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Boards in an Intelligence-Led Era: Perspectives from the Global Directors Exchange Singapore 2025



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term sustainability.

A learning journey to the Singapore Oceanarium provided an applied perspective on biodiversity, marine conservation and nature-based solutions. Delegates explored how Resorts World Sentosa embeds decarbonisation, water and waste management and nature stewardship into operations. The day concluded with a presentation by Winston Chow, from the Singapore Management University on the latest climate science and its implications for board oversight.

To round out the programme, delegates were hosted at an immersive welcome dinner presented by Marina Bay Sands and later at a closing dinner held in front of the Ocean Gallery's 36 metre wide viewing panel showcasing 100,000 marine animals.

By integrating global perspectives, practical simulations and thematic deep dives, the Global Directors Exchange strengthens the shared capacity of boards to govern with clarity, accountability and foresight. The insights generated at the GDX in Singapore inform this report and contribute to the continued advancement of governance standards across the GNDI network.

Welcome

The inaugural Global Directors Exchange (GDX) opened in Singapore with an air of anticipation and purpose. As delegates took their seats, representing over thirty countries and more than sixty boards across the world, Terence Quek, Chief Executive Officer of the Singapore Institute of Directors (SID), welcomed them with both warmth and humour.

He noted that the gathering was historic - the first of its kind - and that everyone present was, in a sense, making history together.

“

We have about sixty of you here, from more than thirty countries.

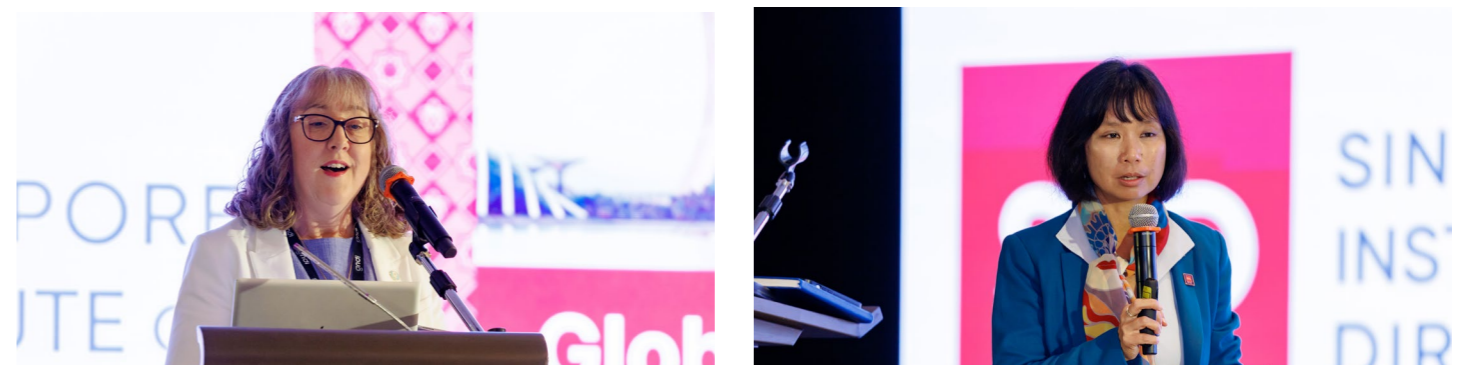
Terence explained that the GDX was conceived to coincide with the in-person annual meeting of the Global Network of Director Institutes (GNDI), giving SID the opportunity to curate

a parallel programme that would enable peer learning, networking, and shared insights across continents. He expressed hope that the two days ahead would be filled with meaningful dialogue, rich perspectives, and renewed connections.

Introduction

Yeoh Oon Jin, Chair of the Singapore Institute of Directors, extended a heartfelt greeting to all delegates, particularly those who had travelled long distances to be part of the Exchange. He described Singapore as “sunny, stable, and globally connected,” a fitting venue for the inaugural event.

Oon Jin spoke passionately about the Exchange’s theme - “Boards in an Intelligence-





Led Era.” He noted that the pace of digital transformation, particularly the rise of artificial intelligence, was reshaping how directors think about governance, risk, and opportunity.

The challenges facing today’s boards - geopolitical uncertainty, sustainability imperatives, and technological disruption - demand both resilience and imagination. He emphasised that the Exchange offered a rare opportunity for directors to share lessons across national and organisational boundaries.



“This is a wonderful platform to renew old connections, make new ones, gain insights, and exchange ideas.”

He also acknowledged the programme’s thoughtful design under the leadership of Programme Chair, Su-Yen Wong, Immediate Past Chair of the Singapore Institute of Directors set the stage, whom he described as both an experienced board chair and a gifted educator. With a smile, he hinted that the two-day agenda was not all hard work - there would be time for participants to unwind, network, and experience Singapore’s hospitality at two iconic venues: Marina Bay Sands and Resorts World Sentosa.

His closing words captured the spirit of the occasion: “I wish you two thought-provoking, productive, and enjoyable days - and may you take home both good ideas and fond memories of your time here.”

Opening Address

As Chair of the Global Network of Director Institutes (GNDI) and Chief Executive of the Institute of Directors in New Zealand, Kirsten Patterson (KP) brought a distinctly global and

human touch to the proceedings.

She opened with a traditional Māori greeting invoking peace, unity, and respect among all present.

KP expressed gratitude to SID for its leadership and hospitality, commending Singapore’s outward-facing and innovative approach to governance. She positioned the GNDI as a coalition of more than 180,000 directors worldwide - an alliance not meant to replicate national efforts but to connect and elevate them. In a time when “the world is becoming more fragmented,” she said, it was vital for directors to work together to uphold standards of transparency, diversity, and foresight.



“We meet at a time of significant complexity for boards... the accelerating impact of generative artificial intelligence, a rapidly shifting climate and the related pressures of transition, disclosure and resilience.. geopolitical volatility, economic instability and the fracturing of global norms.”

Her remarks touched on the defining pressures facing boards: the disruptive impact of generative AI, the urgency of climate action, and the strain of geopolitical volatility. “The world is not getting simpler,” she observed, “but as directors, we do not have the luxury of waiting for clarity. We must lead through uncertainty.”

She highlighted recent GNDI initiatives, including research reports on ethical AI and climate governance, and the network’s 24-hour virtual summit - symbolically demonstrating that good governance “never sleeps.”

KP concluded with a reminder that board decisions reverberate far beyond company walls:



“The future is in the boardroom. What we do here matters - to markets that rely on trust, to employees whose futures depend on our choices, and to generations who will inherit what we leave behind.”

Context Setting

Su-Yen set the stage by introducing the concept of intelligence-led governance, a theme that would quietly anchor every conversation across the two days. She explained that in a world where volatility has become the default rather than the exception, directors can no longer rely solely on experience, precedent, or instinct.

Instead, they must cultivate three interlocking abilities that together form the backbone of intelligence-led decision-making. The first is the ability to see early — to detect faint signals through a radar that is often clouded by noise, competing priorities, and ambiguous data.

The second is to decide proportionately, ensuring that responses neither underreact to emerging threats nor overcorrect in ways that create new risks.

And the third is to explain credibly, translating complex board decisions into language that builds trust and alignment across a widening landscape of stakeholders.

A single topic such as artificial intelligence might spark urgent debates about regulation and assurance in one market, while in another,



boards are still grappling with the very starting point — how to introduce and frame the conversation at all.

These differences, she noted, are not obstacles but assets. They reflect the diversity of lived realities that, when shared openly, enrich the understanding of everyone in the room.

For Su-Yen, the value of the Exchange lay precisely in this diversity. She urged participants to approach the next two days with curiosity and generosity, seeing each dialogue not as a presentation to absorb but as a window into someone else’s governance world.

She invited them to leave the Exchange with three kinds of outcomes: concrete ideas they could translate into board action; connections of skills and capabilities that could support boards across borders; and commitments that would carry the momentum of the gathering far beyond its closing moments.

In her framing, the Exchange was not an event with a beginning and end, but a catalyst — a spark that would continue to illuminate boardrooms long after participants returned home.



Rewriting The Risk Map: Geopolitics In An Uncertain World

Danny Quah, Li Ka Shing Professor in Economics at the Lee Kuan Yew School of Public Policy, captured the audience with a compelling metaphor: geopolitics, he suggested, is the scaffolding, flooring, and roofing of the building in which directors conduct their work. When this infrastructure is stable, boards can focus on the “rooms” they inhabit - their own markets and sectors. When it shakes, everyone feels the tremors.

From the perspective of Southeast Asia, Danny pointed out, economic growth remains resilient at about 4.7 percent, with the Philippines and Vietnam outpacing at more than 6 percent. Yet the very drivers of this growth - semiconductors, merchandise exports, and tourism - are deeply vulnerable to the twin forces of US-China rivalry and global conflict.

He argued that while the confrontation between these two powers is significant, it is the fraying of multilateralism that poses an even greater threat.

The three planks of multilateralism - a level playing field, peaceful dispute resolution, and collaboration on global challenges - are eroding, leaving smaller economies and businesses to contend with what he termed both the “China shock” of supply flooding markets and the “America shock” of tariffs shutting off demand.

