

The background of the slide features an abstract design of various blue geometric shapes, including rectangles and trapezoids, of different heights and widths, creating a sense of depth and modernity. The colors range from a deep navy blue to a light sky blue.

AI use by directors and boards

Early insights

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Introduction

As organisations globally embed artificial intelligence (AI) into their operations and business strategies, conversations in boardrooms are shifting from ‘how do we govern AI’ to ‘how can AI help us govern’?

This resource examines how AI is being used within boardrooms and by directors. Drawing on interviews with chairs, non-executive directors and experts from a range of organisations, this resource explores:

1. current and emerging practices around board and director use of AI, including case studies from boards and directors actively using AI;
2. potential impacts on the roles of director, chair and company secretary, as well as wider boardroom dynamics; and
3. practical and governance considerations for directors and boards looking to move from oversight of organisational use of AI to deploying AI tools for their own governance purposes.

While AI tools can potentially offer directors and boards accelerated information gathering or enhanced insights, they may also introduce ethical, regulatory and governance risks. Just as boards have developed governance strategies to oversee the responsible use of AI within their organisations, they should also consider how to use AI responsibly themselves, with clear strategic intent.

This resource is intended to act as a prompt for individual boards and directors to consider how AI tools may enhance the practice of directorship, today and in the future. It also offers guidance on how decision-making can be underpinned by critical human judgment and within the clear limits, purpose and role of the board.

This is, however, a fast-moving area with complex issues and trade-offs involved. Many use cases are experimental and not without risk. We encourage directors to seek professional advice or training to support the safe and effective use of AI.

Rather than setting out better practice, the material is designed to stimulate constructive boardroom conversation.

Further AI and technology governance resources

AI use by directors and boards: Early insights forms part of the AICD’s growing suite of director-focused AI and technology guidance.

Refer to [Appendix B](#) for AICD resources and educational opportunities, developed with leading expert partners, covering:

- Foundational AI knowledge and literacy for directors
- Current and emerging practices in board and director use of AI
- Elements of safe and responsible AI governance
- Effective board minutes and safeguards when using AI.

Key insights

- Directors and boards are cautious about AI use for governance purposes and practice is still relatively limited, although evolving.
- Organisational barriers to adoption include a lack of director access to enterprise AI systems, restrictive internal policies and legal risks.
- There is a two-speed dynamic at play, with collective board use of AI lagging ‘shadow’ individual director use.
- Boards should openly discuss how AI can enhance deliberations and what role AI can play to support high quality management reporting.
- Directors should take care to ensure their use of AI does not undermine confidence in management or blur lines of accountability.

Using AI: Before, during and after the board meeting

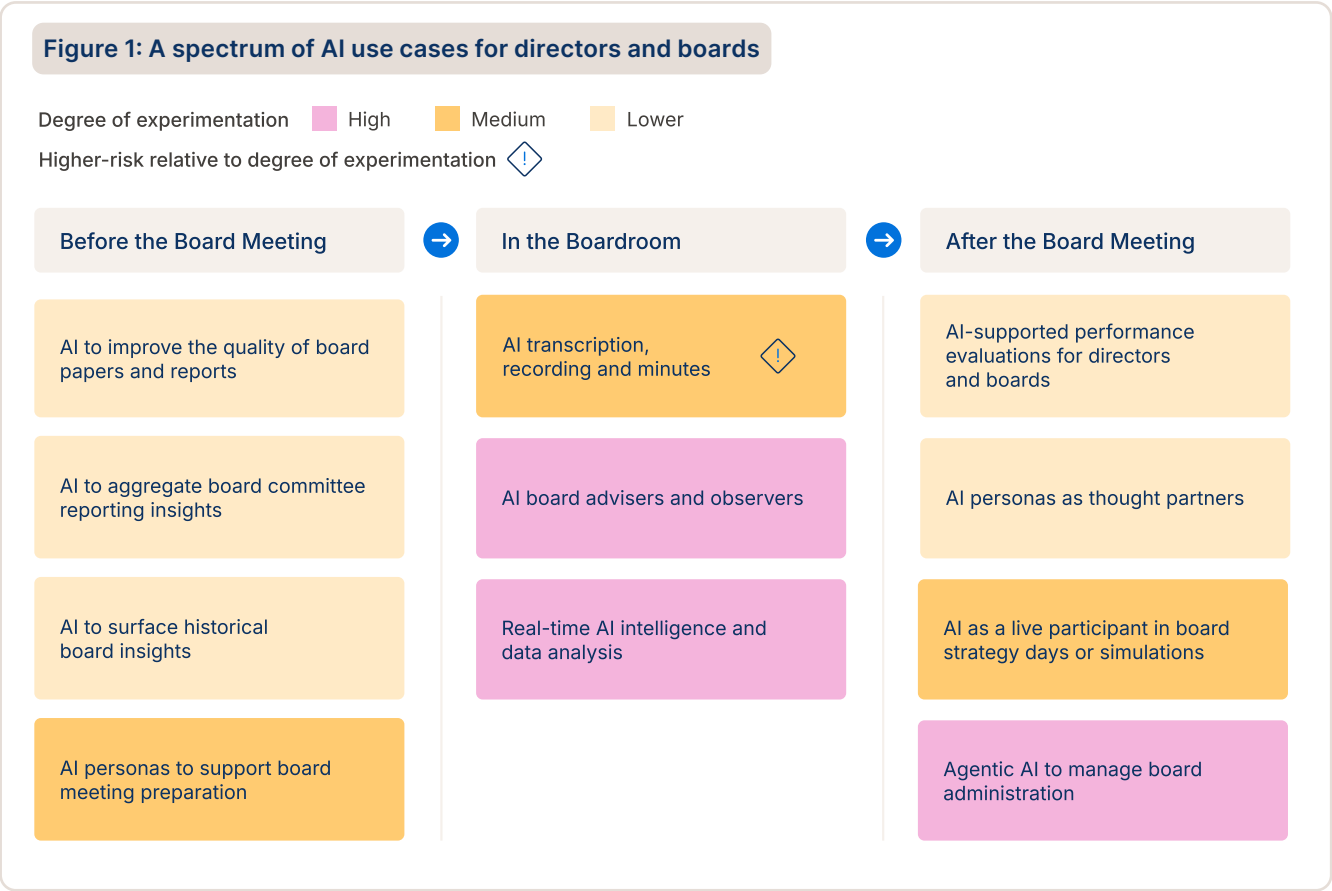
Despite director AI literacy becoming an increasing board focus globally, to date there has been comparatively little attention on how AI might transform boardroom practice. Some boards, however, are beginning to consider how AI can change the way the board itself processes information, makes decisions and interacts with management.

We examine current and emerging AI use cases for boards and directors across three points in time: before board meetings, in the boardroom and post board meeting. While these use cases are not exhaustive, they provide a window into how AI use is evolving governance practice.

As can be seen in [Figure 1](#), some use cases are more experimental or riskier than others. However, each sits on the lower end of the ‘AI autonomy spectrum’, with ultimate decision-making authority still resting with humans, rather than with AI. See also [Appendix A](#) for a glossary of key terms and common AI applications.

[Box 1.1](#) provides a summary of the top questions to ask about directors’ and board use of AI based on the use cases that appear in this section. [Box 1.2](#) sets out red flags to monitor.

While organisations can take learnings from global developments, these should always be stress tested to ensure that they are appropriate for the jurisdictions in which they operate.



