

Diligent **Institute**



Governance Outlook 2026:

Governance in transition across Asia-Pacific

How boards are adapting to
unprecedented disruption



Note from Diligent Institute

The faster things change, the harder it is to see a clear path forward. Just ask today's corporate decision-makers, who must grapple with questions like: What are companies' biggest strategic priorities in this shifting landscape? What challenges are keeping their boards awake at night?

Where are the greatest opportunities emerging for their companies – and what will it take to seize them?

This new report seeks to provide clarity for corporate boards doing business in Asia-Pacific (APAC) – a region largely underrepresented in global data sets that tend to be United States-focused. It captures the voices of over 200 senior leaders across all industries in Government, private and not-for-profit organisations, taking an APAC-specific view that lets us unpack how governance priorities, challenges and opportunities are playing out in ways unique to this part of the world.

The research highlights a governance environment transforming in real time. Artificial Intelligence (AI) is reshaping the way organisations work, creating new opportunities even as it introduces risks around data, privacy and ethics. Escalating cybersecurity threats have also made resilience a non-negotiable board priority.

These forces put digital transformation at the top of the agenda – forcing boards to rethink how they manage risk and prepare for the future. New challenges in regulatory compliance, board effectiveness and long-term resilience have made it clear that directors must expand their perspectives and dedicate more time to strategy.

By reading this report, we hope you'll gain a more grounded view of how boards across APAC are adapting to these momentous changes and what effective governance will look like in the years ahead.



Dottie Schindlinger
Executive Director
Diligent Institute

Note from Governance Institute of Australia

Over the past year, governance professionals have navigated a turbulent period of change and uncertainty, presenting unique challenges and opportunities for strategic growth.

AI technologies have evolved at a rapid pace, placing increasing pressure on board directors and non-technical professionals to close the gap in their understanding of AI deployment risks and challenges.

The year has also reflected an increasingly dynamic and uncertain period for the global geopolitical environment. From trade tensions to tariffs and persistent regional conflicts, boards have had to strategise in an increasingly uncertain and unstable global economy.

The Australian regulatory environment has also evolved rapidly over the last year, reflecting new reporting requirements on climate-related financial disclosures and cybersecurity reporting obligations aligned with Australia's policy posture.

The report reveals the dynamic state of play that governance professionals are having to navigate – from growth to regulatory change and uncertainty.



Daniel Popovski
Senior Policy & Advocacy Advisor
Governance Institute of Australia

Key findings



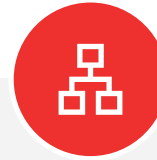
47% of respondents are prioritising managing cyber risk in 2026.

Onboarding AI technologies across the business a close second at 45%.



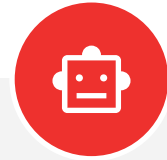
Digital transformation tops boardroom discussions.

65% of respondents name it their most urgent issue.



12% of respondents view mergers and acquisitions as a top-tier priority.

Low consideration may reflect a caution of increasingly rigorous regulatory environments.



57% of respondents have incorporated AI into their work processes.

Only 36% have audited their AI use and 50% have restricted or defined AI use.



70% of respondents believe GenAI poses data quality and privacy risks for their organisation.

This echoes apprehension about regulatory and



compliance risks.

Efficiency, productivity, and eliminating repetition rank highest among Agentic AI opportunities.

This shows a focus on



optimisation and not on innovation edge cases.

70% of respondents identify digital technology expertise as their most urgent development need.



AI, data and cybersecurity are ranked as top priorities.

63% of respondents believe boards should carve out more time for strategic discussions.

Methodology and analysis

From late July to early September 2025, the Diligent Institute partnered with the Governance Institute of Australia (GIA) and the Singapore Institute of Directors (SID) to survey more than 200 senior leaders across listed companies, government and the not-for-profit sector in the Asia-Pacific (APAC) region. The respondents represented organisations primarily headquartered in Australia (61%) and across Asia (26%). They were evenly distributed across company sizes, with 27% from organisations with over 1,000 employees and 26% from those with fewer than 50. A full demographic breakdown may be found in the Appendix.

The survey highlights the challenges executive boards have experienced throughout the year, as disruptions in the present global environment have led to a climate of continuous disruption and adjustment.

These shifts – driven largely by geopolitical uncertainties and trade flow disruptions, as well as the rapid advancements in AI technologies and cyber security risks – have prompted governance professionals to prepare boards for key strategic decisions at short notice.

A. The board agenda and **key risks**

Technology dominates today's strategic priorities for boards across APAC and Australia.

Cybersecurity and AI adoption consistently rank among boards' top agenda items, as boards weigh the [adoption of AI processes](#) against [potential labour disruption](#) and [rising AI-driven cyber incidents in Australia](#), among other factors. In fact, compared to previous editions of What Directors Think, APAC respondents are rating cybersecurity and AI much higher on the list of company priorities for the year ahead.

"This finding is consistent with more recent survey findings from the [AI Board Readiness report](#) conducted in partnership with Corporate Board Member," says Kira Ciccarelli, Senior Research Manager at the Diligent Institute. "When we asked U.S. public company directors in August of 2025 what they saw at the top business opportunity, 64% chose AI."

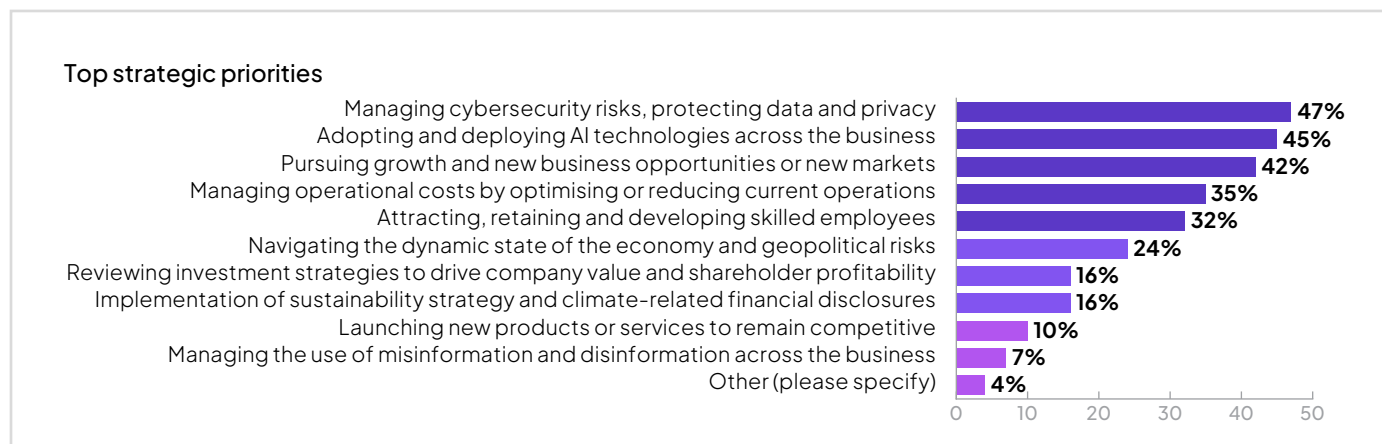
So how are directors managing the tension between their priority objectives and underlying risks in the coming year?