“*Geopolitics is like a glue that brings together all our different rooms... when geopolitics flutters, the entire thing shakes and we begin to wonder what’s happening in our rooms.*”

Exercising Agency

Rather than succumbing to fatalism, Danny urged directors — and smaller states — to recognise their own capacity for agency in shaping a turbulent world. He drew on Singapore’s evolution from a strategy of deterrence to a strategy of agility, resilience, and



REWRITING the RISK MAP: GEOPOLITICS in an UNCERTAIN WORLD



PROF. DANNY QUAH



networking, underscoring that influence does not always depend on size or power. Even in an era of great-power rivalry, smaller actors can find strength through adaptability, alliances, and a clear sense of purpose.

Danny introduced the concept of a “world minus one” strategy — a powerful reframing of global cooperation in uncertain times. If a dominant power chooses to withdraw from the system of multilateralism, he argued, the rest of the world can and must continue to uphold it. Examples like the Trans-Pacific Partnership’s transformation into the CPTPP after the US withdrawal demonstrate that collaboration need not end when one major player steps away. Nations and institutions still committed to open markets, fair competition, and collective problem-solving can forge ahead, creating frameworks that preserve stability and trust.



For boards and directors, this was both a challenge and an invitation. Danny’s message was that global uncertainty is not a reason for paralysis — it is a call for strategic engagement.

Boards can strengthen networks, diversify partnerships, and sustain collaborative ecosystems that enable organisations and societies to thrive, even amid fractured geopolitics. Leadership, in this context, means



not waiting for consensus from superpowers but taking initiative within one’s sphere of influence.

“*Think about a world minus one strategy, where those of us who remain committed to the principles of multilateralism... can come together and build our own multilateral institutions.*”



Big Questions for Directors

The discussions left participants with two overarching questions to guide their reflections throughout the Exchange and beyond.

First, what is changing, and how do these shifts already affect decisions, budgets, timelines, and stakeholder expectations?

Second, what assumptions do we take for granted in our own contexts that others may not share?

Directors were reminded that the answers may differ dramatically by geography, industry, or organisational form, but that recognising similarities and differences explicitly is part of the value of convening diverse perspectives.

By asking these questions consistently, directors can cultivate greater awareness of blind spots, anticipate disruption more effectively, and position their boards to lead with resilience and foresight.



We can exercise agency... by banding together. Agility in each of our operations, and networking in the way we have all come together.

Fireside Chat with Danny Quah and Su-Yen Wong

Danny and Su-Yen opened with a candid exploration of how today's global shifts are reshaping the landscape for boards, leaders, and organisations. Against the backdrop of rising protectionism, trade fragmentation, and geopolitical tensions, the discussion underscored the urgent need to rethink assumptions about multilateralism and

globalisation.

The Reality of Decoupling

Danny emphasised that decoupling - once thought too costly to occur - is now a real possibility. Rather than fearing it, boards may need to "own" the concept and prepare for it. This means recognising that uncertainty is high in a partially decoupled world and scenario planning must address what a "world minus one" could look like if a major player such as the US exits aspects of the multilateral trade system.



Boards are sitting around the world and thinking... what are the scenarios I need to map? Who are my risk assessment people, and I need to get them to think about the possibility of a world minus one.

Scenario Planning for Boards

Boards should push their CEOs and organisations to map out plausible scenarios: How will business models adapt if the international trading system fractures? What happens if global rules shift from integration and efficiency to fragmentation and protectionism? Risk assessments must cover not just improbable events but increasingly plausible futures, such as trade without America or other key powers.

Shifts in Trade Flows And Routes

Participants raised concerns about the rerouting of trade caused by tariffs and protectionism. Danny noted that trade barriers, the formation of alternative corridors, and the rise of new groupings (like BRICS Plus or the Shanghai Cooperation Organisation) are all interconnected disruptions. The dividing lines going forward are

likely to be economic - whether nations believe trade benefits them - rather than ideological, as in the Cold War.



The trading regroupings and the trade barriers, they are part and parcel of a disruption to the international trade system.

The Thucydides Trap and Director Responsibility

The discussion touched on the risk of conflict between an established power (the US) and a rising power (China). Danny argued that while boards cannot directly prevent great-power rivalry, directors and leaders can play a role in containing "small incidents" that might otherwise escalate. Setting mechanisms for dialogue, building trust, and managing regional flashpoints responsibly can help prevent accidental escalation.



We need to set in place mechanisms, processes, sensible talk that will spring into action to calm all of us down when small incidents occur.

The Future of the US dollar and Reserve Currencies

The dominance of the US dollar as the global reserve currency gives America outsized power. While alternatives are not yet fully formed, discussions within groupings like BRICS show early attempts to reduce dependency. Danny noted that any move away from the dollar would face major challenges but could reshape global finance over time. Boards must watch closely for implications on capital flows, sanctions, and



investment strategies.

"World minus one" vs "world plus one"

A question from a participant raised whether the future will instead be "world plus one" - with China as the dominant pole. Danny clarified that the critical element in his framing is not who the one is, but the "minus."

The key issue is whether nations wish to remain within a system governed by multilateral cooperation and soft norms, or whether they choose to exit. Nations will act out of self-interest, but the challenge is designing systems where self-interest still results in cooperation and stability.



When I say world minus one, it is not the one that's significant—it's the minus.

The session underscored that the world is entering an era of uncertainty where multilateralism can no longer be assumed. Systems that once supported global stability are shifting, and geopolitics now directly shapes trade, supply chains, finance, and strategy.

In this fragmented landscape, boards must strengthen scenario planning, rethink risk frameworks, and stay alert to evolving alliances driven by economic interests rather than ideology. Resilience and foresight will be essential for leaders aiming to navigate disruption and guide their organisations with clarity and confidence.



Leading Through Complexity: Global Perspectives

Geopolitics Facilitator: Michael Hilb

In the Geopolitics exchange facilitated by Michael Hilb, President of the Swiss Institute of Directors, participants recognised that geopolitical concerns are broadly consistent across countries and industries, yet boards struggle to translate these into meaningful business implications. What emerged was an appreciation that geopolitics is no longer a distant, abstract backdrop but an active force shaping supply chains, market access, regulatory expectations, talent flows, and investor confidence.

The first imperative is therefore internal: boards must raise awareness within their organisations so that management treats geopolitics as a strategic priority rather than a periodic headline. Building this literacy is essential because the second imperative — scenario thinking — requires leaders to engage with uncertainty in a disciplined way.



We have to really think in scenarios. There's no one strategy. Nobody knows what's going to happen.

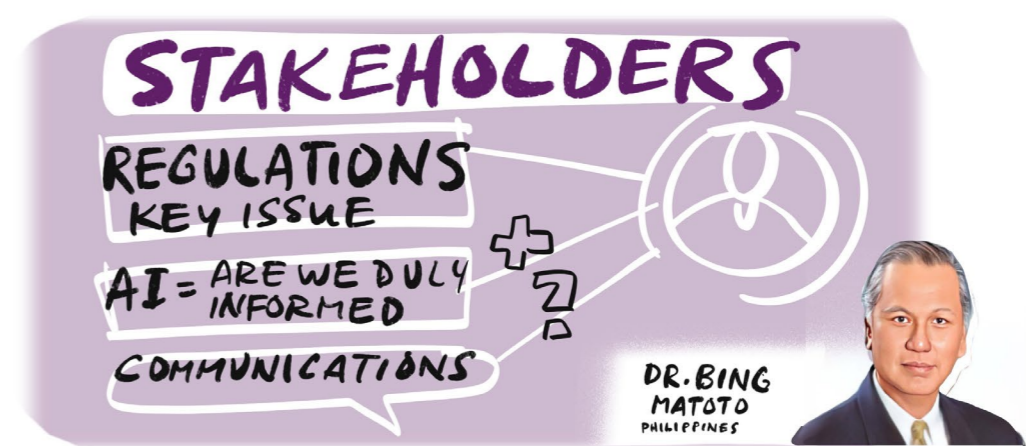
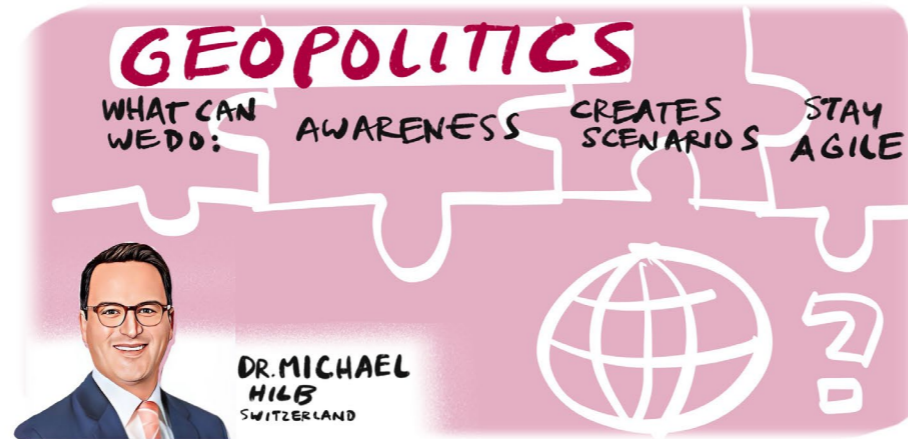
No single playbook can account for the volatility of the current global landscape, and boards must guide their companies through multiple plausible futures rather than rely on a fixed strategy. The final imperative centres on adaptability. The discussions underscored that effective boards cultivate the ability to pivot quickly, reallocate resources, and update assumptions as geopolitical conditions shift. Taken together, these insights reinforce the idea that geopolitical competence is now a core dimension of modern governance, not a peripheral consideration.