Box 1.1: AI for governance: questions for directors to ask

1. Has the board discussed AI use by directors, the company secretary and management team? Is the board comfortable the AI use by directors is not eroding the distinction between the roles of the board and management?
2. Are there vetted AI tools available for safe AI use by directors and company secretaries?
3. Has the board documented protocols for board and director use of AI, such as acceptable use, record retention and disposal, and access controls?
4. Have directors satisfied themselves that any AI tools used with board papers or other sensitive information are private, secure and protect organisational confidentiality and IP? E.g., the AI tools should not use this data for the purposes of training the model.
5. Do directors have appropriate training on how to use AI safely and responsibly?
6. Has the board sought professional advice or training on the responsible use of AI by individual directors and the board?

Box 1.2: AI for governance: red flags

1. Public AI tools, such as freely available web-based generative AI products, are used to analyse board packs or other sensitive information.
2. Directors have relied on an AI-generated summary of board papers without reading them.
3. Directors are using AI to perform the functions of management or in a way that undercuts management's role (e.g. not raising questions of management and advisers which is part of directors' duties of care and diligence).
4. AI tools are used as a substitute for effective board packs – surfacing fundamental information that should be provided by management.
5. AI outputs are not verified by a human and there is no 'human in the loop' – e.g. AI is used to generate minutes of a meeting without human review.
6. There are no controls on the level of organisational information directors can access using company-provided AI tools.

Before the board meeting

Helping directors prepare for board meetings

As board papers have become longer and contemporary governance issues have become more complex, there has been a surge in AI tools aimed at helping directors better prepare for board meetings.

These range from board portals that facilitate secure sharing of board packs and include AI-generated summaries and analysis, to machine learning tools that can detect anomalies in financials and other reports. Generative AI can also be used to help directors formulate questions for board meetings or management, or even act as a director's 'digital twin' to test ideas, trained on the director's unique thought patterns, tone and focus areas. The questions asked by directors of these digital twins or AI models for director use may then be used as part of a feedback loop into the AI model being used by management to prepare papers. Over time, papers will improve in response to directors' specific questions. There is, of course, no substitute for a director's own critical analysis and curiosity – use of digital twins should be carefully managed, including to ensure that they don't compound blind spots or limit thinking.

Other generative AI tools can convert text and images into audio summaries and podcasts, allowing directors to engage with board information in multimodal, more accessible ways. See [Practical example 1](#) for an illustration of how AI might assist in accessing institutional memory.

Given many board packs are hundreds of pages long, some directors and company secretaries noted the ability to quickly scale the ability to analyse historical board insights had helped their boards ask more robust, incisive questions. This has led some organisations to develop their own in-house AI tools with this functionality.

Interviews with non-executive directors, however, also suggest a lag between individual versus collective adoption of more advanced AI uses.

A number of directors we spoke with, for example, were individually using generative AI platforms to support their meeting preparation (with appropriate risk mitigations), yet few were doing so as part of a board-agreed process (and some organisational policies prohibited external AI use altogether).

A recent survey of Canadian directors confirms a similar two-speed dynamic is at play in Canadian boardrooms. Professor Michael Hartmann, Principal, Directors College, McMaster University in Canada notes that while many Canadian directors are experimenting with generative AI tools: “formal integration remains limited due to privacy concerns, organisational restrictions on the use of external AI systems, and apprehension that AI may be used to ‘second guess’ management decisions”.

This raises a number of questions, explored in more detail in the sections that follow: Are directors sufficiently supported to understand the risks and harness the benefits of using AI? And how is AI use impacting board dynamics and the role of those around the board table?

Given these questions go to the heart of governance, boards should consider discussing director and management AI use at a meeting of the board and/or Risk Committee. Boards may also consider it appropriate, working with management, to put protocols in place to document agreed usages and parameters for individual director AI use.

Improving the quality of board papers and data

AI is already influencing the information that the board receives to make its decisions. Management is using AI to generate insights and data trends for board packs and to help curate information based on the particular composition and attributes of their board. Company secretaries are using AI to edit board papers and suggest agenda items while board committees are using AI for aggregated reporting insights.

This is unsurprising given how vital comprehensive and clear information is to effective board decision-making. Yet studies have previously shown a mismatch between the information directors say drives corporate performance and the information the board receives to monitor it.¹ As ASIC Chair Joe Longo has observed, “boards devote a lot of time going through material – with board packs ranging from 200 to 900 pages of ‘dense and voluminous’ material”.²

AI represents a valuable opportunity to optimise this process – presenting material more concisely, with more robust evidence or better targeted to the unique attributes and preferences of a particular board. See [Practical example 2](#) for an illustration of AI in Audit Committee reporting.

AI cannot, however, be used as a substitute for reading the full board pack or having management address any underlying deficiencies in the board papers.

Regulators will expect directors to have analysed and appropriately interrogated all the materials in a board meeting pack, and will not accept reliance on AI-generated summaries. Directors must be mindful of their duty to act with care and diligence, and in the best interests of their organisation (discussed further in the next section). Whilst AI may prove to be a transformational technology, regulatory requirements may still require detailed reporting to boards in order to facilitate decisions and signoffs.

Key takeaways

- Directors must not rely on AI-generated summaries or analysis as a substitute for their own review and interrogation of board papers.
- Boards should ensure the organisation’s AI register or inventory is updated to reflect any management, committee and board use of AI.
- Directors should have a level of AI literacy that enables them to challenge management on the nature and quality of these AI inputs, even if not actively using AI themselves. For further guidance, see the AICD and HTI’s [A Director’s Guide to AI Governance](#) and The University of Sydney and AICD’s [AI Fluency for Directors Sprint](#).

¹ Deloitte, ‘In the Dark: What Boards and Executives Don’t Know about the Health of Their Businesses,’ (2004), and Deloitte, ‘In the Dark II: What Many Boards and Executives Still Don’t Know about the Health of Their Businesses,’ (2007).

² ASIC Chair Joe Longo, ‘The times they are a-changin’ – but directors’ duties aren’t’, Keynote speech at the AICD Governance Summit, 12 March 2025, citing [Corporate Governance Taskforce – Director and officer oversight of non-financial risk report](#).

Practical example 1: Tapping into the board's institutional memory

Hypothetical scenario: The board is looking to enhance the quality of deliberations in the boardroom by helping directors better prepare for board meetings.

Approach

- **AI use case:** Directors are provided with access to a board-only AI model as part of the organisation's enterprise-grade platform. The agenda for the next meeting includes discussion of a potential acquisition in Asia. After reading the board pack, directors ask questions of the AI model to better engage with the board pack. The board-only AI model is grounded in historical organisational data and in response to questions on the Asia acquisition, directors learn that a previous board considered a similar acquisition years ago (prior to current directors joining the board). Directors ask management to provide a supplementary paper on the acquisition (with management able to use the AI model to support this process), and learn from previous board experience.
- **Potential benefit:** Supplementing directors' own analysis of the issues in the board pack with the board's historical insights and corporate knowledge. Directors can bring a broader perspective to boardroom deliberations, and it gives them access to information they may not have been aware of, or that the Secretariat may have had to manually review.
- **Considerations:** The board ensures that the director's AI workspace is a closed, internally trained AI model that uses the organisation's own historical documents (board packs, minutes, strategic plans and other governance material) to generate responses. It has no access to the public internet. Directors take care to hold the line between the roles of the board and management, and ask management for additional information required to support decision-making.

Practical example 2: Audit Committee reporting

Hypothetical scenario: The Audit Committee is looking to systematically identify key trends and anomalies across documents reviewed by the Committee.