“ These days, the vast majority of management and board meetings at least bring up AI... Simultaneously, it holds tremendous opportunity and risk because of how disruptive the technology is. Organisations want to be on the side of the disruptors, and not the disrupted.

Dottie Schindlinger
Executive Director
Diligent Institute

Technology tops strategic priorities for executives



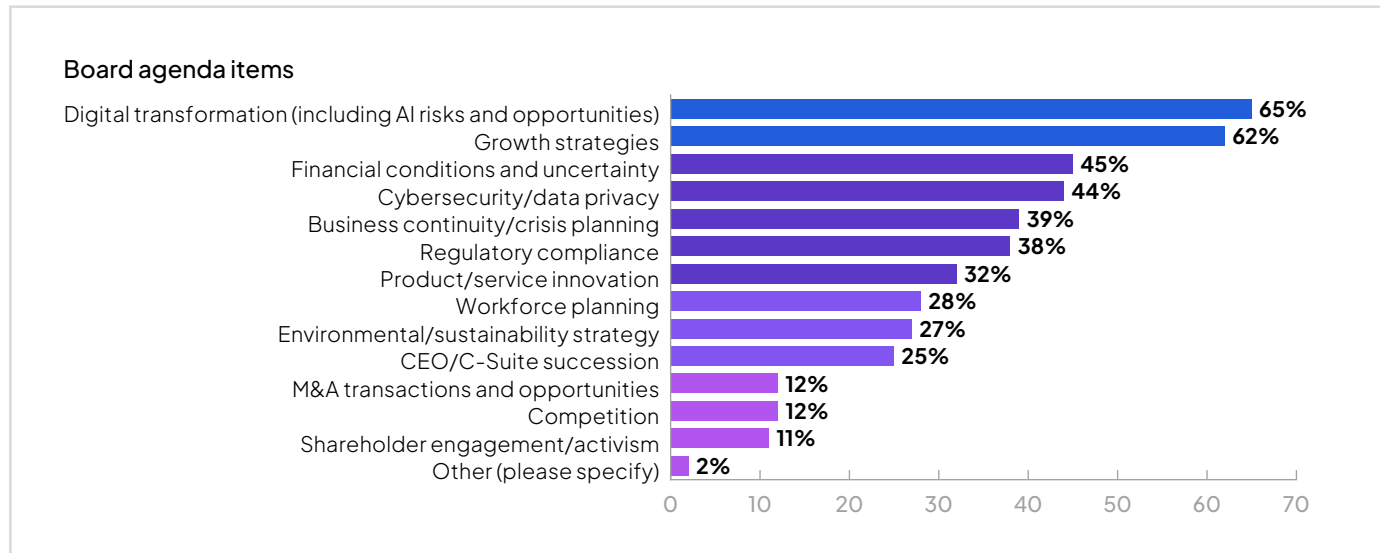
Technology and its consequences are a top priority for executives throughout APAC. This may be down to an increasingly ominous threat environment – as evidenced by the Office of the Australian Information Commissioner (OAIC)’s report that 2024’s [1,113 data breaches](#) marked a 25% increase from 2023. This rising threat appears to drive a transition from pure prevention to active response, pushing cyber resilience to the forefront of larger organisations’ priorities.

The pursuit of growth opportunities (42%) was another major priority for executives. This comes despite the dynamic and evolving period of change and uncertainty, highlighting the time, effort and challenges associated with identifying and executing growth.

Regional differences in strategic priorities may be down to how leaders respond to different regulatory environments. For instance, the Australian business environment has been marked by significant changes to cybersecurity reporting obligations, whilst Asia’s context has reflected a stronger focus on sustainability and political/economic volatility.

Respondents from companies headquartered in Australia were more likely to cite cybersecurity as a top priority for their organisations (53% vs. 39% for respondents headquartered in Asia), followed by attracting talent (35% vs. Asia’s 21%). Asia-based respondents, on the other hand, were likely to cite implementing sustainability strategies (25% vs. Australia’s 15%), followed by navigating economic/geopolitical environments (32% to Australia’s 13%).

Digital transformation is high on the board agenda



This shift in priorities aligns with evolving board agendas. Digital transformation (including AI risks and opportunities) was cited by nearly two-thirds of respondents as their choice agenda item for 2026.

Directors now view digital transformation as a multidimensional challenge, not just a matter for chief technology officers (CTOs). AI's social implications, including [potential job displacement](#), present massive challenges for labour force disruption. This has resulted in a more holistic and cross-operational approach to AI deployment in the workplace.

“Organisations need to have robust conversations around talent strategy and be very clear about how that strategy should or should not include non-human players, including AI agents,” says Schindlinger.

“If we’re automating the work of entry-level staff, for example, should we automate all of that work? Are there areas that we should never automate, because we need to maintain a growth and learning pathway for employees, or is there some other way that those individuals can get this experience? And if so, what is it?”

“By and large, companies are not having those conversations right now, and that’s a big risk.”

“ I think AI’s disruption on the labour force is going to be massive... AI potentially will do most of the work that fresh grads have done, particularly around research or framework development. So what is our responsibility in building up fresh grads, stimulating their intellect so that they can make better decisions in the future?

Siobhan Toohill
Non-Executive Director
Landcom

The next top agenda items indicate that boards are seriously weighing the effects of a volatile business environment on financial outcomes. About 62% of respondents placed growth strategies high on their agenda, followed by financial conditions and uncertainty at a more distant 45%.

The comparatively low consideration of mergers and acquisitions (M&A) on boards' priorities (12%) may reflect a caution of increasingly rigorous regulatory environments. In Australia, conflict over valuation, shareholder approval thresholds and regulatory risks have led to expensive M&A failures in recent years, most recently [ADNOC's withdrawal](#) of an \$18.7 billion offer to buy Australian gas producer Santos.

This general sentiment is reflected in Diligent Institute's recent [report on transaction readiness](#), conducted in partnership with Wilson Sonsini and NetSuite. "Our global survey found companies taking a more cautious approach to transactions in this current environment," says Ciccarelli. "Economic and geopolitical uncertainty was listed as the second most pressing challenge to transaction readiness, and respondents reported delayed deals, enhanced due diligence, and adjusted financial modeling as a result."

Australia-based leaders' responses reflect this climate of heightened economic caution and regulatory scrutiny, versus Asia-based respondents' greater emphasis on seizing market growth despite uncertainty.