Make sure we restate that and we are open to adapt to any new developments which will come anytime.



LEADING THROUGH COMPLEXITY: GLOBAL PERSPECTIVES



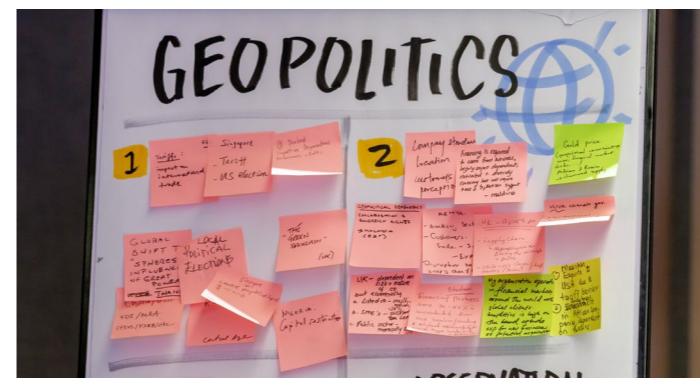
TIM HAMONS

Technology

Facilitator: Vittorio Furlan

The Technology exchange with Vittorio Furlan, an Independent Non-Executive Director of Maybank, Malaysia, captured the urgency and complexity of navigating digital transformation. Participants discussed how artificial intelligence, cybersecurity threats, data governance requirements, and cloud infrastructure decisions are reshaping corporate risk and opportunity profiles.

Technology was repeatedly described as a catalyst that can unlock significant competitive advantage — but only if boards understand the associated risks and build strong oversight mechanisms. A central challenge highlighted was dependency on a small number of dominant technology





providers, creating concentration risk and limiting strategic flexibility. This issue raised a broader governance question: should boards simply oversee technology strategy, or should they play a more active role in shaping the innovation agenda? While views varied, there was universal agreement that boards must significantly raise their technological literacy.

Participants acknowledged that directors can no longer rely solely on management or external advisors for digital expertise; instead, they must understand enough to ask the right questions, evaluate trade-offs, and anticipate second-order effects. This marks a critical evolution in governance, where digital competence becomes a foundational requirement rather than a specialised skill set.



Is the role of the board just to provide oversight to management... or is the role of the board to provide the leadership and drive innovation?

Sustainability

Facilitator: Waddah Al-Hashmi

In the Sustainability exchange facilitated by Waddah Al-Hashmi, the Chairman of the

Platform for Connected Leadership (PCL), Dubai, climate-related risks took centre stage as boards reflected on how environmental pressures are reshaping risk profiles globally. Participants identified extreme weather events as the most immediate and visible threats, impacting physical assets, operations, customer behaviour, and financial performance.

Supply chain vulnerabilities, particularly for industries dependent on agriculture, energy, or complex logistics networks, were also seen as escalating concerns. These risks underscore the need for boards to shift from passive monitoring to proactive governance.

The conversation highlighted the tension between credible sustainability reporting and practical constraints — boards must set targets that are ambitious yet grounded in realistic pathways to avoid the credibility pitfalls of greenwashing. To support this work, many organisations are establishing dedicated sustainability committees, developing more robust data systems, and integrating ESG frameworks into strategy and oversight. Participants agreed that near-term board actions such as scenario testing, capital allocation decisions aligned with sustainability priorities, supplier engagement, and workforce

transition planning are crucial building blocks of resilience. Above all, education and awareness at all levels of the organisation were identified as essential to embedding sustainability into daily operations rather than treating it as a compliance exercise.



The acute fact of climate change is more on the physical risks based on extreme weather... and then secondly, supply chain disruptions which impact also on cost of doing business.

Stakeholders

Facilitator: Bing Matoto

The Stakeholders exchange led by Bing Matoto, the President of the Institute of Corporate Directors, Philippines, explored the widening landscape of stakeholder pressures that boards must navigate. Participants noted that while the specific triggers differ by market — from shareholder activism to foreign exchange controls, from regulatory fragmentation to labour unrest — their cumulative impact is disruptive across sectors.

This growing complexity calls for more sophisticated oversight. Boards discussed the

metrics and controls they currently rely on, ranging from regulatory scans and sentiment tracking to financial impact analyses, particularly around the cost implications for profit and loss. Yet measurement alone is not enough. A recurring theme was the risk of falling into “path dependency,” where boards rely too heavily on familiar ways of responding rather than staying open to new approaches.

Preserving optionality allows organisations to remain agile in the face of shifting stakeholder expectations. The discussions also highlighted the value of transparent communication and diverse board composition. Together, these elements strengthen a board’s capacity to understand competing stakeholder interests, respond proportionately, and steer organisations with credibility and empathy.



The reference here is exposure on the stakeholder pressures, such as shareholder activism, regulatory fragmentation, foreign exchange control, ownership and control dynamics, labour situation, litigation investigation — it’s very wide.



FURTHER READING

The Future-Proof Board: How Embedded AI Agents Are Transforming Governance Through Friendly, Secure Digital Partnership

By Trusted Services

The corporate governance landscape has never been more complex. Board members and stakeholders today face an unprecedented convergence of technological disruption, regulatory complexity, and stakeholder demands that would have been unimaginable just a decade ago.

Recent polling data from TSV's participation in a Global Directors Exchange (GDX) event reveals a telling reality: while 50% of directors prefer digital solutions for document security, 77% actively use generative AI only for simple queries, and many remain uncertain about AI's broader impact on governance.

This uncertainty is understandable.

As governance experts observe, board members often encounter modern technology through fragmented and highly hyped media coverage, arriving at meetings with questions like "Have you thought about AI?" without the deeper understanding needed for strategic oversight.

This disconnect between awareness and comprehension has created what we could call an "AI awareness gap" during the most transformative technology shift in decades. Yet beneath this complexity lies an opportunity.

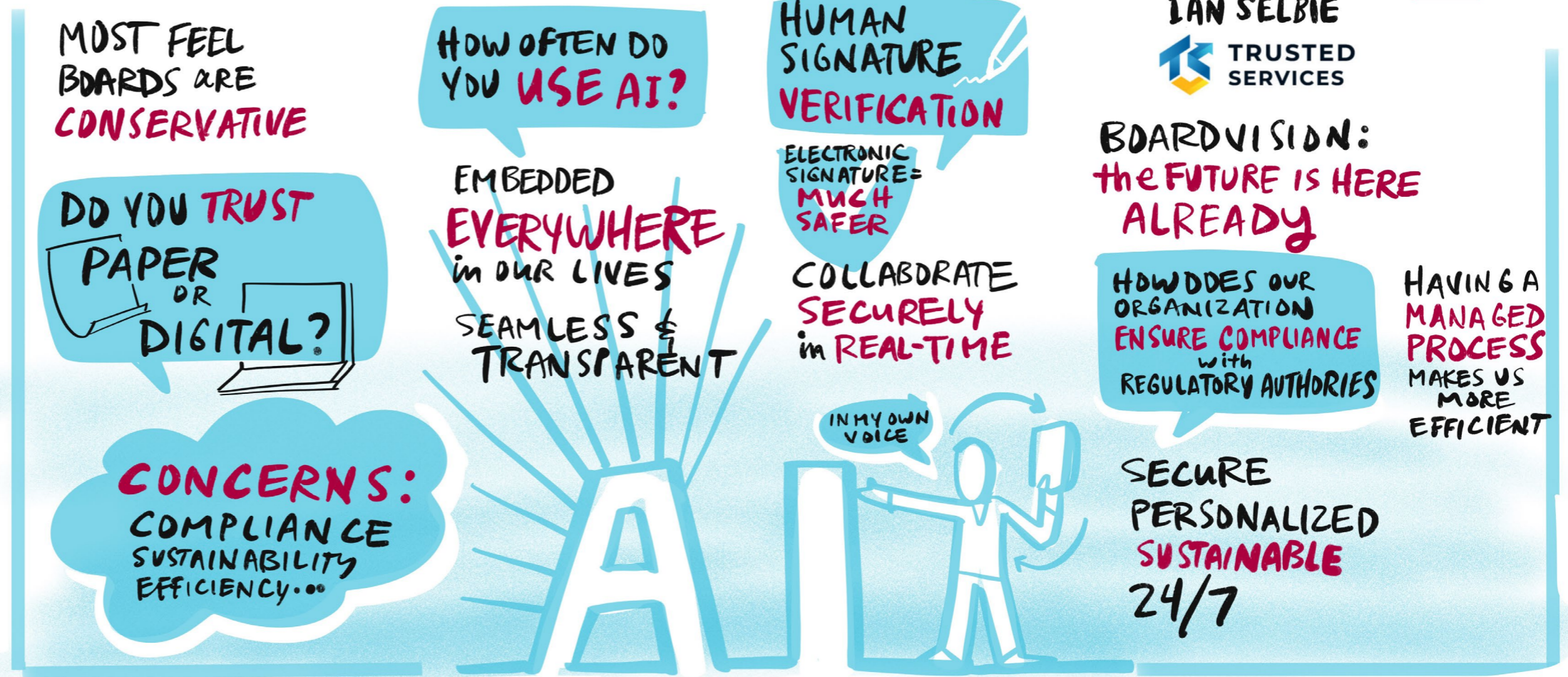
The future of board governance is not about replacing human judgment with artificial intelligence – it is about enhancing human judgment with AI - it is about creating a partnership where technology serves as an intelligent, ever-present assistant that makes complex governance both more accessible and more secure.



the INTELLIGENT BOARDROOM
GOVERNANCE, TECHNOLOGY & INSIGHTS



IAN SELBIE
TRUSTED SERVICES



The Boardroom Transformation We're Already Living

The digital boardroom revolution began with necessity during the global pandemic, but it has evolved into something far more sophisticated. Today's leading governance platforms demonstrate how technology can enhance rather than complicate the governance experience.