Approach

- **AI use case:** Machine learning analyses information across audit reports and financial papers, providing a summary of key trends and any anomalies for closer scrutiny by the Committee. The Audit Committee reviews the AI-generated findings and communicates the trends and anomalies to management to include in its report to the board.
- **Potential benefit:** Systematically identifying patterns across disparate documentation that would otherwise be difficult or time consuming to uncover manually. This reduces the likelihood of blind spots and can improve the quality of reporting to the board.
- **Considerations:** Board committees should agree parameters for their AI use with the board and ensure appropriate policies, procedures and controls are in place.

In the boardroom

Board meeting transcripts, recordings and minutes

While AI tools such as AI note-takers and agentic AI can be a fast way to record and transcribe discussions in the boardroom, they can pose legal, business and practical risks.

AI transcription tools may retain data in the form of audio recordings or versions of transcription, meaning third party AI vendors as well as the organisation could have access to, and retain, records of sensitive boardroom discussions. As a result, these AI-generated recordings and transcripts – which could contain inaccuracies or fail to convey important context (given they are prepared without human oversight) – may be discoverable in legal action or lead to the inadvertent waiver of any privileged components of the discussion.

Even if AI-generated recordings or transcripts are used for summaries or to prepare first drafts of meeting minutes that are later finalised by the company secretary, careful consideration is required with respect to record retention of the AI-generated material and any edited versions of it, both within the organisation and with third party AI vendors. For example, where AI-generated transcripts are retained (either by the organisation or the AI vendor), this can give rise to questions as to whether the final minutes that are prepared with human oversight will be perceived as the sole and authoritative record of deliberations. Such transcripts may well be discoverable

in legal actions where an understanding of which matters are discussed (or not discussed) at meetings is in issue.

Given these risks, one major US law firm recently published a memorandum that advises against this use case altogether.³

Boards will need to carefully address these risks before using AI to transcribe or record board proceedings. Generally speaking, boards should obtain consent from all participants before using AI to record discussions in board meetings or to disclose the recording (and good practice supports it).⁴ Boards should also ensure there are clear protocols and policies in place (such as those for document retention) to manage the associated records. For further guidance, see the AICD and Governance Institute of Australia's [Effective board minutes and the use of AI: A joint statement](#).

Beyond legal considerations, boards should be mindful of the potential practical impact on boardroom dynamics, discussed in the next section.

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Boards, particularly of listed or regulated institutions, should be extremely cautious in deciding whether to use AI transcription tools for a range of reasons. There are some technical aspects of surveillance laws that can often be overlooked, particularly around retention and access to recordings and transcripts. There are significant considerations around discoverability of those records – they may be used in legal actions against the organisation or meeting participants – and, if care is not taken, potential inadvertent loss of privilege.

All of this can culminate in some tempering of a board's appetite to have frank and open discussion – which is arguably the biggest risk of all.”

– Simon Burns, Partner at Gilbert + Tobin

³ Skadden, Arps, Slate, Meagher & Flom LLP, [‘Do's and don'ts of using AI: A director's guide’](#) (September 2025).

⁴ Surveillance laws differ across states and jurisdictions, but often require all parties to a private conversation to consent to the recording and, in some cases, to the disclosure of that recording. See Listening Devices Act 1992 (ACT); Surveillance Devices Act 2007 (NSW); Surveillance Devices Act 2007 (NT); Invasion of Privacy Act 1971 (QLD); Surveillance Devices Act 2016 (SA); Listening Devices Act 1991 (TAS); Surveillance Devices Act 1999 (VIC); Surveillance Devices Act 1998 (WA).

Practical example 3: Leveraging market intelligence in the boardroom

Hypothetical scenario: The morning of the board meeting, your board becomes aware of a significant takeover in the sector. The board is looking for up-to-date intelligence and strategic support to guide its response.

Approach

- **AI use case:** The board has trained a customised generative AI tool on information relevant to the organisation and industry. The board prompts the tool to provide an update on latest developments and to predict market responses and stakeholder impacts. The board uses this information to discuss potential impacts on the organisation and next steps.
- **Potential benefit:** The board has access to timely and relevant information to inform an agile response to breaking market developments.
- **Considerations:** The board felt comfortable using AI in real-time given it had previously satisfied itself that the tool had been thoroughly tested and trained, and protocols were in place to manage risk of use.

Real-time AI-generated insights and data

Real-time AI use in the boardroom presents an opportunity for boards to make decisions more rapidly, grounded in data and less dependent on existing behavioural dynamics, see [Practical example 3](#). At this stage of adoption, our engagement suggests practice is relatively limited.

Rather than delay discussion until the next meeting while management gathers additional data, boards can use AI tools (such as machine learning, agentic AI or generative AI) in real-time to surface this information – for example, providing a market analysis of a competitor, responding to a question on regulation or simply summarising the board's previous deliberations on an issue. However, the board may still need to revisit an issue at an upcoming meeting in more detail, or with a management-prepared board paper.

In the context of a board that may only meet four to six times a year, this opportunity for faster, more efficient decision-making can have compounding benefits – agendas are less crowded with follow-up items, and the board can be more responsive as new issues arise during deliberations.

Key takeaways

- AI use in the boardroom requires careful sequencing to give board members sufficient opportunity to contribute ahead of prompting AI. This helps to avoid 'anchoring' bias or overreliance on AI.
- Real-time AI use in the boardroom should be avoided where the AI tool has not been carefully trained and tested for accuracy or where its output cannot be verified in real-time (e.g. cross-checking outputs against alternate sources of information).

AI advisers in the boardroom

Discussions of AI directors and board advisers first emerged long before the current global wave of AI-driven innovation. In 2014, Hong Kong-based Deep Knowledge Ventures announced it had appointed an AI bot, Vital, to its board of directors.⁵ Shortly after, a World Economic Forum survey found that nearly half of respondents expected that AI directors would be appointed to corporate boards by 2026.⁶

Similarly, in 2024, the ‘largest publicly traded entity’ in the United Arab Emirates, International Holding Company, appointed an AI board observer, Aiden Insights, citing it as an active participant to boardroom conversations,⁷ with its contributions recorded in the minutes.

Neither AI board member had voting rights, fiduciary duties nor was recognised under relevant law as a director. Yet both examples prompt broader, provocative questions: Will effective boards look different in an AI-driven world? And will AI agents replace directors? See [Box 1.3](#).

Box 1.3: Will AI agents replace directors?

In short, no.

Despite the emergence of agentic AI, boards have yet to appoint AI agents as directors with legal decision-making authority. This is because Australian corporate law (and that of many other jurisdictions) does not contemplate or permit directors’ duties to be discharged by anyone other than a ‘natural person’.

As we explore in later sections, even without this legal barrier, the sensitivity and weight of decisions that directors must make demand careful human judgment – which may be enhanced, but not replaced, by AI.

From a public accountability perspective, policymakers are unlikely to countenance a legal framework where decisions are made by a body comprised fully of AI agents.

Despite Deep Knowledge Ventures’ early experiment with an AI ‘director’, AI board advisers and observers remain rare. One Australian organisation that is actively experimenting with an AI board adviser is the Real Estate Institute of New South Wales (REINSW). See [Case study 1](#).

In addition to function-based board advisers (such as those like ‘Alice’ in [Case study 1](#) focused on governance), persona-based advisers offer the prospect of channeling the perspectives of investors, proxy advisers, consumers or other stakeholders into board discussions.