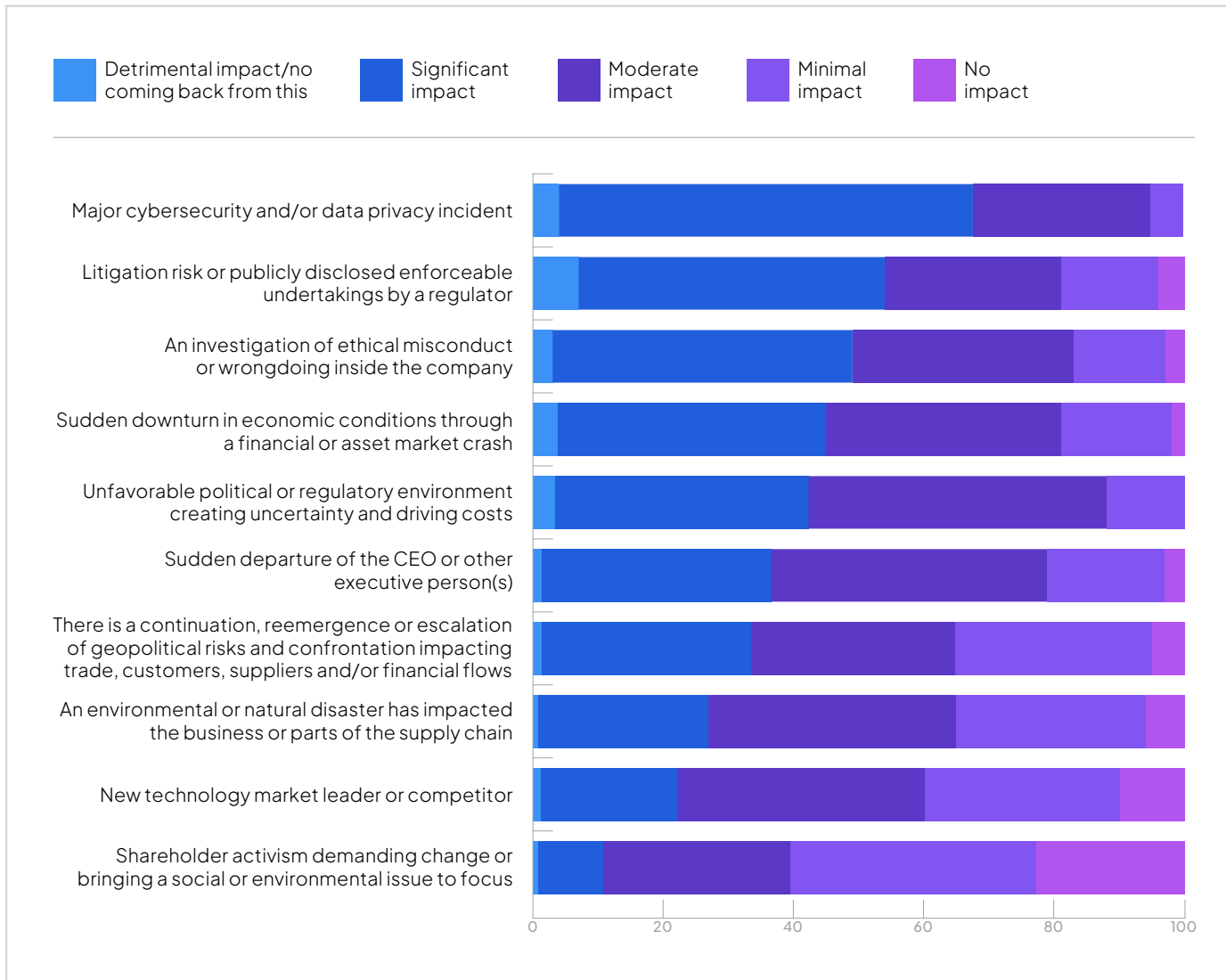
Boards headquartered in Australia are more likely to discuss financial conditions and uncertainty in the next meeting (48% compared to their Asia-based counterparts' 38%) and regulatory compliance (42% compared to 30%).

Compare this to Asia-based boards' higher preference for the board to discuss business continuity/crisis management (45% compared to 34% among Australian respondents) and growth strategy (68% compared to 57%).

“ Cyber risk – how much of it can be managed? Which company is not going to actually get hit by a cyberattack at some stage now? I just do not know how much more can actually be done, apart from keeping up with technology and putting new processes in place.

Peter Smiles
Company Secretary
QBE Group

Most impactful potential risks: Cyber & data privacy



The report's findings identified "Cyber and data privacy incidents" as the top risk most likely to have a significant impact on strategy – a finding that aligns with conclusions from the [latest edition of What Directors Think](#) by Diligent Institute, Corporate Board Member and FTI Consulting.

Cyberattacks have become so frequent that the question for most organisations is no longer if they will be targeted, but when. Our respondents are particularly at risk, as [a third of cyber incidents in 2024](#) were concentrated in the APAC region.

The growing complexity of data governance also poses a persistent challenge for businesses of every size. Larger entities are generally better equipped to manage these risks, but a significant maturity gap remains, leaving smaller organisations particularly vulnerable to breaches and compliance failures.

"Internal investigation of ethical misconduct or wrongdoing" and "litigation risk or publicly disclosed enforceable undertakings by a regulator" were also leading risk concerns for our report's respondents.

Failure to keep pace with evolving regulatory requirements exposes organisations to serious penalties and legal action, a core driver of litigation risk. This is closely tied to one of the top concerns identified in the report: data breaches.

Regulators are increasingly focused on data protection, and boards now view strong data governance as essential, given the significant costs of being hacked and the serious penalties imposed for breaches. [IBM's 2025 Cost of a Data Breach Report](#) found that breaches cost Australian companies \$2.55 million on average, and \$3.67 million for ASEAN companies.

“ I think there is a significant maturity gap between large entities and small entities in data governance – particularly that question around what you do with your old data, the retention requirements. Working through that can be a challenge in a lot of smaller organisations, particularly those in an organic growth phase, where things are not as controlled as they might be.

Christine Manuel
Legislation Review
Committee Member
Governance Institute of Australia

B. AI innovation & governance

Earlier, we identified digital transformation (including AI risks and opportunities) as the most pressing issue for board discussion, cited by 65% of respondents. The issue's urgency has increased for board members, given the multiple warning signals from across the business world.

The [Governance Institute of Australia's Ethics Index](#) shows that AI has moved from a niche topic to a major ethical concern for the public, now ranking as the third most urgent ethical issue for 2025. The Index also finds growing public scepticism toward corporate adoption of AI, with perceptions of "the corporate world using AI" turning negative overall.