Consider the remarkable capabilities now available to board members: AI-powered document summarisation, natural language interfaces, and real-time multilingual support.

These are not futuristic concepts; they are working realities in secure, encrypted environments that never compromise data security.



The transformation extends beyond individual tools to create comprehensive governance ecosystems. Modern platforms can analyse board materials to identify potential risks, suggest strategic questions tailored to each director's expertise, and provide contextual insights that connect current decisions to historical patterns. This represents a fundamental shift from reactive compliance to proactive strategic oversight.



The Human Side of Technological Complexity

The most significant challenge facing boards is not technological—it is emotional and psychological. Research consistently shows that while directors recognise the importance of technology expertise, many feel overwhelmed by the pace of change and uncertain about their ability to provide



meaningful oversight.

This concern is entirely valid. **The role of a board director has become exponentially more complex**, encompassing not just financial oversight but cybersecurity governance, data privacy compliance, AI ethics, and emerging technology assessment.

Traditional board education has not kept pace with these demands, creating a dangerous knowledge gap at the highest levels of corporate governance. The solution lies not in expecting every director to become a technology expert, but in providing intelligent assistance that makes complex technology approachable and actionable.

Think of it as having a knowledgeable colleague who never gets tired, never misses a detail, and can instantly access any piece of relevant information from your organisation's history.

AI as a Personal Assistant in Governance

The concept of AI as a Personal Assistant in governance represents a fundamental reimagining of how boards operate. **Unlike generic AI tools that might compromise security or context, purpose-built governance assistants are designed specifically for the unique requirements of board oversight.**

These systems understand the nuanced language of governance, recognise the importance of regulatory compliance, and maintain the highest standards of data security. They can prepare personalised

briefings for each director based on their committee assignments and areas of expertise, automatically flag potential compliance issues before they become problems, and provide real-time insights.

The beauty of this approach lies in its seamlessness. Like the best personal assistants, Agentic AI works behind the scenes to ensure everything runs smoothly while board members focus on what they do best—strategic thinking and informed decision-making. **Directors do not need to learn new interfaces or remember complex commands; they simply ask questions in natural language and receive relevant, actionable responses.**

Security and Trust: The Foundation of Intelligent Governance

The security concerns surrounding AI in governance are not just valid; they are essential and AI governance is itself a concern. Board discussions involve some of the most sensitive information in any organisation, and any AI system operating in this environment must meet the highest standards of security and privacy.

Leading governance platforms address this through:

- Private cloud infrastructure
- Transparent labeling of AI-generated content
- Comprehensive audit trails
- Human-centric decision-making

These systems support human judgment, offering context and insights while keeping final decisions in human hands.

Practical Applications: From Abstract to Actionable

The practical applications of AI assistants in governance extend across every aspect of board operations. During meeting preparation, the system can analyse the agenda alongside relevant historical documents, regulatory requirements, and industry trends to provide each director with personalised briefing materials.

During meetings themselves, the assistant can provide real-time fact-checking against corporate records, suggest follow-up questions based on discussion themes, and automatically capture action items and key decisions. After meetings, it can draft initial versions of minutes, track progress on action items, and provide reminders about upcoming deadlines.

In committee work, especially audit and compliance, AI monitors regulatory changes and alerts members to necessary adjustments.

In strategic planning, it analyses market trends and internal data to support decision-making.

For risk management, AI identifies patterns, flags emerging risks, and suggests mitigation strategies.

Building Confidence Through Gradual Integration

The path to AI-enhanced governance does not require a dramatic overnight transformation.

The most successful implementations begin with simple, low-risk applications that build confidence and demonstrate value.



Organisations might start with AI-powered document summarisation, allowing board members to quickly grasp key points from lengthy reports without compromising their ability to review full documents when needed.

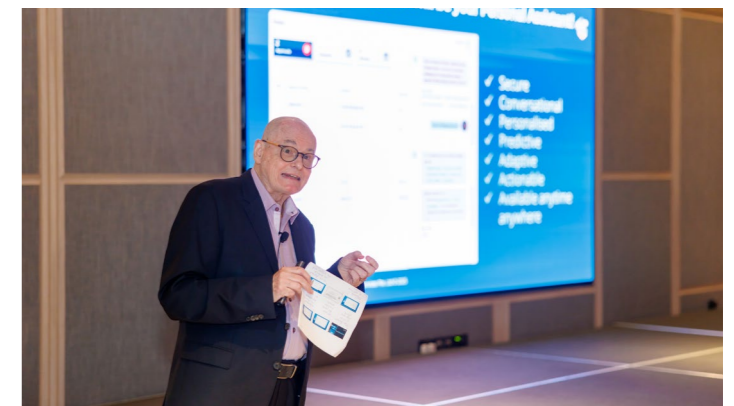
From there, they might add question-and-answer capabilities that allow directors to query board materials in natural language. As comfort levels increase, more sophisticated features can be introduced: predictive risk analysis, automated compliance monitoring, and strategic insights generation.

Through this process, the AI assistant becomes increasingly valuable while remaining transparent and controllable. The key is to ensure that each step demonstrates clear value while maintaining the security governance standards. Success breeds confidence, and confidence enables more ambitious applications of the technology.

The Competitive Advantage of AI-Enhanced Governance

Organisations that successfully integrate AI into their governance processes are discovering significant competitive advantages. They respond faster and make informed decisions based on comprehensive data analysis. These advantages extend beyond operational efficiency to strategic insight. AI-enhanced boards can process larger volumes of information, identify patterns across longer time horizons, and consider more variables in their decision-making processes.

They are also better positioned to attract and retain high-quality directors who value





efficient, well-supported governance processes. The evidence supporting this transformation is compelling.

Organisations using AI governance tools report significantly faster response times to emerging risks, a substantial reduction in board preparation time, and meaningful improvements in meeting effectiveness scores.

These are not marginal gains—they represent fundamental improvements in governance capability.

The Agentic AI Revolution

Agentic AI represents the next evolution—systems that proactively identify issues, suggest actions, and coordinate workflows.

These assistants don't just respond; they anticipate needs and act within defined parameters.

In governance, agentic AI can:

- Help individuals manage their tasks and priorities
- Prepare agendas based on deadlines and priorities
- Flag compliance issues early
- Coordinate follow-ups across committees

This represents a shift from reactive support to proactive governance assistance. The key to successful agentic AI implementation is to ensure these systems remain transparent, auditable, and under human control. They must enhance decision-making capacity rather than making decisions autonomously. Technology must feel to the user like having an exceptionally capable and

tireless assistant rather than an autonomous system operating independently.

Looking Forward: The Governance Landscape of Tomorrow

The future of governance will feature seamless integration between human judgment and AI. Directors will arrive better prepared, equipped with insights that would be impossible to compile manually.

This transformation will democratise governance capabilities, making enterprise-grade tools accessible to organisations of all sizes. Smaller companies will implement standards once reserved for large corporations.

AI will evolve to become more predictive and proactive, anticipating needs, identifying trends, and guiding strategy. As regulations around AI governance grow, these systems will support both compliance and innovation.

Embracing the Human-AI Partnership

The future isn't about choosing between human wisdom and AI—it's about combining them. Humans bring judgment, ethics, and vision. AI offers analysis, pattern recognition, and efficiency.

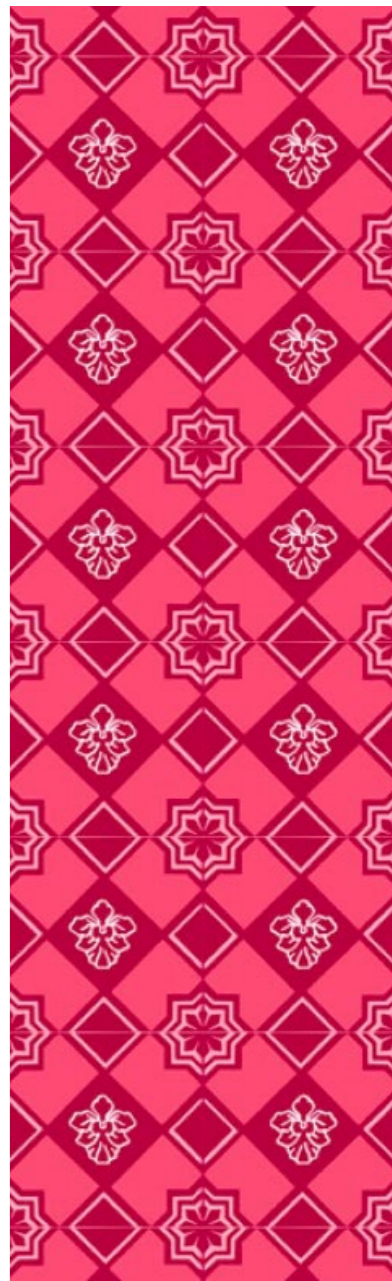
This partnership enhances governance while preserving accountability. It acknowledges that modern business complexity requires more support than any individual can provide.