While such advisers could potentially support more inclusive decision-making and deliberation, those interviewed underscored the need for directors to still exercise their skills in synthesising multiple, often competing, perspectives and for the board to continue to engage with stakeholders directly.

Key takeaways

- The use of AI should not replace the board’s direct engagement with stakeholders and does not remove the need for sound stakeholder engagement plans at the organisational and board level.
- See the AICD’s [Elevating stakeholder voices to the board: A guide to effective governance](#) for further guidance.

⁵ As reported by Alissa Kole, ‘[A New Governance Paradigm is Necessary for AI-Powered Boards](#)’, 21 April 2024 in the Harvard Law School Forum on Corporate Governance blog.

⁶ World Economic Forum Global Agenda Council on the Future of Software & Society, ‘[Deep Shift: Technological Tipping Points and Societal Impact, Survey Report](#)’, September 2015.

⁷ See International Holding Company [press release](#) dated 26 February 2024. AI Seer Marine, a company listed on the Abu Dhabi Securities Exchange, also [recently announced](#) the appointment of a non-voting AI board observer.



Case study 1: REINSW - Experimenting with an AI board adviser

Challenge: With business decisions becoming increasingly difficult, REINSW's board wanted to make faster, data-driven decisions and role model a future-looking approach to its members. As Tim McKibbin, REINSW CEO notes: "if we have AI specifically designed to collect relevant data and then undertake a focused interrogation of it, why wouldn't you want that sort of help?"

Approach: In 2024, REINSW appointed an AI adviser to its board. Understood to be an Australian first, Alice Ing (as the adviser is known) appears on an iPad during board meetings and responds to questions about REINSW's governance processes, regulation and historical issues considered by the board.

Built as an AI bot in a closed environment within the ChatGPT system, Alice has been trained on REINSW current and historical board papers, key organisational documents (such as the company constitution, policies and mission statement) and regulation relevant to the real estate industry.

REINSW adopted a number of safeguards before deploying Alice in board meetings.

1. **Cybersecurity and data governance:** Alice occupies a secure, closed environment. Board papers shared with Alice ahead of board meetings are deleted following each meeting, as are meeting transcripts on which Alice is trained – though this data becomes inherent in the training model.
2. **IP protection:** REINSW has ensured that its IP is not shared with or used by the vendor for its own product purposes (e.g. training the underlying ChatGPT model).
3. **Explainability and transparency:** If Alice cannot find an answer based on the organisational information on which she was trained, Alice will seek permission to use external information to respond to a question. This helps the board make an informed assessment of the value and accuracy of Alice's response.

Impact: While Alice's role is still evolving and the AI adviser is not yet a significant contributor to board meetings, REINSW anticipates further experimentation will see Alice's use mature.

After the board meeting

Board and director performance

Recent years have seen the emergence of AI products directed at evaluating board and director performance and effectiveness. These products can offer AI-generated summaries of performance feedback, help company secretaries prepare board surveys, or analyse director skills against board skills matrices. Generative AI and sentiment analysis can also be used to evaluate how boards allocate their time and provide recommendations to improve board dynamics, see [Practical example 4](#).

Steve Pell, CEO of Board Outlook, explains that:

“In certain areas, particularly where there are large volumes of information and complex interrelated data, we see that AI can routinely outperform human analysis in forming a picture to enable an informed decision. For example, we see in board composition work that, with access to a board’s securely held dataset, AI can build a clear view of the second and third order impacts of a particular director leaving a board, such as how the balance of discussion and the board dynamic might change. AI then can also predict, with reasonable accuracy, the likely impact of different candidates joining a board on these same factors.”

Although Pell notes this does not replace the human judgment required to determine what the board needs to look into the future, it “does enable the board to have all the relevant context with far less guesswork when taking the decision of who should join the board, and it is particularly powerful when the AI can draw from the full depth and breadth of the board’s dataset.”

Practical example 4: Board evaluation

Hypothetical scenario: Your board is undergoing a performance evaluation and is looking to incorporate objective criteria alongside peer feedback and self-assessments.

Approach

- **AI use case:** Using sentiment analysis and grounded in behavioral psychology theories and other materials, the AI tool analyses tone of conversation during several board meetings and the amount of time directors speak. The AI tool recommends beginning meetings with each director giving an overview of their concerns and giving more airtime to certain directors.⁸
- **Potential benefit:** Quantitative data and recommendations on board performance to round out qualitative data from performance interviews and surveys.
- **Considerations:** Like humans, AI tools themselves may be impacted by bias and limited by the data on which they are trained. Given the AI tool has access to only a few meetings’ worth of data, the board uses the AI’s recommendation as one of several inputs into the evaluation process.

Key takeaways

- Boards should be mindful of the potential limitations of AI in tailoring performance feedback to the dynamics of a particular board.
- Chairs are uniquely placed to understand the board’s behavioural dynamics and how best to deliver feedback so that it is well received and acted on.

8 Based on a de-identified, real-life example reported in Shekshnia and Yakubovich, ‘[How pioneering boards are using AI](#)’, Harvard Business Review (July-August 2025).



Strategy, ideation and risk

It has been observed that AI use in Australia is more ‘evolutionary’ than ‘revolutionary’⁹ with a focus on the use of AI for automation of lower-level tasks rather than augmentation of higher-level functions. Some organisations, however, see an opportunity for AI to augment the critical strategy, ideation and risk-mapping functions of boards and directors.

This includes using generative AI to enable boards and individual directors to scenario plan and run ‘black hat’ simulations, test biases and generate new blue-sky insights (see [Case study 2](#) for how AI can be integrated into board strategy days). Machine learning, on the other hand, can be used to audit decisions through post-mortem analysis – potentially undertaking some of the work that traditionally may have been outsourced to external consultants.

To experiment with the boundaries of what AI was capable of, one director, Shirley Chowdhary FAICD, used two AI models to conduct a full scenario-planning exercise mapping 43 variables until 2050, identifying no-regrets moves and early indicators for a hypothetical scenario. The analysis – which would traditionally have taken a specialist months – was completed in less than a day and was provided to directors as supplementary data. This exercise demonstrates how directors and management can use AI to synthesise complex information, surface strategic signals, and explore long-term options at speed.

Generative AI or agentic AI can also be used to help boards prepare for Annual General Meetings by anticipating likely themes or investor questions or analysing public disclosures to identify emerging market trends. See [Case study 3](#) for an example of how AI can provide an investor’s lens on an issue.

Some directors interviewed from the not-for-profit (NFP) sector saw particular value for NFPs in AI use cases focused on scenario planning simulations and strategy days. This is because such exercises can take place as a standalone introductory AI use case, hosted by a third party, without the need to invest in-house in enterprise-grade tools at the outset.

Key takeaways

- The effectiveness of these applications hinges on the board’s comfort level with AI tools and the quality of the data behind them.
- Boards should find opportunities to experiment with AI tools before relying on them for collective use cases such as simulations and strategic planning.

⁹ National Artificial Intelligence Centre and CSIRO (June 2025), ‘[Australia’s artificial intelligence ecosystem: Growth and opportunities](#)’. See, in particular, page 1.

Practical tips

Julian Moore, Chief AI Consultant at Strategic Membership Solutions, has advised boards and directors at a range of organisations on how to responsibly implement and use AI. He recommends boards approach their own use of AI with similar safeguards as for organisational use.