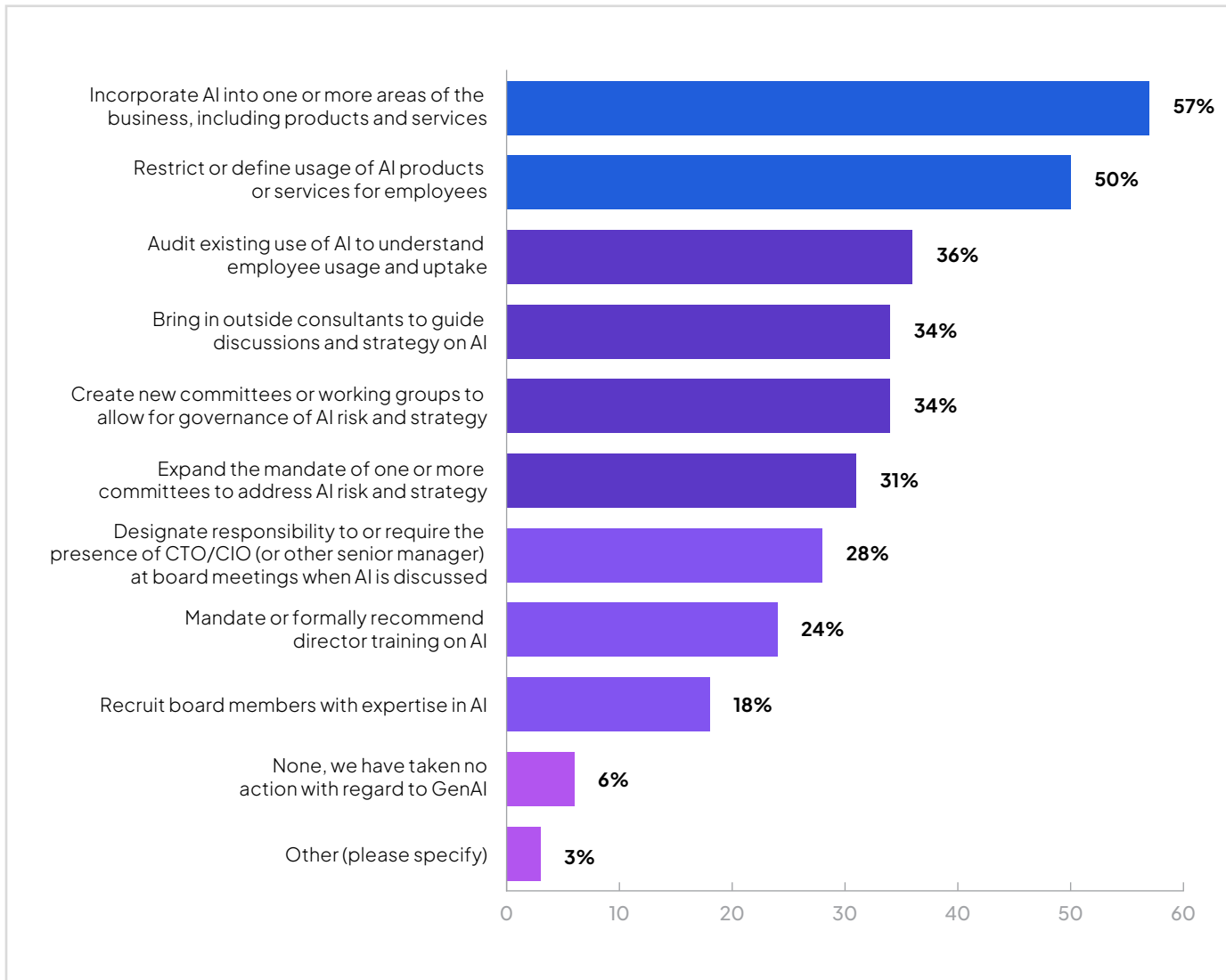
Against this backdrop, many boards across Australia and APAC are still writing the manual on effective AI governance. As they pursue AI's productivity and efficiency gains, they must do so with care – as AI's unintended consequences could quickly outweigh the benefits.



“Boards need to take a human-centric approach to any rollout of AI and digital technologies. It's really about finding the value – not just short-term value, but looking at what technology potentially delivers for the corporation in the long term. These are very complex and challenging questions for boards at the moment.”

Daniel Popovski
Senior Policy & Advocacy Advisor
Governance Institute of Australia

AI governance: Board action mismatch



“ Organisations need to audit where AI sits within the structure of the organisation and create some of those frameworks around how AI can be best managed. Without solid AI governance, a lot of organisations can fall into the trap of having to sweep up a lot of mess from the technology that they hoped would actually deliver the productivity benefit.

Daniel Popovski
Senior Policy & Advocacy Advisor
Governance Institute of Australia

The report reveals a gap between AI enthusiasm and oversight;
AI adoption is advancing faster than the mechanisms to govern it.

While 57% of respondents have incorporated AI into their work processes, somewhat smaller numbers have matched adoption with accountability measures. Only 36% have audited their AI use to understand employee usage; 34% have created new working groups or committees for AI oversight; and 50% have restricted or defined AI usage.

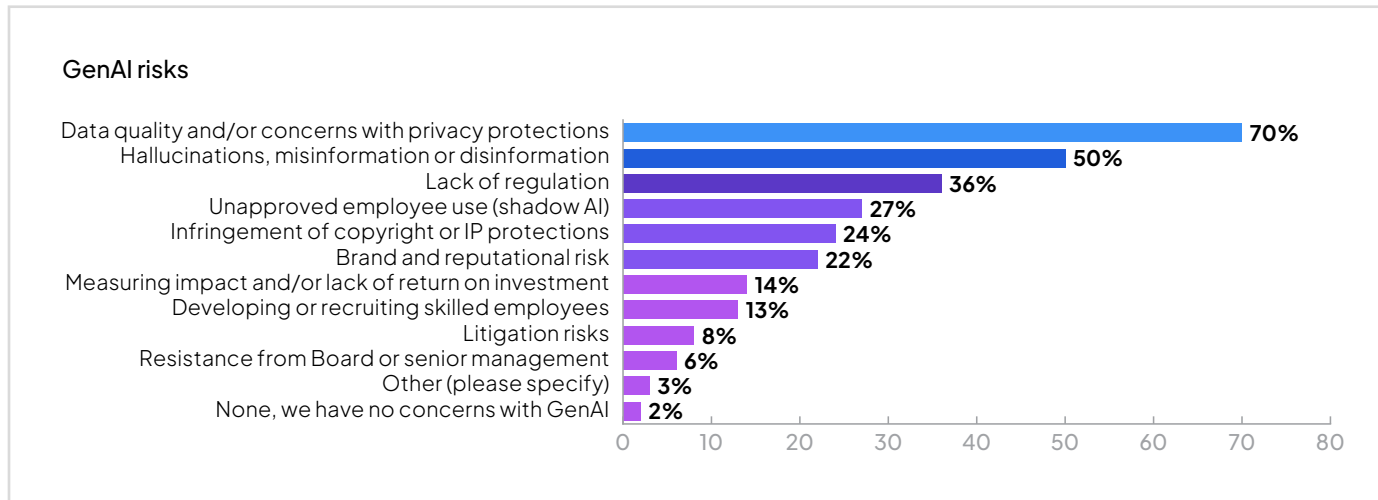
The numbers show that AI adoption remains strong, but many organisations struggle to implement the foundational governance needed to ensure their AI implementation delivers sustainable value. This aligns with findings from the AI Board Readiness report, where only 22% of respondents reported having AI governance or risk protocols in place at their companies.

“Directors have to make sure that they are educated about AI,” says Schindlinger. “They have to make sure that they understand enough about the technology so they can ask smart questions of management and most importantly, so that they can make informed judgments about whether or not they have the right management in place.”

Respondents headquartered in Asia approach AI strategy and risk management differently from their counterparts based in Australia. Australia-based leaders are more likely to have restricted or defined AI usage (61% compared to 30% among Asia-based respondents). This may reflect the absence of a comprehensive Australian regulatory framework similar to the [European Union’s AI Act](#), compelling Australian organisations to formulate their own internal AI policies and risk frameworks.

Leaders headquartered in Asia, on the other hand, seemed more likely to focus on capability rather than compliance. They showed higher support for recruiting board members with AI expertise (28% compared to 13% among Australia-based respondents), designating responsibility of AI strategy to the CTO or equivalent (37% compared to 28%) and mandating director training on AI (31% compared to 21%).