Organisations that embrace this thoughtfully will thrive. They'll use AI to enable better human decision-making—not replace it.

The future-proof boardroom isn't about having the latest tech—it's about making governance simpler, smarter, and more effective.

The transformation is already underway, as seen in discussions at events like the Global Directors Exchange. The question isn't whether AI will change governance, but how quickly organisations will embrace it to make governance smarter and more human.

The future belongs to boards that use AI to empower—not replace—human judgment in an increasingly complex world.



FURTHER READING

Cybersecurity Has Become Geopolitical. Is Your Board Ready?

By Ensign InfoSecurity

Why global power dynamics now shape cyber defence—and how business leaders must adapt.

Not long ago, cybersecurity was something most organizations barely discussed. It was a technical concern—necessary but rarely strategic. Boards were briefed in acronyms. Cybersecurity budgets were approved with little understanding of what they were to be used for. As long as the company ticked compliance boxes and passed audits, the job was considered done.

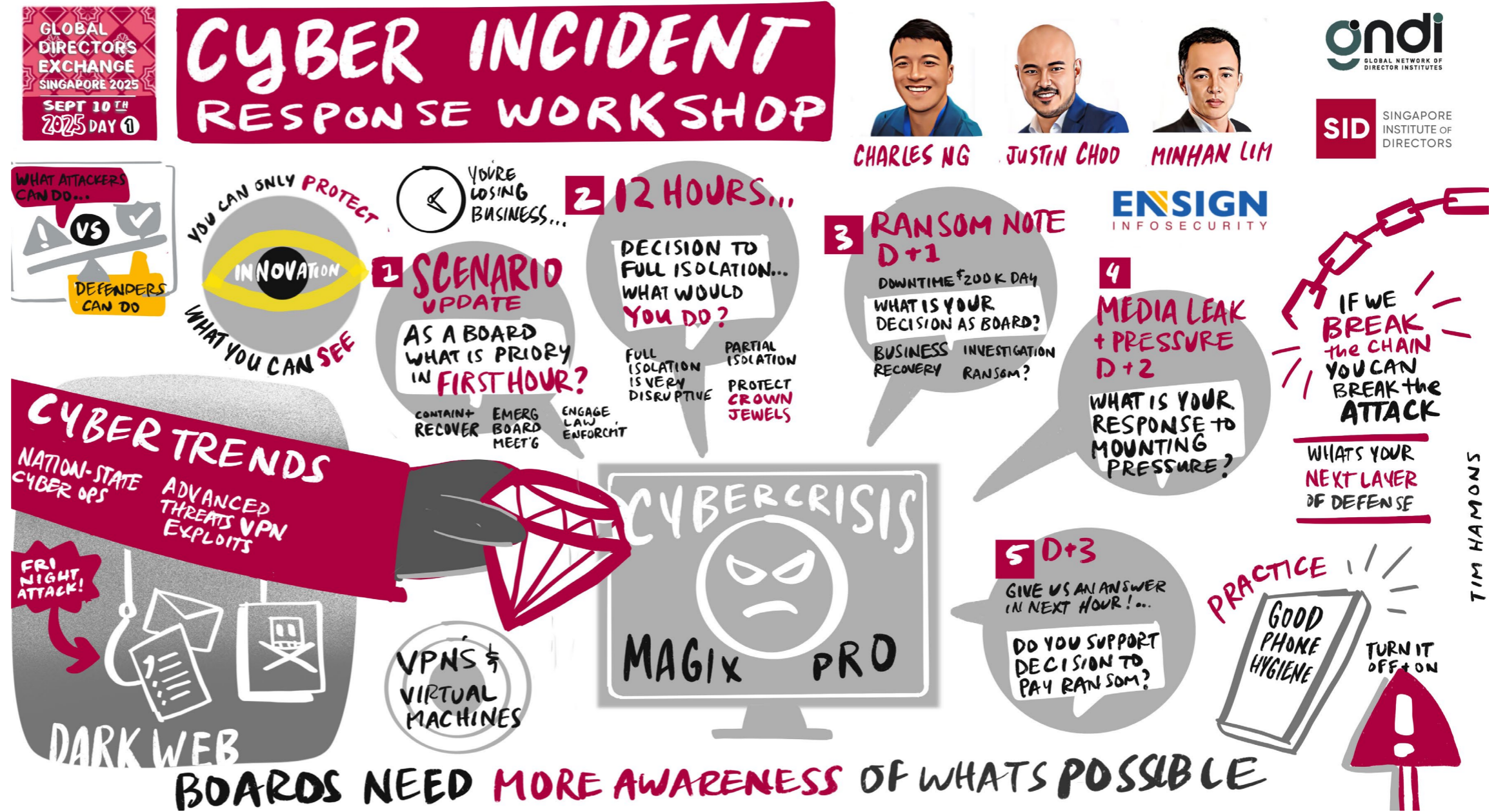
That world is gone.

Cybersecurity has always been inextricably entangled with geopolitics. The threats facing your company may not come solely from disgruntled employees or criminal syndicates — but from military units, state-backed proxies, and politically motivated cyber campaigns. Nation-states now use code the way they once used foreign exchange policy or trade sanctions: to project power, disrupt adversaries, and advance national goals.

And private enterprises — especially those operating in critical or strategic sectors — are increasingly caught in the crossfire.

For boards and C-suites, this is no longer someone else’s problem. Digital risk is now a core part of business risk. And in this uncertain era of political fragmentation and technological contestation, every organisation must think geopolitics.

Cyberattacks that began with lone hackers and loosely organised syndicates have given way to a far more dangerous class of adversary: the nation-state threat actor. These actors have skillsets, resources, and purpose.



They target critical infrastructure, intellectual property and high-value data—sometimes for ransom, but mostly for strategic leverage.

The 2017 NotPetya attack was a wake-up call.

Originally aimed at Ukrainian infrastructure, the malware soon spread globally, paralysing companies like Maersk and FedEx. Losses exceeded US\$10 billion. The attack was eventually attributed to Russian military intelligence. More recently, the SolarWinds breach in 2020 and 2021 was yet another example of how nation-states are targeting supply chains to infiltrate organizations for nefarious purposes.

More recently, ransomware attacks on hospitals, pipelines, and logistics providers



have shown signs of geopolitical intent. Many of these operations are carried out by third-party proxies: threat groups that operate with state sanction or coordination. The lines between cybercrime and cyberwarfare have blurred beyond recognition.

Complicating matters further is the



fragmentation of the internet itself. The early vision of a globally connected, borderless network has given way to what some now call the “splinternet.” Across the world, governments are asserting digital sovereignty—imposing data localisation laws, banning foreign technology vendors, and building national firewalls. Europe has GDPR.

China has its Cybersecurity Law. India has its own framework in the works. What used to be a unified operating landscape is now a patchwork of political jurisdictions and security requirements.

This creates profound challenges for global businesses. Compliance is more complex.

Threat visibility is harder to maintain. Even worse, new vulnerabilities are emerging—such as concentrated data stores mandated by localisation rules, which become attractive targets for state-level adversaries.

At the same time, technology supply chains are being politicised. Choosing a technology vendor or cloud provider is no longer just about cost or capability—it's also about jurisdiction and risk exposure. If the vendor supplying the technology infrastructure your organization relies on is suddenly sanctioned, what's your Plan B?

Boards can no longer treat cybersecurity as a technical function or regulatory checkbox.

The fiduciary duty to safeguard the enterprise now includes defending it from geopolitical cyber threats and ensuring the organisation can operate in a fractured, contested digital environment. This requires a shift in mindset.

Cyber risk must be elevated to the level of strategic risk. It should be discussed at every board meeting, not just during audit reviews.

Executives should expect cybersecurity briefings not just on patching and phishing, but on adversaries, motives, and geopolitical shifts. Importantly, we also need to evaluate our cyber risks in light of geopolitical shifts, with our supply chains, tech stack and personnel safety in mind.

Organisations also need to invest in scenario planning and simulated exercises. What happens if a ransomware attack linked to a nation-state disables your customer systems?

Or your data on a government client is



GLOBAL TENSIONS & TECH SHIFT

the CHANGING RISK LANDSCAPE & CYBERSECURITY



stolen by a threat actor group motivated by espionage? What if your cloud provider is banned in a key market? These are not far-fetched hypotheticals. They are plausible near-term events with catastrophic implications for unprepared organizations. The companies that survive them will be those that prepare for them in advance.

The modern definition of enterprise resilience goes beyond traditional IT recovery or business continuity. It now includes supply chain planning that accounts for geopolitically-exposed vendors, multi-region cloud strategies that allow for failover if political conditions shift and public affairs drawer plans that manage reputational and regulatory fallout internationally from cyber incidents.