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Directors should insist on AI company risk checks, privacy protections, IP protections and transparent model updates. Put AI on the risk register, set thresholds for escalation and rehearse failure modes. Good AI programs are boringly well governed and quietly high impact. Only once these things are in place, does AI move to board utility.”

– Julian Moore, Chief AI Consultant, Strategic Membership Solutions

Boards should therefore consider how existing organisational policies, processes and controls may be leveraged to govern the board’s own use of AI. For some boards, this may involve navigating organisational restrictions on the use of external AI systems, so putting the topic on the board agenda is a good first step.

Some practical examples are set out in [Table 1](#) and further guidance on effective governance of organisational use of AI can be found in the AICD’s and HTI’s [A Director’s Guide to AI Governance](#).

Table 1: Practical guidance for directors and boards using AI

Area	Guidance
Put board AI use on the agenda	Boards should add the board’s own AI use to the board’s agenda and have a dedicated discussion to gauge the board’s appetite for collective or individual director use.
Confidentiality, privacy and privilege	Directors should not input board papers or other information subject to confidentiality, privacy obligations or legal professional privilege into public or open AI systems that have not been vetted by the organisation. Doing so can give rise to a range of risks, including breaching confidentiality and privacy obligations and waiving privilege, particularly where the AI provider can use inputs for training or developing the AI. Directors should not attempt to obtain legal advice from an AI system; such systems cannot provide reliable legal advice and sharing sensitive information with the AI system supposedly for the purpose of seeking legal advice will not be privileged and may be discoverable.
Data security	Boards looking to use non-public information with AI should ensure the relevant AI system is confirmed by the organisation as secure, with appropriate cybersecurity controls.
Document retention and destruction	Boards should ensure their document retention, archival and disposal policies are expanded to account for board and director AI use. For example, consider how a director’s prompts to an enterprise generative AI platform, and its responses, are managed.
Role-based access	Consider enterprise-grade AI tools with role-based access controls, including to organisational data and records. This can help ensure directors have access to the right level of information and capabilities they need to perform their role. It also safeguards board information against those in the organisation who are not entitled to access it.
Human review and verification	Just as with organisational AI use, directors using AI need to challenge and verify its output. Company secretaries should also implement appropriate risk mitigations and controls, in particular human review if using AI for use cases related to board minutes.
Internal policies, processes and controls	Boards should require the organisation’s policies, processes and controls (such as acceptable use policies and its AI register or inventory) are updated to account for any board, director and management use of AI and handling of associated records.
Training and support	Consider any training and support needed for directors to proficiently and safely use AI and whether there are opportunities for collective experimentation among the board.

Case study 2: Women for Election - AI as a live participant in board strategy development

Challenge: In 2025, Women for Election (WFE) partnered with Kevin Nuttall and Aidan Nuttall of Waterfield to test a closed AI model as an active participant in the organisation's board strategy day. The objective was to test whether the model, trained exclusively on WFE's internal materials – including historical board packs, financials, and previous strategic plans – could challenge assumptions, identify patterns, and strengthen strategic reasoning in real time.

Approach: The AI model was built within ChatGPT 5.0 and a dedicated Waterfield facilitator prompted, interpreted, and integrated outputs into the live discussion. The session employed a red-team/blue-team structure, with the AI first challenging strategic positions before proposing mitigations. The model was grounded in high-quality internal data to avoid responses fixating on minor issues.

Impact: AI was able to surface overlooked patterns and challenge groupthink when supported by skilled human facilitation. Full-day immersion proved essential: the AI's contextual awareness and responsiveness improved throughout the day, building participant trust. The pilot also exposed some of the challenges of AI use in this context: real-time AI responses could disrupt conversational rhythm without structured pauses, direct voice output from the AI proved distracting and not all participants were comfortable engaging with AI – prior exposure could improve trust.

Case study 3: Tim Trumper GAICD - AI as a thought partner for investor-grade strategy

Challenge: Tim Trumper GAICD, a seasoned chair and director, was reviewing a business proposal from a US-based founder he advises. The proposal met expectations, and he was initially inclined to respond with a simple "looks good". However, realising this added limited value, he instead engaged a custom-built AI model – trained in the persona of a well-known US investor and venture capitalist – to critique the proposal and push it toward a "10x better" version.

Approach: Trumper used a customised Claude large language model, trained on his expertise and the business context. It also reflected the founder's style and market dynamics. He asked the AI 'investor' to identify 10 improvements to materially elevate the proposal. He shared this feedback openly, framing it through the investor's lens. The result was a sharper, more strategic dialogue that raised both the quality of the proposal and the founder's thinking.

Impact: AI amplified Trumper's role. Acting as a 'devil's advocate', it deepened the feedback without eroding trust. As he put it: "This use case builds on your own experience – it leverages your time and leads to broader, more ambitious conversations." The founder welcomed the challenge, recognising the value of the lens through which it was delivered. The case highlights AI's potential to scale director insight across domains. Trumper also emphasised the need to train AI with deep context and to craft precise prompts. As he writes in *AI: Game On*,¹⁰ "As answers become cheap, questions become valuable" (attributed to Kevin Kelly). For directors, that's a challenge: What are the questions that truly matter in the boardroom?

¹⁰ Tim Trumper (2024). *AI: Game On: How to decide who or what decides* (Hardie Grant Media).

Potential impacts on the role of director, chair and company secretary

Directors

Director skills, knowledge and experimentation

A number of those interviewed underscored the importance of directors seeking to keep their own AI use apace with that of their organisations – even in an informal or personal capacity. Not only did they consider this to set the ‘tone from the top’ in an environment where Australia risks ‘missing out’ on AI’s economic benefits, but some viewed this as an important practical means of sharpening directors’ understanding and oversight of organisational use of AI.

AI can help directors temporarily bridge skills gaps or deepen their understanding of unfamiliar issues, much like drawing on external expert advice. Used selectively, it can surface insights that support better questioning and decision-making while directors further build their own capability. However, AI should not become a long-term substitute for essential skills; it is best used to amplify capability, not replace it.



Directors now take a real risk if they’re not using AI themselves – it’s easy to lose relevance or fall behind competitors. They need to explore how AI can strengthen all aspects of their work, not just a handful of tasks, and model the AI-first mindset organisations need. And while practical barriers like restrictive AI policies can slow things down, the value of AI is simply too great for boards and directors not to find a solution.”

– Adam Driussi, Co-founder and CEO of Quantum



Directors don’t need to be technologists, but they do need to understand how AI will shape the future – of the economy, their industry, and their organisations. Getting hands-on with AI gives directors a practical appreciation of where some of these opportunities lie as well as some of the risks. This lived experience helps directors move beyond theory, make things more tangible, see more opportunities, ask more insightful questions as well as to guide its responsible use across the organisation.”

– Alistair Muir MAICD

How does director use of AI impact their duties?