Generative AI opportunities & risks



Our respondents pointed to “data quality and privacy” (70%) and “hallucinations or misinformation” (50%) as the most significant risks they faced using Generative AI (GenAI) in their organisation. These concerns align with fears about regulatory and compliance exposure expressed elsewhere.

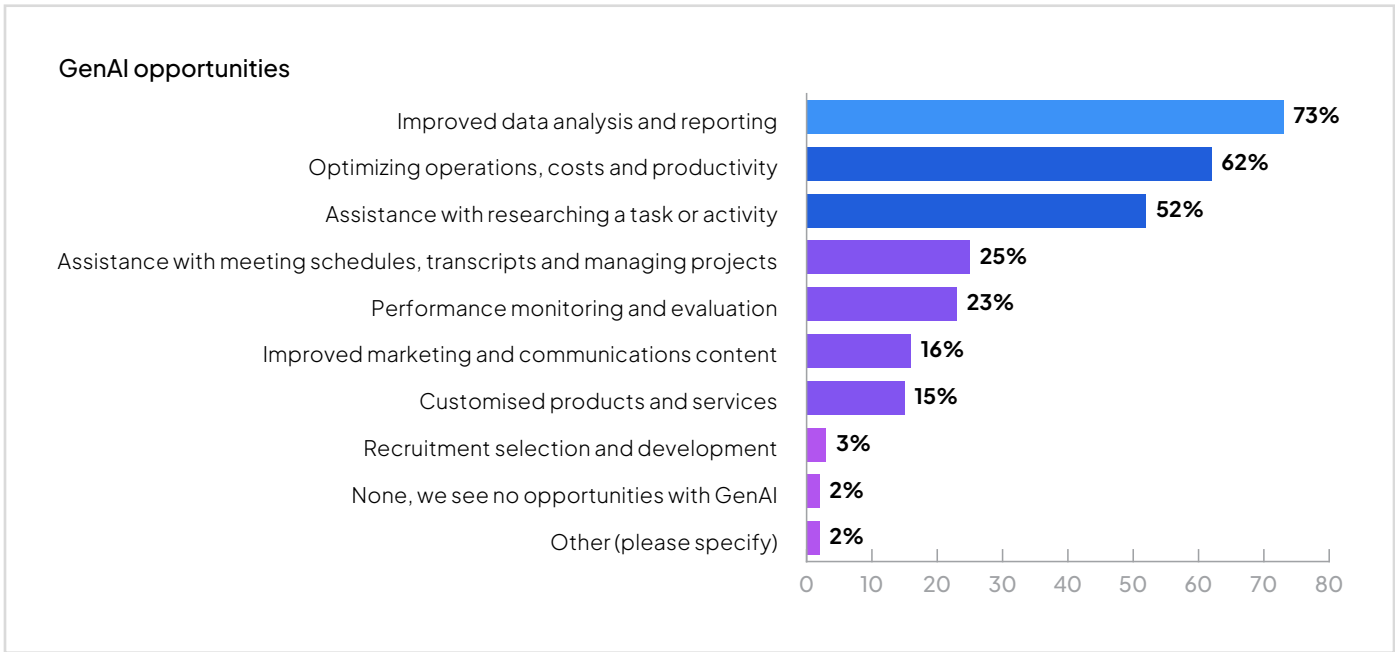
AI’s extensive use of personal data in training large language models has exposed significant gaps in existing safeguards. With cases of AI companies [violating copyright law](#) and [breaching data protection regulations](#) constantly in the news, executives remain cautious of GenAI outputs’ potential to trigger enforcement action.

[Bias, hallucinations](#) and lack of explainability surrounding AI-driven decisions also risk a further weakening of stakeholder trust and confidence in the technology.

The survey’s low results (13%) for “developing/recruiting skilled workers” contrast with *What Directors Think 2025*, which placed internal capability at the top of United States boards’ agendas. This suggests that ethical concerns about the [social impact of AI on the workforce](#) remain limited among decision-makers.

“ We keep hearing about AI as, “We have to do it, because if you don’t, you’re a Luddite, and you’re not moving fast enough.” But what are companies doing about the humans actually working with them? There’s this myth that everyone will just move on to a different role. But in reality, some roles will disappear entirely, leaving no opportunity for retraining. That will bring in massive social issues, and I just don’t think it has been talked about when we discuss the ethical use of AI.

Peter Smiles
Company Secretary
QBE Group

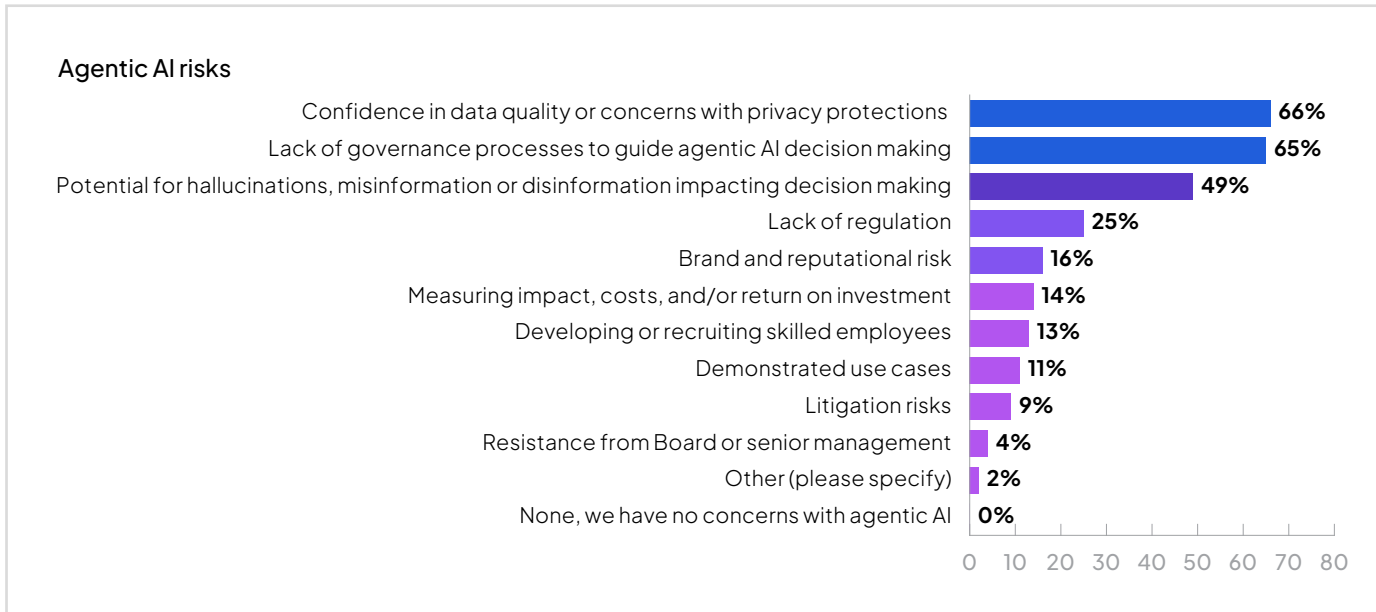


Regional differences in this area may reflect Asia’s more uneven regulatory enforcement compared to Australia’s. Australia-based respondents were more likely to cite “data quality/privacy” as a major AI risk (76% compared to 54% among Asia-based respondents), along with “unapproved employee use” (34% to 16%). Asia-based respondents, for their part, were more worried about “litigation risk” (16% compared to 7% among Australia-based respondents).

