)

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Effective corporate governance is an important element in building a better working world. The EY Center for Board Matters supports boards, committees and directors in their oversight role by providing content, insights and education to help them address complex boardroom issues. Using our professional competencies, relationships and proprietary corporate governance database, we are able to identify trends and emerging governance issues. This allows us to deliver timely and balanced insights, data-rich content, and practical tools and analysis for directors, institutional investors and other governance stakeholders.

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Looking for more?

For more information and resources to help your board assess its AI oversight, please contact Cigdem Oktem at cigdem.oktem@ey.com or Bart Edgerton at bart.edgerton@ey.com.