Effective cybersecurity today requires not just technical acumen but geopolitical literacy and crisis management skills. The modern security team must include professionals who understand risk and international affairs. At the same time, cybersecurity spending must become more strategic. Throwing money at tools isn't enough. Security investments

must be threat-informed, intelligence-led, and aligned with the organisation's unique risk profile. Smart cyber strategy today requires knowing who's likely to target you, why, and how—and investing in defences accordingly. Organizations need to seek out partners they can trust to provide these perspectives, and help them navigate the complex playing field



of threat actors and geopolitical risk. The corporate boardroom of the 21st century isn't just a place for quarterly results and regulatory reviews. In the event of a crisis caused by a cyber incident, it is also the source of guidance and stewardship for the

organization. Cybersecurity is no longer just the CISO's job. It's not just an IT issue, or a compliance box to tick. It's a leadership responsibility—and increasingly, a necessity in a landscape faced with geopolitical uncertainty.

The Global Cybersecurity Imperative Strategic Risks and Resilience for 2025 and Beyond

Key Insights for Boards

Cyber Risk as Enterprise Risk

Cybercrime costs projected to hit **USD10.5T** annually by 2025¹

Cybersecurity is now a fiduciary duty and boardroom issue, not just IT.

Evolving Threat Landscape

Rise of Ransomware-as-a-Service (RaaS) and Initial Access Brokers (IABs) professionalise cybercrime².



Nearly **40%** of cyber activity in APAC is **state-sponsored**³, often targeting supply chains and critical infrastructure.

Hacktivists are adopting leaked ransomware codes and collaborating with organised crime⁴.



Business Impact

2024 Global Average data breach cost⁵

USD4.4M

Ransomware recovery costs⁶

USD2.73M
+24 days downtime

Dwell times, which refer to the length of time a cyber threat remains undetected in APAC networks, are still substantial⁷

BFSI	21 days
Utilities	23 days
Retail	28 days
Others	70 days

Emerging Risks

AI-driven attacks create adaptive, hard-to-detect threats⁸.

Quantum computing threatens to break today's encryption.

IT/OT convergence exposes industrial systems to cyber-physical risks⁹.



Cyber supply chain compromise accelerating via VPNs, hypervisors, and insider infiltration¹⁰



Board-Level Actions

- Integrate Cyber into ERM:** Treat cyber risk as a core business issue. Raise the Board's understanding of cyber risks.
- Demand Financial Metrics:** Quantify risks and ROI of cybersecurity investments.
- Strengthen Supply Chain Security:** Assess and mitigate third-party vulnerabilities.
- Build Resilience:** Test incident response plans and optimise cyber insurance.
- Future-Proof Defences:** Leverage AI for detection and plan for quantum-safe cryptography.



Strategic Imperative:

Cybersecurity is now a cornerstone of operational stability, financial resilience, and corporate governance. It is critical for organisations to understand the threat environment facing them and plan their defences accordingly.

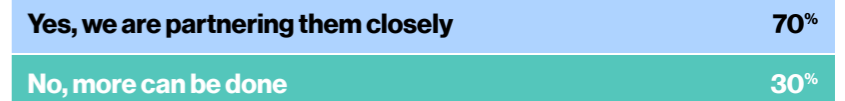
Global Boards, United by Cyber Risk

On 10 Sept 2025, Ensign InfoSecurity hosted International Boards of Directors in collaboration with SID. Close to 70 international board directors and executives participated in this learning journey, sharing cyber governance insights from over 20 diverse countries across APAC, the Middle East, Africa, Europe, and the Americas.

Regulator and Policymaker Support

70% feel regulators and policymakers could do more. 30% see close partnerships, but most call for increased government engagement to address escalating threat sophistication.

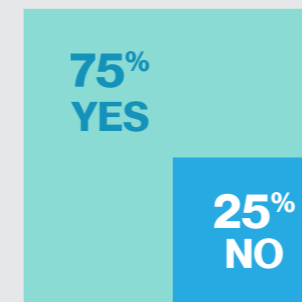
In your opinion, are regulators and policymakers in your country doing enough to help your organisation deal with cyber threats?



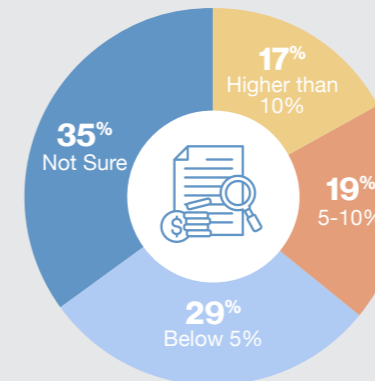
Cybersecurity Budget Allocation

Security investment is inconsistent: 17% spend over 10% of IT budgets; 29% spend under 5%. Most worryingly, 35% of directors are not even sure about their cyber spend.

Are cyber incidents such as ransomware regarded at the same level of material risk as financial, legal, or operational risk in your boardrooms?



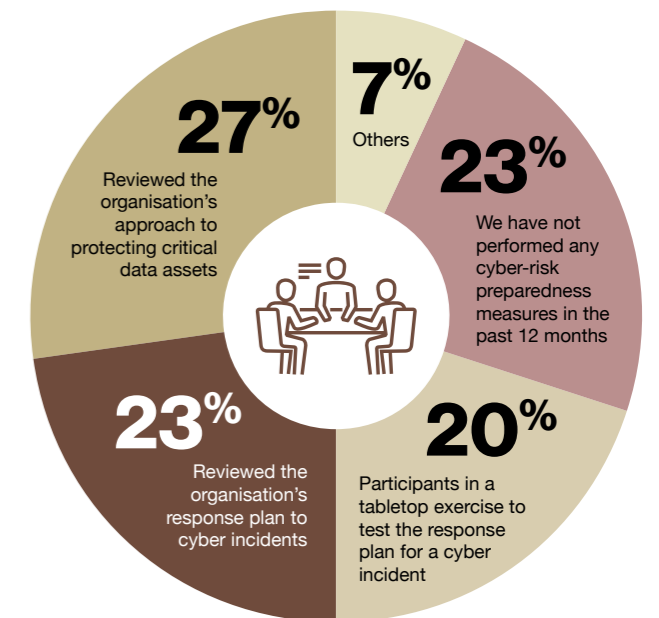
How much is being spent on cybersecurity in your organisations (as a percentage of the IT Budget)?



Board Preparedness Measures

Board actions: 27% reviewed data asset protection, 23% updated response plans, 20% joined tabletop exercises—but 23% took no steps last year.

Which of the following cyber-risk preparedness measures has your organisation's Board performed in the past 12 months?



List of participating countries

The participating countries span Asia-Pacific (Pakistan, Singapore, Vietnam, Philippines, Thailand, Hong Kong, Malaysia, New Zealand, Australia, Mongolia, China, Cambodia, Indonesia, Maldives, India, Bhutan), the Middle East (UAE, Israel, Saudi Arabia, Türkiye), Africa (South Africa, Mauritius, Nigeria, Kenya), Europe (Switzerland, United Kingdom, Germany), and the Americas (Canada, Argentina, United States).

FURTHER READING

AI Solutions Quality Index (ASQI): a Solid Basis for Procurement and Deployment Decisions

By Resaro

Imagine you have decided to buy a car. You go to various car dealerships to look at your options, compare models and collect enough information to make a choice that will serve your needs. But imagine your frustration if every conversation with a salesperson goes like this:

You: How fast is this car?

Dealer: It is really a great car. In fact, it is probably the fastest. All our customers are happy with how fast it is.

You: Can you give me a few numbers?

Dealer: Trust me, the car gets you to your destination in no time at all. It is that awesome!

You: Hmm - I also care about safety. What does the car offer in terms of safety?

Dealer: It is a fantastic car. It is very very safe. It fulfils all the regulations. I can show you the certifications to prove it meets all the regulations. So it is completely safe.