Our respondents also recognised GenAI’s potential benefits for their enterprises. The most-mentioned opportunities were “improved data analysis and reporting” (73%) and “optimising operations, costs and productivity” (62%).

These use cases suggest that most organisations are still in the initial stages of harnessing GenAI’s value – focusing on accessible, efficiency-driven applications rather than transformative product innovation.

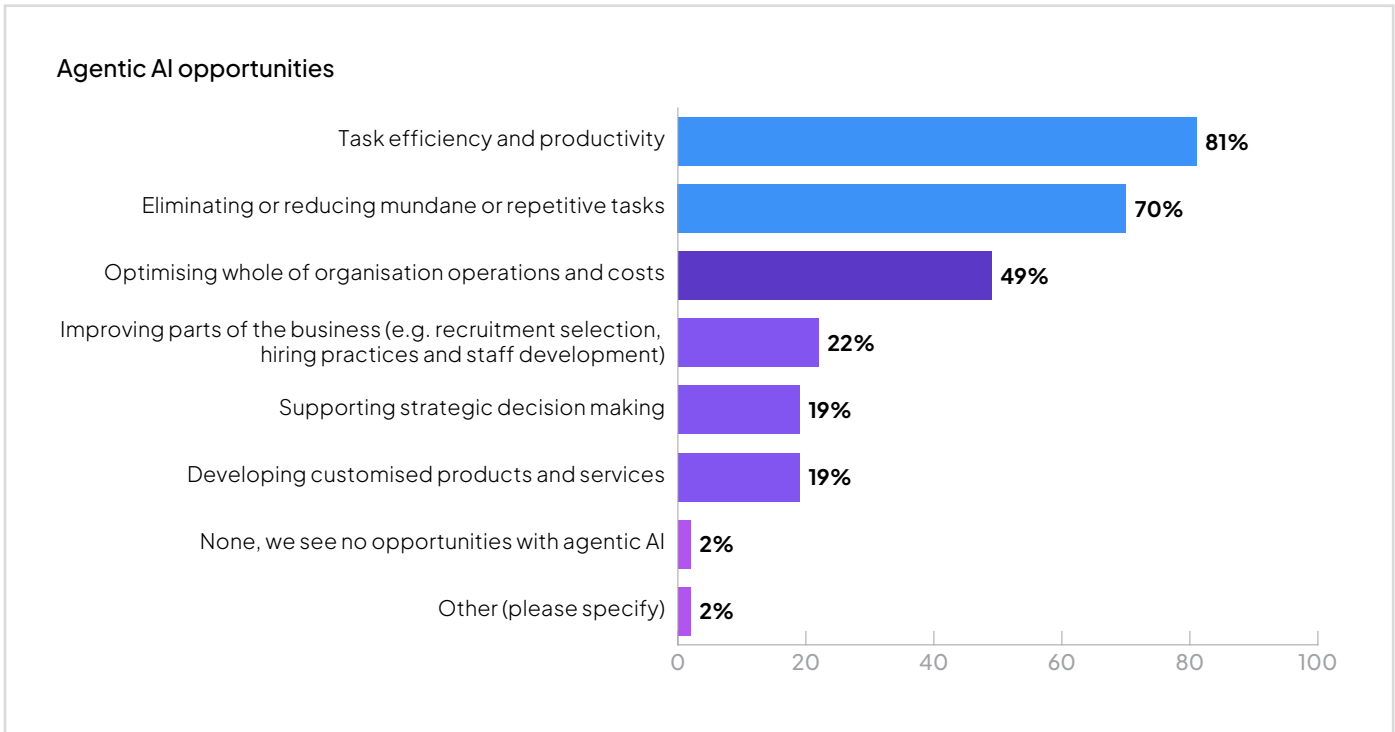
Agentic AI opportunities & risks



The threats and opportunities cited by our respondents reflect agentic AI's novelty and the corresponding need for developed governance frameworks.

Its greater autonomy (ability to operate without human guidance), goal orientation (capacity to plan for specific outcomes) and action capability (power to make changes in the real or digital world) underscore the need for governance protocols and incite a more widespread hesitation about the technology's transparency shortcomings.

Comparing across regions, our Australia-based respondents reported greater concern about the "lack of regulation" (31% compared to 21% among Asia-based respondents), while Asia-based respondents were more concerned about "litigation risk" (16% compared to 5% among Australia-based respondents), findings that aligned with similar numbers for GenAI risks.



The highest-ranking Agentic AI opportunities cited by respondents betray a focus on optimisation and productivity, not on innovation edge cases.

This emphasis on incremental improvement over radical innovation may reflect short-term pressures on company boards. Leaders want to demonstrate measurable return on investment quickly, so they turn to less complex efficiency wins that directly cut costs

or boost output rather than transform business operations and processes entirely.

More extensive agentic AI innovations (use in supporting strategic decision-making, customised products and services) may demand greater investments and governance frameworks that many boards are not yet ready to embrace.

C. Board member skills & improving governance

Boards increasingly recognise that governance effectiveness depends not just on structures, but on the skills and capabilities directors bring to the table.

Our report's findings bear this out. Digital technology expertise emerged as the top upskilling priority among APAC leaders – particularly in AI, data management and cybersecurity – as organisations confront fast-moving risks in these areas.

Respondents also highlighted the growing need for legal, regulatory and compliance knowledge, particularly as sectors like banking and insurance face accelerating regulatory change.



“Boards have knowledge gaps in certain areas. Speaking the same language is critical. Technical experts, governance experts and boards should speak to each other in a way that they can actually understand and make decisions.”

Daniel Popovski
Senior Policy & Advocacy Advisor
Governance Institute of Australia

Where upskilling is needed

Where does the board/governance team need upskilling?

- 70% Agentic AI opportunities
- 47% Legal/regulatory compliance and risk management
- 45% Strategic planning
- 42% Cybersecurity
- 35% Environmental sustainability/climate
- 25% Diversity of candidate (e.g. racial/ethnic diversity, gender diversity, age diversity)
- 24% HR/talent (including change management and transitions)
- 23% Financial
- 22% Industry and customer
- 20% Geopolitics/international
- 17% C-Suite experience
- 13% Marketing
- 9% Transactional experience (e.g., M&A)
- 3% Other (please specify)
- 0% None

The uncertain economic and geopolitical environment may account for legal and regulatory compliance/risk management's distant second place in board/governance teams' upskilling priorities.

Compliance concerns are most acute in heavily regulated sectors like banking and insurance.

Following the Australian Prudential Regulation Authority's release of the CPS 230 operational resilience standard in July 2025, many Australian boards have begun reassessing how they manage risk exposure and implementation of controls in an increasingly volatile environment.

In line with findings from What Directors Think 2025, "strategic planning" takes third place at 45% – suggesting that boards see strategic planning as a mature capability, requiring refinement rather than urgent upskilling.

More Australia-based leaders prioritised upskilling on hiring diversity and inclusion (32%, versus 13% among their Asia-based counterparts). Diversity may be seen in Australia as central to legitimacy and social responsibility, aligning with broader debates in Australia around corporate culture and equity.