While there has been no case law or formal regulatory guidance that considers directors' own use of AI in the context of their directors' duties, ASIC Chair Joe Longo in a keynote address reminded directors that:

“...current directors' obligations under the Corporations Act aren't specific duties – they're principle-based. They apply broadly, and as companies increasingly deploy AI, this is something directors must pay special attention to....[Q]uestions of transparency, explainability, and rapidity deserve careful attention.”¹¹

Directors therefore need to consider how their legal duties apply in the context of their AI use. These include core duties of:

- **loyalty:** the duty to act in good faith in the best interests of the corporation;¹² and
- **competence:** the duty of care and diligence, exercising the care that a reasonable director would in the circumstances.¹³

As AI capabilities proliferate, directors should inform themselves of their limitations and risks. Beyond the risks of bias, hallucination and opacity,¹⁴ another of AI's key dangers is that it can appear deceptively competent even when inaccurate. This means AI 'can be highly seductive'¹⁵ because it is 'able to speak our language' and lets us prioritise content that 'just feels right'.¹⁶

Directors should therefore possess a level of AI literacy that enables them to take steps to verify or challenge AI outputs or otherwise mitigate these risks. This includes considering how AI outputs 'may conflict with broader business values or stakeholder considerations, particularly in contexts involving ethical nuance, strategic trade-offs, or long-term vision'.¹⁷

It is likely to be difficult for a director to argue they have discharged their duty of competence where they have adopted an impugned decision by AI without exercising their own judgment or verification.¹⁸

Similarly, it is unlikely a director has acted with due care and diligence where they fail to act on material risks outlined in board papers because they have relied on an AI-generated summary without reading the board papers. As Justice Michael Lee recently remarked in proceedings against The Star Entertainment Group Limited current and former directors in *Australian Securities and Investments Commission v Mathias Michael Bekier & Ors*:

“[P]eople just can't keep on saying that, 'Oh well, it's all too difficult for us to read the material that's presented to a board.'...And what you're effectively saying is that they can't be expected to do all the work that the company is expecting to do because they can't be expected to read all the material.”¹⁹

11 ASIC Chair Joe Longo, '[We're not there yet: Current regulation around AI may not be sufficient](#)', Keynote address at the UTS Human Technology Institute's Shaping our Future Symposium, 31 January 2024.

12 Section 181 of the Corporations Act 2001 (Cth) requires directors to exercise their powers and discharge their duties in good faith in the best interests of the corporation, and for a proper purpose.

13 Section 180(1) of the Corporation Act requires directors and officers to exercise due care and diligence in the discharge of their functions, to the standard that a reasonable person would exercise if they (a) were a director or officer of a corporation in the corporation's circumstances, and (b) occupied the office held by, and had the same responsibilities as, the director or officer.

14 See [Appendix A](#) for an explanation of these terms.

15 Peter, Riemer and West, '[The benefits and dangers of anthropomorphic conversational agents](#)', Proc. Natl. Acad. Sci. U.S.A. 122 (22) e2415898122, (2025).

16 Peter, S., Riemer, K., Norman, P. (2025). '[The 2026 Skills Horizon](#)'. Sydney Executive Plus, The University of Sydney, page 24.

17 Hamilton Locke, Insights, '[AI in the boardroom: balancing innovation and obligation](#)', 3 September 2025.

18 For a further discussion of some legal risks of director use of AI, including the relevance of safe harbours, see Corrs, Chambers, Westgarth, '[AI in the boardroom: Could robots soon be running companies?](#)' (2019).

19 [NSD1082/2022](#), quoted in Max Mason, '[Judge puts directors on notice: If you take the fees, do the work](#)', The Australian Financial Review, May 27 2025.

Commentators have also questioned whether directors' use of AI tools will raise the expectations of directors.²⁰ For example, for contentious decisions, there is a risk that regulators or other stakeholders ask why directors didn't act or call on certain information from AI if it was within reach. This risk may be heightened where organisations lack clear protocols for how records associated with the board's use of AI (such as generative AI prompts and responses) are managed.

Yet while newer AI models are developing 'chain-of-thought' prompting to make reasoning more transparent and reliable, AI lacks some of the 'fundamentals' that define a good director and leader: ethical reasoning, knowing the business and wider sensitive context (political, environmental), challenging management and carefully considering the interests of stakeholders.

AI can therefore serve as an important support tool, but no substitute, for the diligent director.

Chairs

Chairs of boards that are actively using AI may need to exert a stronger influence on the board 'to manage meeting dynamics effectively and ensure that analyses and conversations remain on track'.²¹ This is particularly so for boards looking to use AI in real-time in the boardroom where the presence of AI can risk a 'chilling' effect on discussion or can lead to directors inappropriately deferring to AI outputs.

Of those interviewed, a number of directors and chairs believed it was the chair's role to drive the conversation on what role AI has to play in the boardroom and understand each director's attitudes and familiarity with AI. With this information, the chair can work with the company secretary to help ensure that appropriate protocols are in place to govern any use of AI by directors and the board.

Company secretaries

Given their role as critical strategic advisers to the board on governance issues, company secretaries, working with the chair, have a natural role to play in helping boards determine if and how to use AI.

This will not only involve assessing the risks of AI use in light of the circumstances of that particular board, but also whether a specific AI tool or use case is likely to enhance the quality of information going before the board and is in line with organisational expectations and governance priorities.

The nature of company secretary duties may also shift with the use of AI. While using AI tools for board paper and minutes preparation or to help update governance documents may reduce the administrative burden associated with these tasks, it may also allow company secretaries more time to focus on strategic governance issues. It will also require company secretaries to dedicate time to establishing new processes and procedural rigour around the board's and management's use of AI.

In some ways, the gatekeeper function of the company secretary may have greater weight in an AI-enabled business – making sure that management-prepared board papers do not unduly rely on AI without human verification, putting in place robust safeguards to prevent unsafe practices by board members, and diligently ensuring that that the board and individual directors follow the agreed protocols.

²⁰ Larcker, Seru, Tayan and Yoler, [The Artificially Intelligent Boardroom](#) (2025), p.3.

²¹ Ibid.

Evolving boardroom dynamics

Collective decision-making

Boards need to consider whether a potential AI use case is likely to enhance the quality of board deliberations or decisions.

Good boards can falter where they adopt more rigid group dynamics and narrow their focus, becoming less flexible in their decision-making.²² AI tools can bring in an alternate solution or strategy, new information or enable directors to spot patterns in existing information, helping boards adopt a more expansive approach to their deliberations and strategic intelligence. This, in turn, can help boards avoid some of the common issues that can undermine effective decision-making, such as over-indexing in anecdotal information, weighing the merit of an idea based on its proponent or falling prey to confirmation bias by selectively seeking out information to validate an existing position.

Early findings from recent Canadian research suggest the quality of board deliberations is in fact influenced by the board's AI literacy:

“Our national survey of 123 Canadian directors, complemented by in-depth interviews, examined how boards are engaging with management on AI strategy and risk, and how they are beginning to integrate AI into their own governance practices. Early findings show a strong connection between board-level AI literacy and the quality of strategic and risk-related deliberations.”

- Professor Michael Hartmann, Principal, The Directors College
on research conducted with Daniel Hartmann

Depending on the AI tool and how it is used, however, there may be risks to the board's collective decision-making. These are set out in [Table 2](#). Chairs in particular play an important role in mitigating these risks and preserving a diversity of thought and experience in the boardroom.

²² Staw, Sandelands and Dutton, 'Threat-Rigidity Effects in Organizational Behavior: A Multilevel Analysis,' Administrative Science Quarterly, Vol 26, No. 4, December 1981.