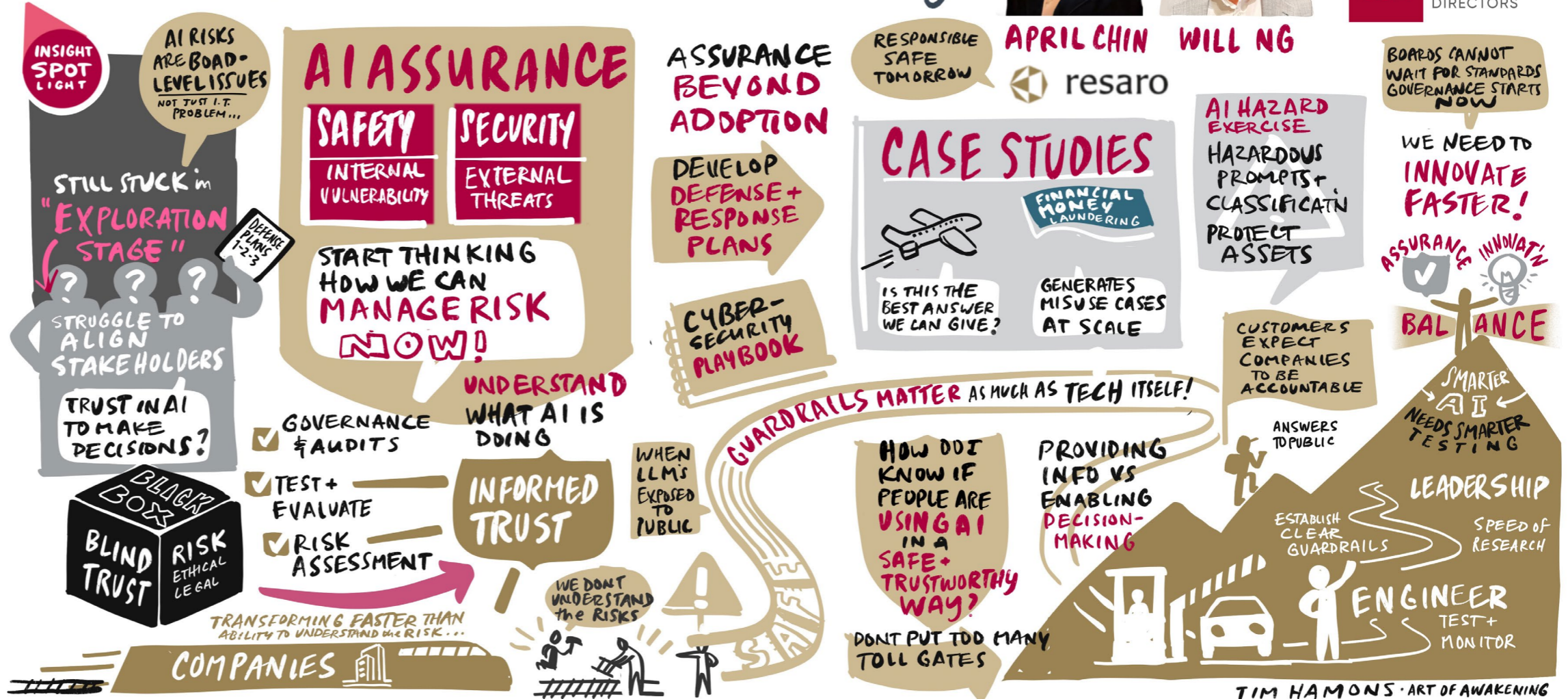
You: What about the cost of running the car? How much gas does it need? What are the insurance rates?

Dealer: It is really cheap to run. You can trust me that it is very very cheap. I can't give you any figures but you will be amazed how cheap it is.

Seems farfetched? For buying a car it certainly is farfetched. We fully expect to make our choice based on clear, understandable indicators of quality such as fuel consumption, top speed, acceleration, noise level, space for passengers, space for luggage, NCAP safety



AI with ACCOUNTABILITY: GOVERNANCE in the AGE of AUTONOMY



rating, stopping distance, theft protection, charging speed etc. Note that this is a mix of performance, safety, security and convenience indicators.

We also fully expect that these indicators of quality can be, and have been, independently measured – be it by ourselves, by regulators, or by product testing organisations. We also fully expect that these indicators of quality don't just re-iterate compliance with regulations (after all, we assume there won't be an illegal car on offer at the dealership), but rather measure characteristics that go beyond the scope of what is addressed by regulation.

Contrast this with procuring an AI solution – let's say, a customer service chatbot handling insurance claims, or an automated landing





software for a professional drone. In these cases, metrics are much harder to come by.

Where they exist, they usually refer to low-level technical capabilities of the actual AI model rather than the characteristics of the whole system or solution. In many cases, they do not exist at all. Procurement departments are faced with weighing little more than marketing prose when comparing multiple solutions. Even before, they are struggling to write clear quality measures into requests for quotation because there are no widely agreed ways of measuring quality for AI solutions.

There is a closely related challenge: Suppose you are in the lucky position of having an in-house AI engineering team. When should this team stop testing and refining an AI system?

When is the system “good enough” to be deployed? In fact, what does “good” even mean, and how can you measure it?

Let’s consider how to construct a useful set of quality indicators that tells us when an AI system or solution is good enough and/or which of two AI solutions is preferable. Let’s call a set of quality indicators a “quality index”.

The following principles need to guide the construction of such quality indices:

1. Specific to the use case

Describing the quality of a customer service chatbot is different from describing the quality of a drone landing system and again different from describing the quality of a deepfake detection solution. A quality index needs to be specific to a class of use cases with just the right breadth. It

helps to have a certain degree of flexibility in the quality index so that the same index can cover a wider range of use cases.

2. A shared language

A quality index needs to be meaningful to a diverse set of stakeholders, including those from business functions, governance functions and technical functions in an organisation. It is essentially the shared language for quality across roles and needs to be carefully and precisely wordcrafted with conscious choice of terminology.

3. Non-binary

Quality is not a yes/no characteristic. At the very least, a handful of quality levels need to be clearly distinguishable for each indicator, ranging from the best that is (or soon will be) achievable to a very low level that stakeholders would select if they don’t really worry about this indicator.

4. Mapped to automatable technical tests

To have any validity, a quality index needs to be supported by technical tests. These tests should be automatable, and their results translated back to the “shared language” (cf. point above).

5. The right level of detail

A quality index that consists of just a single number is hardly helpful because it would lump together too many different aspects of quality. On the other hand, a hundred individual indicators are more confusing than useful. Constructing an index with about two dozen indicators spanning key aspects of performance and risk handling is the most sensible middle ground.

6. Compatible with established AI governance frameworks

A quality index should not be a standalone construct but needs to be connected to established regulations and standards such as the EU AI Act (plus harmonised standards), ISO/IEC 42001, AI Verify or company-internal responsible AI standards. Many indicators of quality will help to support compliance with such established governance frameworks, and this synergy should not be ignored.

7. Compatible with standardised task catalogues

While a quality index is designed to be at the system or solution level, it will inevitably refer to the 2-3 core tasks that a solution is designed to address. Such references should be to broadly recognised task catalogues, e.g. the catalogue currently in preparation in the AIQI consortium.

Without use-case-specific quality indices as outlined above it would remain hard to impossible to compare different AI solutions, or to decide when AI is “good enough” to go live. Moreover, the market for AI solutions would remain intransparent which in turn would impede rapid feedback as drivers for innovation.

As a first step, and in parallel to conducting the AI Assurance Forum, Resaro has therefore started the creation of an “AI Solutions Quality Index (ASQI)” as a series of quality indices for use cases including customer service chatbots. Read more about ASQI here. Industry is invited to pilot and co-create this approach and thus gain confidence in deploying the right AI solution with well-understood quality

characteristics.

Sebastian Hallensleben
Chief Trust Officer and Chair of CEN-CENELEC JTC21



Future Boards: Composition & Capabilities

An important dimension of the peer exchange was surfaced through a structured “Boardroom Bingo” exercise completed individually by each participant. The sheet presented a series of domains that modern boards are increasingly required to oversee, covering areas such as geopolitics and policy, AI and cybersecurity, sustainability and climate transition, capital markets and transactions, and leadership, people and reputation. Participants were asked to record specific board-level situations they had personally encountered in each domain.

The responses provided a grounded illustration of the breadth and complexity of issues that sit on contemporary board agendas. Examples ranged from managing significant cyber incidents and navigating geopolitical constraints, to overseeing climate related supply chain shifts, resolving stakeholder tensions, adjusting capital structures, and stewarding leadership transitions. Taken together, the exercise offered a clear view of how strategic, technical and people-related challenges intersect at the board level across jurisdictions.

The activity also made visible the unevenness of experience within and across boards. While certain domains showed a concentration of real-world exposure, others remained largely unfilled, signalling capability gaps that are not yet systematically addressed in nomination or succession processes. This underscored the central theme of the discussion. The operating environment has already shifted and boards now confront issues that cannot be regarded as specialist or peripheral. AI literacy, cyber stewardship, climate competence, geopolitical fluency and advanced stakeholder engagement have become essential elements of board readiness.

Participants observed that traditional criteria such as financial acumen and governance experience remain necessary but no longer sufficient. The future of director selection will require nomination committees to integrate emerging capabilities

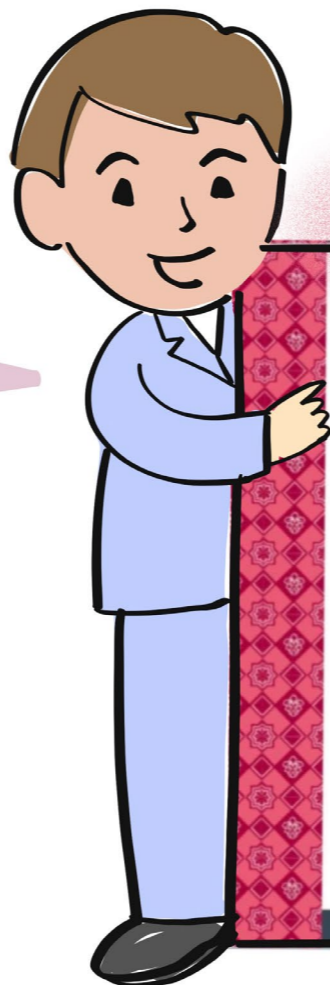


FUTURE BOARDS: COMPOSITION & CAPABILITIES



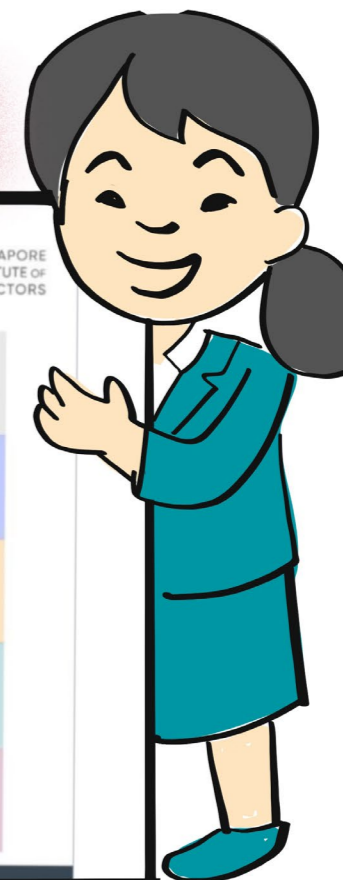
MEET EACH OTHER

SHARE YOUR STORIES



BINGO!