Asia-based respondents were more likely to select C-suite expertise (26% compared to 12% among Australia-based respondents), international expertise (36% to 11%) and industry/customer experience (30% to 18%) as upskilling priorities. This may reflect a regional emphasis on strategic capability and global fluency, viewed as essential for competing in dynamic and internationally connected markets.

“ There is a shortage of tech or AI conversant directors in the market, especially in financial services. From a succession planning standpoint, I think it's paramount that we future-plan for it now, looking for new directors to increase that cadence. They don't need to be subject matter experts, but when it comes to the tech strategy of your firm, I think the board should have that basic understanding.

Dhawal G Gadani
Company Secretary and Head of Governance
HSBC Australia and New Zealand

Where to optimise governance oversight

What would optimise governance oversight processes?

- 63%** More time for strategic planning or dedicated planning meetings
- 52%** Increased exposure to experts to discuss specific issues/risks
- 43%** Mandatory director training/continuing education
- 31%** Overhaul of director evaluations to get rid of ineffective members or add new perspectives
- 29%** More direct engagement with employees at various levels inside the company
- 29%** Fewer presentations and more discussion
- 27%** More mandatory on-site visits by the full board
- 23%** More/better structured agenda
- 22%** More diverse meeting locations to introduce board to operating footprint
- 20%** More or longer direct engagement with other members of the C-Suite
- 18%** More lead time to review board materials
- 10%** Frequency of committee rotations
- 10%** More full board meetings
- 4%** Other (please specify)
- 1%** None

When asked how governance oversight could be strengthened, respondents most often pointed to the need for boards to devote more time to strategic discussions – echoing findings from What Directors Think 2025.

The shift suggests that directors are increasingly looking beyond compliance and reporting to focus on long-term positioning, resilience and growth.

Nearly a third of respondents also supported increasing direct engagement with employees across different levels of the organisation, helping boards remain attuned to workforce sentiment and operational realities.

Respondents also feel the board needs “increased exposure to outside parties/experts to discuss specific issues/risks”: reflecting awareness that cyber threats, AI governance and geopolitical risks are evolving too quickly for internal expertise alone to remain sufficient.

Governance oversight remains a central theme among the responses, receiving a quarter to a third of total interest.

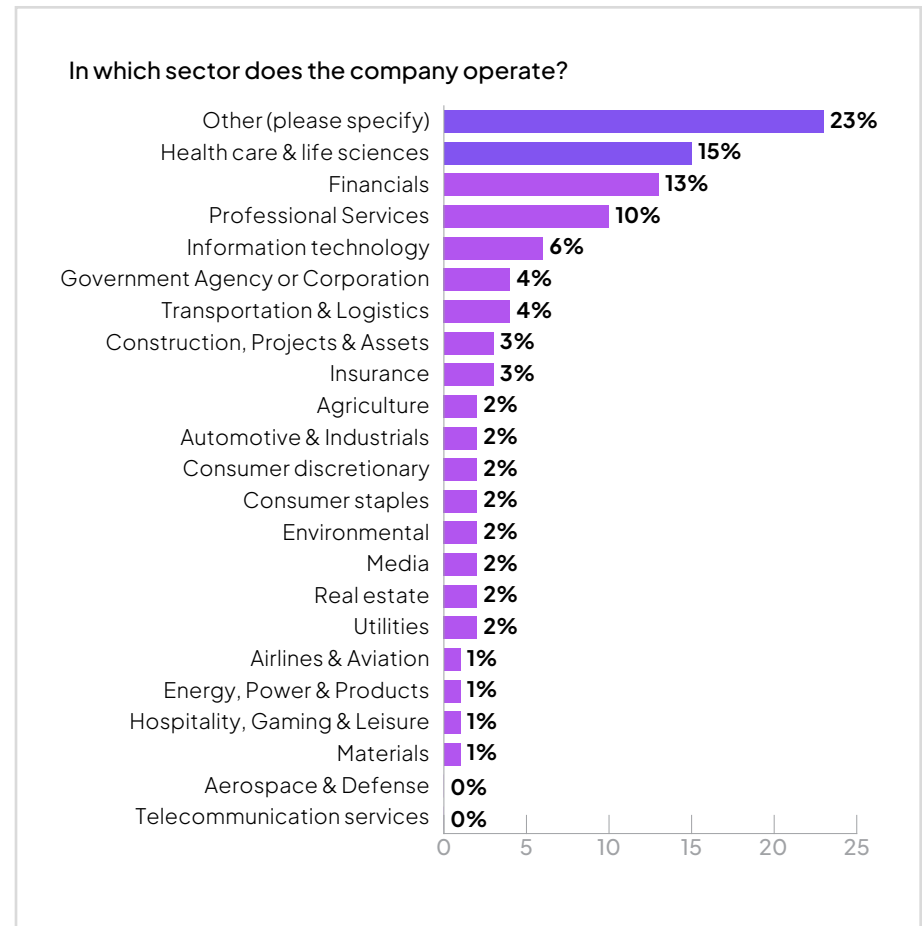
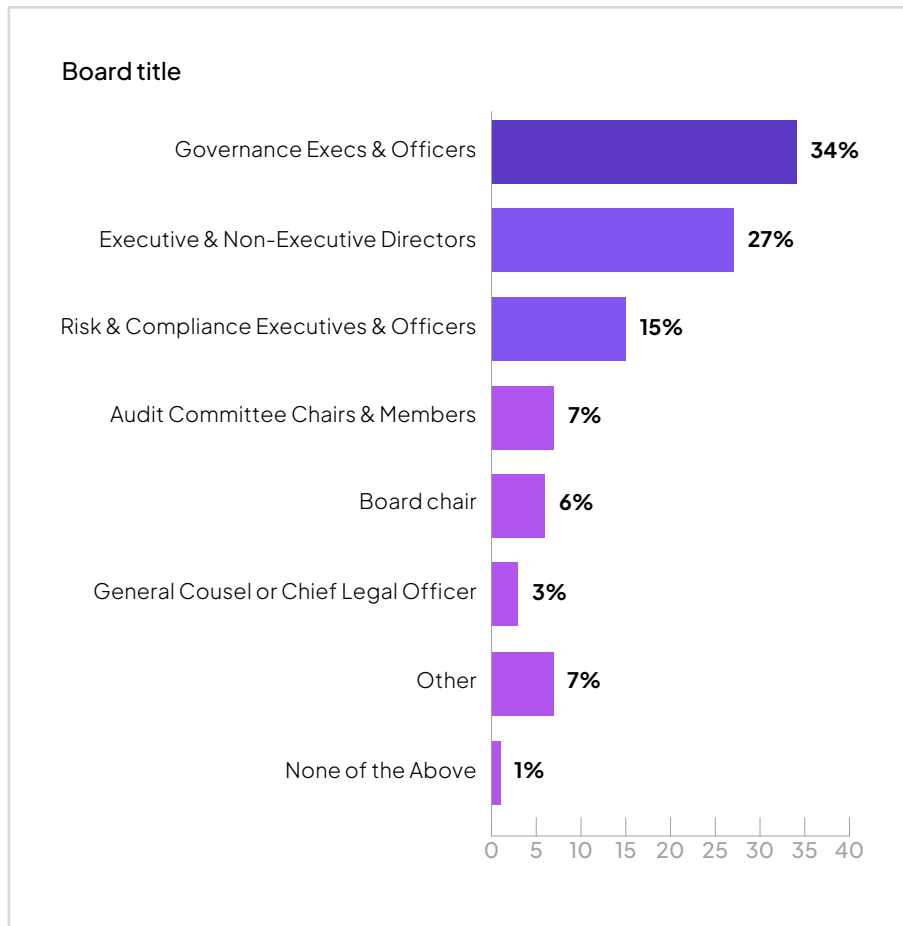
Respondents cited the value of enhancing governance processes through measures such as improved board and director evaluations (31%) and mandatory director training or continuing education (43%).