Table 2: Key risks for board decision-making

Risk	Description
Analysis paralysis	While AI can help make information more digestible, it can also proliferate the data available to the board. Directors and management teams should be selective about how they use AI and weigh the value of introducing more information into board deliberations. More information going to the board also risks blurring the line between non-executive directors and management, increasing liability risks.
Information asymmetries among board members	Setting expectations around AI use so that directors are not over-relying on information outside the board pack may help avoid information asymmetries among the board itself. This applies whether AI or other methods are used to gather external data and helps ensure directors are operating from substantially the same information.
Groupthink	Is there a risk of more homogenised thinking if directors are using the same AI tools for the same purposes or are collectively using AI in a group setting? This depends on the nature of the AI tool and input. AI agents or personas used by the board for strategic planning, for example, are unlikely very different from an external consultant or adviser from this perspective – unless, of course, they are over relied on. Other tools might enable directors to see the questions other directors on their board have prepared, or boards may only allow a set of agreed prompts to be used by directors, which could inadvertently limit the focus of their deliberations. Many AI tools, such as generative AI, are probabilistic and have a greater degree of ‘temperature’ or randomness built in. This means even where directors individually use these tools with similar prompts, the output is likely to be different.

Free and frank discussion

Boards should be wary of the potential impact of AI-generated recordings and transcripts on boardroom dynamics.

Directors may, consciously or unconsciously, be hesitant to engage in free and frank discussion to the degree they ordinarily would in the knowledge that their views or intent may not be accurately captured by an AI-generated transcript or meeting summary. While company secretaries can exercise careful judgment about the context in which a statement was made, drawing on both visual cues such as gestures as well tone of voice, AI tools generally lack this capability. This, in turn, can mute discussion or alter the way the board interacts, and may also create an environment less conducive to psychosocial safety.

Relationship with management

Boards should be careful that directors’ use of AI does not blur the distinction between the board and management. That is, directors should not be using AI to delve into the detail of operational matters, nor rely on AI to such a degree that the board is no longer challenging and monitoring management.

When considering whether to use AI for a particular purpose, boards should ask – is AI being used to enhance a function of the board or management? If the latter, such as gathering critical reporting insights that may have been missing from a board pack, this feedback should be relayed to management. Typically, it will be appropriate for management to use the specific AI tool for board reporting purposes.

Ultimately, AI tools must not be used as a substitute for effective board papers that highlight the key issues for consideration and decision.

What should boards consider before using AI?

Deciding if AI use is right for your board

There is no 'one size fits all' answer to whether a board should adopt AI for governance purposes. This will depend on factors such as the risk appetite of the board, the board's digital fluency and the organisation's broader strategic and governance priorities.

What is clear, however, is that directors are already using AI informally in their work. Rather than ignore this 'shadow' use, boards should openly discuss the topic and agree some ground rules for use.

Getting started

Tim Trumper GAICD encourages boards to resist jumping into AI tools without first developing the mindset and skillset needed to understand AI's strategic role – and to use it safely and effectively.

Building on the framework from Trumper's book *AI Game On: How to decide who or what decides* (2024), boards and directors looking to deploy AI themselves can consider a 'mindset, skillset, toolset' approach to AI use, set out in [Box 4.0](#) and [Box 4.1](#).

Box 4.0: 'Mindset, skillset, toolset': A framework for AI adoption by boards and directors

1. **Mindset matters:** Without it, directors risk missing the scale, speed, and strategic implications of AI – and underestimating the risks of inaction.
2. **Skillset matters:** Directors must be able to ask the right questions to unlock value and manage AI-related risks. They also need to understand AI well enough to use it effectively in their own work. That includes learning how to write powerful prompts – clear, targeted instructions that get meaningful outputs from AI tools. Executives know which directors get AI – this is already shaping board credibility.
3. **Toolset matters:** Using the right tools for the right use cases – securely and strategically – is how boards move from discussion to impact.

As Trumper puts it: "The words you won't hear in the next five years are: 'We had to let that director go because they were too experienced in leveraging AI for themselves and the organisation.'" This leads to one of the most urgent questions for directors in the AI era – how to decide who or what decides.

As AI becomes embedded in workflows and decisions, boards must define where human judgment ends and machine-driven actions begin. This demands a clear understanding of AI's role, limits, and oversight.



Box 4.1: Applying the 'Mindset, skillset, toolset' framework in practice

Mindset – Getting Comfortable with AI

Boards must assess their AI fluency and decide whether their organisation is AI-ready or lagging. Some directors are already experimenting with generative AI for research and board tasks; others are wary. Productive conversations start with:

- Where could AI improve our governance – offering better data, new perspectives, or fewer blind spots?
- Have we added directors' AI use to our board agenda?
- What barriers may be preventing directors from using AI? E.g.: Does the organisation prohibit use of external AI systems? Do directors lack the practical means (such as a company email address) to access the organisation's existing closed AI system?

Skillset – Building Practical Capability

While directors are not expected to be AI experts, they need enough understanding to work with AI, understand its risks and challenge management when needed.

Key actions include:

- Workshops where directors use AI to summarise papers, assess risks, or stress-test assumptions.
- Practising governance-specific prompting – e.g., scenario planning or channelling stakeholder personas.
- Bringing in internal and external experts to identify priority use cases.

See the AICD's and HTI's [A Director's Introduction to AI](#) for more information about the opportunities and risks of AI.

Toolset – Choosing the Right AI Tools

Once boards are clear on strategy, they need to assess AI capabilities and limitations:

- Should the board standardise tools or allow individual choice?
- Are tools being used only for public data, or also for confidential board content?
- Should we build, buy, or partner to accelerate our AI maturity?
- What's the due diligence process for AI security?
- How secure is our AI data – who accesses it, where is it stored, and how are breaches detected?

These questions help boards move from theoretical interest to strategic value – ensuring that AI is deployed in a way that supports governance, enhances judgment, and protects trust.

Identifying the right use cases

Just as organisations should ensure AI use has clear business value and avoid deploying ‘AI for AI’s sake’, directors and boards should also consider the strategic value of AI tools before adopting them.

A number of directors interviewed believed the value proposition of the board’s use of AI should be assessed differently from the organisation’s use. While automating tasks to derive greater efficiency can be a fundamental driver of business value in the organisational context, directors should consider how AI can augment higher-level capabilities, such as better quality decision-making, strategic deliberation, innovation, or a deeper understanding of market dynamics.

At least initially, boards should consider domains or tasks to which AI can add value but which do not require 100% accuracy. For example, areas where an alternate perspective or a directional response is acceptable.

[Box 4.2](#) explores why boards may be AI ‘followers’.

Box 4.2: Should boards align their own AI use with their organisation’s?

Not necessarily. A number of directors and company secretaries pointed out that boards will, understandably, likely be AI ‘followers’ when compared with their organisation’s AI adoption.

Beyond the clear incentive to prioritise organisational AI initiatives that directly impact the productivity or profitability of the business at scale, practical considerations are also at play. As directors are often serving on multiple boards in a part-time capacity, boards and directors in both the for-profit and NFP sectors may be less incentivised (or not resourced) to formally adopt AI tools for the specific organisation.



Directors need to approach AI with a dual speed mindset. They need to be able to assess the risks of AI for the organisations they govern while at the same time exploring how these tools can elevate their own effectiveness. Perhaps the big question they should be asking is how could AI reshape governance itself? How could they be using it to anticipate risks and disruption or strengthen resilience? I fear that boards that fail to ask these questions will end up being governed by yesterday’s playbook.”

– Sarah Carney, National Chief Technology Officer, Australia and New Zealand at Microsoft

Considerations for NFPs and public sector organisations

Some directors from the NFP and public sectors were concerned that the more limited resources or lower organisational AI maturity of some entities in the sector may mean that their boards are not well positioned to leverage AI for governance purposes. This was especially so for some entities whose policies restrict the use of external AI.

Others, however, considered AI an even greater opportunity for NFP boards to streamline governance processes. Some AI tools are low cost and are therefore becoming increasingly democratised, available to a wider range of organisations and consumers.