Regional variations reveal a shared goal of improving board effectiveness in an increasingly complex environment, but through differing approaches. Australia-based boards tend to focus on developing directors’ individual capabilities, with 44% favouring training as a means to strengthen oversight.

By contrast, Asia-based respondents emphasise collective improvements to board functioning, including fewer presentations and more open discussions (40% versus 27%), longer sessions for strategic planning (72% versus 59%) and more lead time to review materials (26% versus 13%).

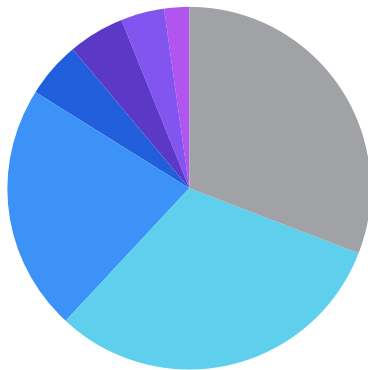
Appendix

Demographic breakdown for all survey respondents are as follows:



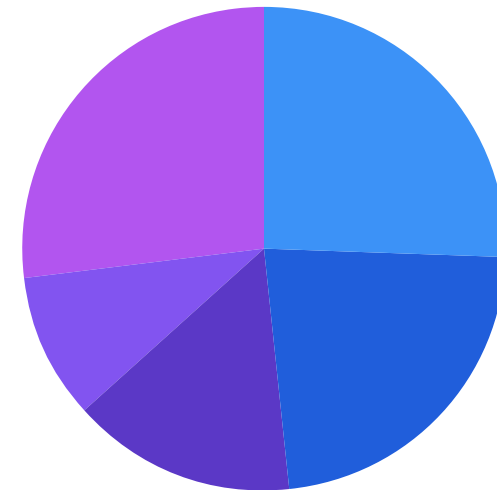
Appendix

Nature of organisation



- 2% - Private company (Pre-IPO)
- 4% - Government Department or Service
- 5% - Government Owned Corporation
- 5% - Education or Research Organisation
- 22% - Public Company
- 31% - Private company
- 31% - Not for Profit or Charitable Organisation

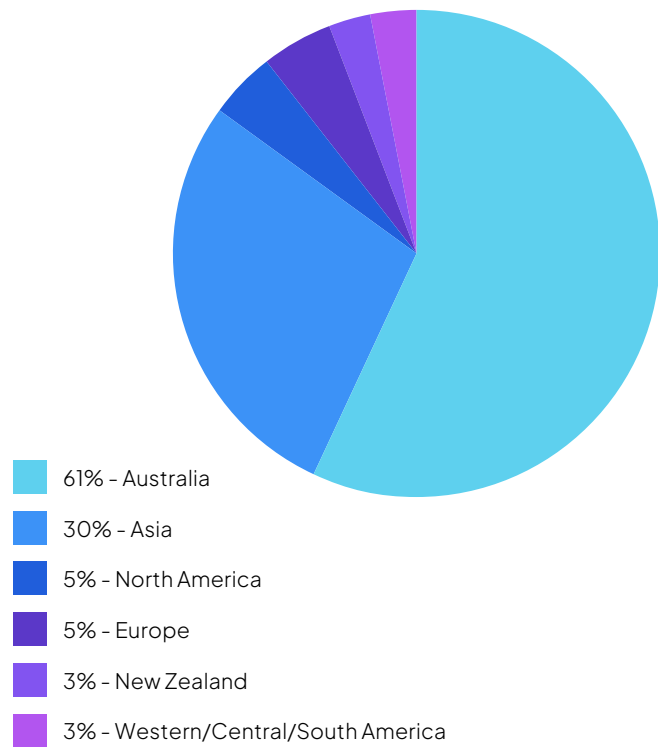
Employee count



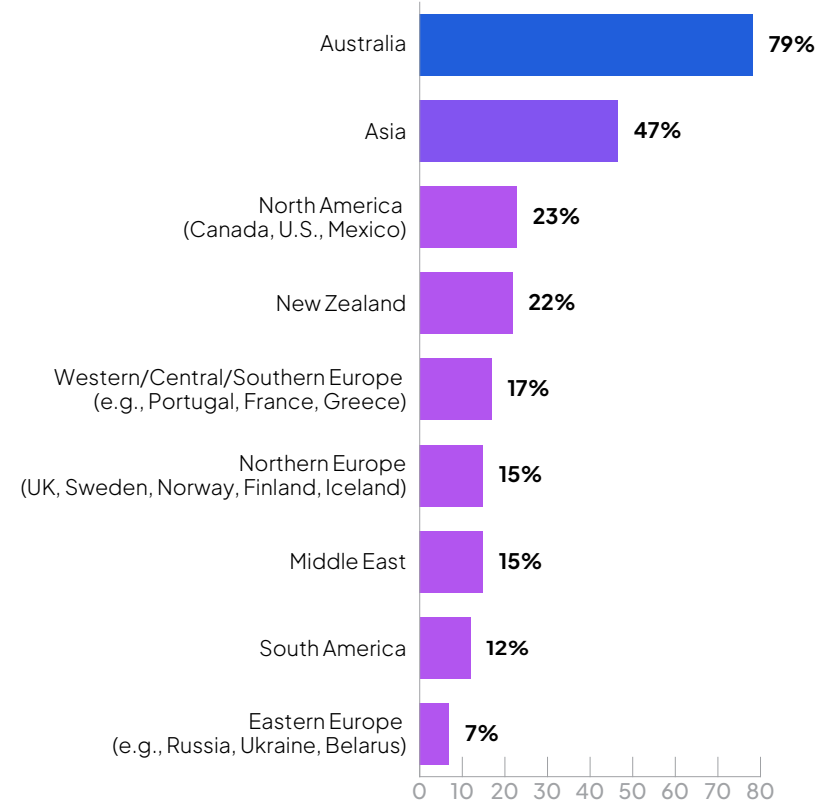
- 27% - More than 1,000
- 10% - 501-1,000
- 15% - 201-500
- 23% - 51-200
- 26% - 1-50

Appendix

Location of headquarters



Region of operation



Acknowledgments

We are grateful to HSBC Australia and New Zealand's Dhawal G. Gadani; QBE Insurance Group's Peter Smiles; Landcom's Siobhan Toohill; and the Governance Institute of Australia's Daniel Popovski, Christine Manuel and Liz Hallifax, who contributed their thoughts in a roundtable on the survey results and whose insights appear throughout this report.