All boards are thinking deeply about the impact of AI on their organisations and their boards. In many cases, AI will bring about once in a generation transformational changes.

It should also be noted that AI can be a real leveller for non-profit boards. Many are operating with limited administrative support or rely on volunteer company secretaries. There are affordable AI tools that can help streamline governance processes and improve access to information, freeing directors to focus more on mission and strategy. In that sense, I think AI may prove just as valuable for non-profit boards as for boards of larger for-profit organisations.”

- Lisa Chung AM FAICD

Setting the right parameters for director AI use

Management has a critical role in curating the right level of information for the board to perform its functions – too little, and the board is not appropriately informed of the risks, too much, and the board risks delving too deeply into the operations and management of the company.

AI technologies have supercharged the breadth of information available and the speed at which it can be delivered. Boards should therefore be mindful of ensuring any AI tools they adopt include controls to ensure an appropriate level and type of information is accessible to directors and to protect board information from those not entitled to access it.

Most board portals and enterprise-grade generative AI platforms, for example, include role-based access controls that can be used to grant directors access to only the information needed for their role, such as current and historical board papers and governance materials, rather than voluminous or detailed operational information.

This should help preserve the deliberate information asymmetry between the board and management, and prevent directors inadvertently ‘shadowing’ management or blurring the boundaries between functions.

Non-executive directors with access to increasingly detailed layers of management information not only risk undermining relationships with the executive but also exposing them to greater legal risk.

Appendix A: Glossary

Key terms

Term	Definition
Agentic AI	An AI system that can perform a specific task or goal with limited human intervention.
Artificial Intelligence (AI)	‘An engineered system that generates outputs such as content, forecasts, recommendations or decisions for a given set of human-defined objectives.’ ²³
Bias	In the context of AI, generally refers to algorithmic bias, a kind of error associated with using AI, often resulting in unfairness. ²⁴
Closed vs open system	AI openness versus closedness exists on a spectrum, rather than in binary form. How open a system is depends on the degree to which various system components, such as training data, training code, inference code, and model weights, are made available, modifiable and/or useable. Differential levels of access is common. ²⁵
Explainability	Focuses on being able to provide clear, coherent reasons for a specific output or decision generated by an AI model. It requires interpretability as a building block.
Generative AI	A sub-category of AI that creates new content such as text, images, voice and video based on patterns learned from data.

Term	Definition
Hallucination	Where AI generates a coherent response that is actually flawed, such as being factually incorrect, nonsensical, or misleading. ²⁶
Large Language Model (LLM)	A sub-set of generative AI that specialises in generating human-like text. ²⁷
Opacity	(1) the challenge of testing, validating, explaining and reproducing AI system outputs; and (2) difficulty identifying AI use within an organisation and its value chain. ²⁸
Prompt	Inputs crafted by users of an AI system to steer it towards producing specific results. Prompts can be as simple as a phrase or as complex as multiple sentences and paragraphs. ²⁹

23 AICD and HTI, [A Director’s Introduction to AI p.7](#) referencing the International Organisation for Standardization and the International Electrotechnical Commission ISO/IEC 22989.

24 Australian Human Rights Commission, [Technical Paper: Addressing Algorithmic Bias](#).

25 OECD, [AI Openness: A Primer for Policy Makers \(Aug 2025\)](#).

26 Digital Transformation Agency, [Technical standard for government’s use of artificial intelligence](#).

27 Digital NSW, [A common understanding: simplified AI definitions from leading standards](#).

28 AICD and HTI, [A Director’s Guide to AI Governance](#), p. 13.

29 Digital NSW, [Chatbot prompt essentials](#).

AI applications relevant to boards

AI application	Description	Example board use case
Agentic AI	An AI system that can perform a specific task or goal with limited human intervention.	Conduct an initial review of governance policies or support a post-mortem analysis of a decision.
AI note-taker	An AI tool that can transcribe, and sometimes record, audio dialogue from meetings. Some may also generate summaries or actions to follow-up.	Transcribing informal meetings or strategy sessions. For board meetings, however, this carries real risks.
AI or virtual assistant	An application that understands language commands and uses conversational AI to complete tasks for the user. Examples include Apple's Siri or Amazon's Alexa. Distinct from an AI 'agent' or agentic AI which performs tasks with limited human supervision.	Helping execute administrative board tasks, like managing calendars, coordinating board meetings and sending reminders.
Board portals with AI features	Software that centralises communications, documents and workflows for boards in one location or platform and includes AI capabilities, such as AI-generated summaries and action items.	AI-generated summaries of board papers and insights or suggested action items to support directors' own review and analysis of the board pack.
Closed or enterprise generative AI tools	Non-public enterprise solutions that can be configured to handle security classified and sensitive information.	Directors can prompt the tool for summaries of board packs, key risks and issues or to help formulate questions for their board meeting based on the board pack.
Expert systems	AI systems that codify established rules, precedents and policies in specific domains (e.g. legal, financial compliance) and provide recommendations.	Could be used by the board for recommendations to consider based on market conditions and risk appetite.
Machine learning	A broad set of models that have been trained on pre-existing data to produce useful outputs on new data.	Help detect patterns and anomalies across financial or other reports that go to the board.
Public generative AI tools	Generative AI platforms that can be accessed via web browser or app. Examples including ChatGPT, Gemini and Claude.	Another method of conducting background research on topics in the board papers. Can be prompted to answer questions related to general issues or themes in a way that does not identify the organisation or any sensitive information.

Appendix B: Acknowledgements and resources

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- Women for Election

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AICD resources

[A Director's Introduction to AI](#) (2024) (in partnership with Human Technology Institute (HTI) at the University of Technology Sydney)

[A Director's Guide to AI Governance](#) (2024) (in partnership with Human Technology Institute (HTI) at the University of Technology Sydney)

[AI Fluency for Directors Sprint](#) (2025) (in partnership with The University of Sydney and Deloitte)

[Cyber Security Governance Principles Version 2](#) (2024) (in partnership with the Cybersecurity Cooperative Research Centre)

[Data Governance Foundations for Boards](#) (2025) (in partnership with Allens and Melbourne Business School Centre for Business Analytics)

[Effective board minutes and the use of AI: A joint statement](#) (2025) (in partnership with the Governance Institute of Australia)

Other resources

Australian Government (Department of Industry, Science and Resources), [AI Ethics Principles](#) (2024)

Herbert Smith Freehills Kramer, [Embracing artificial intelligence – Incorporating AI in the boardroom and beyond?](#) (2025)

Institute of Internal Auditors, [AI in the Boardroom](#) (2025)

Kole, Alissa [A New Governance Paradigm is Necessary for AI-Powered Boards](#) (2024)

Larcker, Seru, Tayan and Yoler, [The Artificially Intelligent Boardroom](#) (2025)

OECD, [AI Principles](#) (2024)

Skadden, Arps, Slate, Meagher & Flom LLP, [Do's and don'ts of using AI: A director's guide](#) (2025)

The University of Melbourne and KPMG International, [Trust, attitudes and use of artificial intelligence: A Global study 2025](#) (2025)

Acknowledgement of Country

The Australian Institute of Company Directors acknowledge the Traditional Custodians of the Lands on which we are located and pay our respects to the Elders, past and present. We acknowledge the First Nations people across this Country and recognise their unique cultural and spiritual relationships to the Skies, Land, Waters, and Seas and their rich contribution to society.

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