Geopolitics, policy, & regulation	AI, cybersecurity & digital resilience	Sustainability, climate, & just transition	Capital, markets, & transactions	Leadership, people & reputation	gndi GLOBAL NETWORK OF DIRECTOR INSTITUTES	SID SINGAPORE INSTITUTE OF DIRECTORS
Paused or exited a country for political risk	Took a company public or dual-listed	Rerouted/buffered supply after extreme weather	Stopped or rolled back an AI pilot due to risk	Managed a high-profile controversy/disinformation episode		
Fended off an activist or settled on favourable terms	Adjusted capex due to transition risk	Adjusted strategic assumptions after an election/policy shift	Added risk-ESG/AI metrics to executive incentives	Shifted budget to build in-house AI capability		
Led a turbulent CEO transition (amicious or sudden)	Changed sourcing/routes due to export controls/sanctions	Revamped third-party risk after a supplier breach	Offboarded or remediated a supplier on climate-ESG grounds	Shifted business mix by >30% of revenue/profit		
Managed a material cyber incident end-to-end	Cracked a tough, new market	Navigated a liquidity crunch with lenders/investors	Structured a local JV/partnership for ownership limits	Launched a just-transition plan for workforce/communities		
Negotiated sustainability-linked financing	Secured operational/industrial systems after a credible alert	Pulled back from a new market & course-corrected	Exited a longstanding business	Near-shored or opened an alternative corridor (goods/data/talent)		



TIM HAMONS · ART OF AWAKENING

into skills matrices, evaluate candidates through a broader lens, and shape succession pipelines that build collective strength rather than rely on individual depth. The Bingo exercise demonstrated that a future ready board is achieved through deliberate composition, structured exposure, and continuous renewal.

In this respect, the session reinforced a shared recognition that board effectiveness in the coming years will depend not only on technical expertise but also on adaptive attributes such as curiosity, sound judgement and the ability to challenge constructively. The conversation affirmed that building a future ready board is a purposeful process that brings together evolving skills, evolving mindsets and a clear understanding of the environment in which directors operate.



Boardroom Culture: Common Duties, Divergent Realities

The Panel on Board Culture, moderated by Mark Rigotti, Managing Director & CEO, Australian Institute of Company Directors with panellists Dan Luo, Independent Director, First Resources Limited, Ehsan Makhdoun, Founder at Audit Firm of Ehsan A. Makhdoun, and Mary Gunn, Non-Executive Director, offered a deeply textured conversation about how board culture shapes governance across regions, industries, and ownership models.

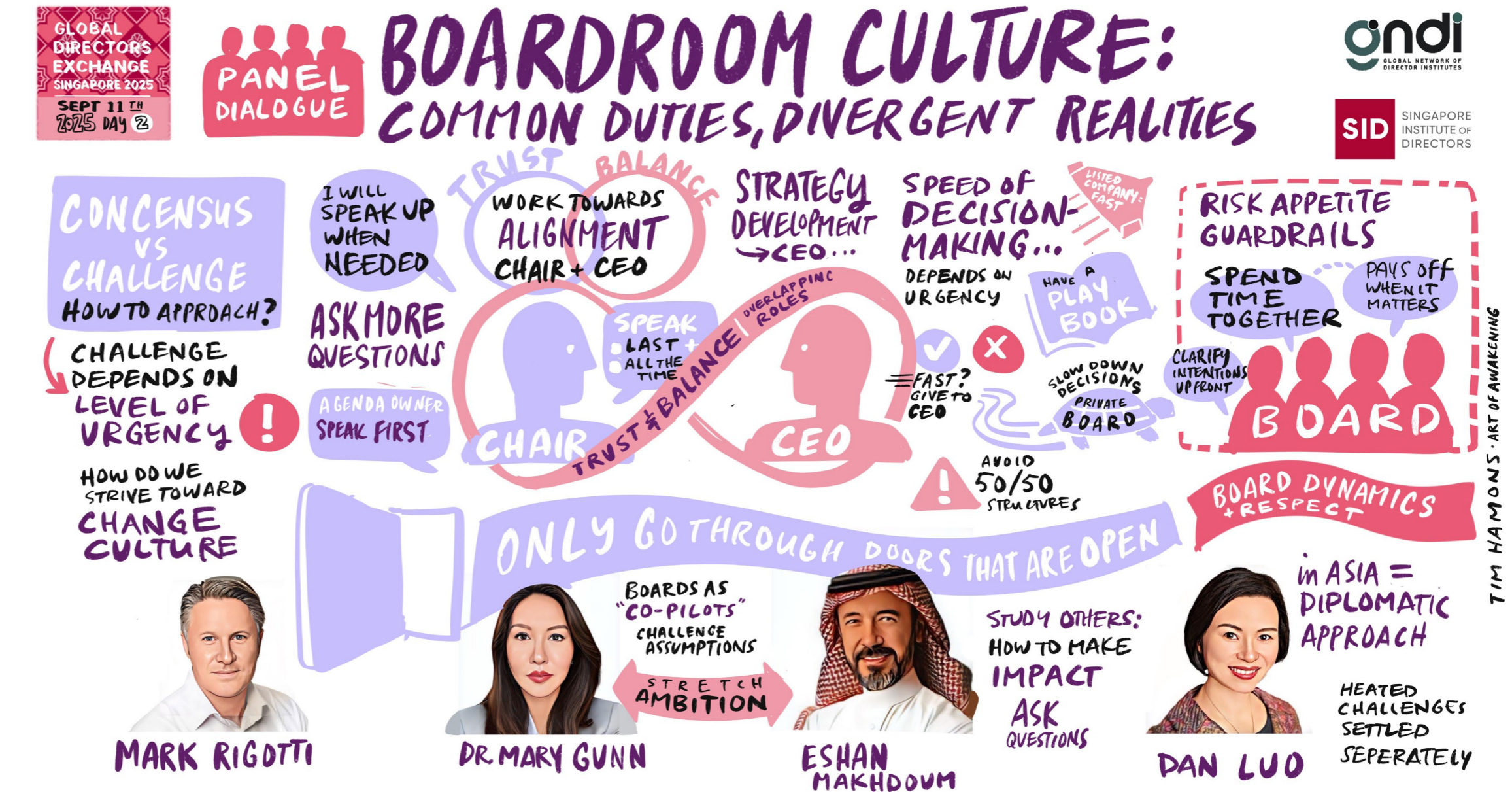
Together, they examined how challenge is expressed, how chairs and CEOs influence the atmosphere inside the boardroom, and how decision-making tempo and strategy processes differ depending on context. The session revealed that culture is not a soft backdrop but the operating system that determines how boards think, communicate, and act.

Consensus and Challenge

The panel began by contrasting how boards across different geographies manage disagreement. Dan Luo, a panelist observed that European boards are almost philosophically committed to consensus, often seeing voting as a last resort or even a taboo.

In Asia, cultural norms such as respect for hierarchy and diplomacy shape how challenges are expressed. Open confrontation is rare, and when tension does arise, it is typically resolved in smaller conversations before or after board meetings. Yet, all panellists agreed that constructive challenge is essential for a board to execute its duty of care. Without it, boards risk groupthink and missed opportunities for correction.

Raising challenges does not guarantee alignment, but it preserves integrity and ensures dissenting voices are recorded. In longstanding institutions, challenge can be perceived as countercultural, especially for directors who feel like outsiders. Ehsan described how the volume of information can



either obscure key issues or limit the board's ability to probe.

Across contexts, the takeaway was clear: boards must foster a culture where challenge is not only permitted but valued.

“*They take time, make a lot of efforts to try to convince everybody, reach consensus. But in Asia boards, I have witnessed voting. The chairman feels very comfortable calling for voting to make a decision.*”

Induction and Information Flow

One of the panelists shared that effective board performance begins with proper induction. In his experience, insufficient



onboarding and incomplete background information often hinder new directors, leaving them to seek clarity informally. In some settings, asking too many questions during meetings could be misinterpreted as mistrust, underscoring the need for open pre-meeting dialogue with the chair and CEO. A structured induction process, combined with better communication channels, helps boards



maintain alignment and informed oversight.

“*If you talk with the chair before the meeting to check if there are points or questions, then that would really be a way to reduce the challenges.*”



Chair-CEO Relationship

The dynamics between the chair and CEO were described as pivotal to board culture. In Asia’s family-controlled businesses, these roles can blur, while in professionalised organisations they are more distinct and balanced.

When the chair and CEO collaborate closely but maintain independence, the board benefits from greater transparency and accountability.

A panelist reflected on her experience in the US, where combining both roles often creates a dangerous concentration of power, sometimes leading to governance crises or proxy wars. The panel agreed that clear boundaries and mutual respect are key to sustaining an effective leadership partnership.

“The chair sets the agenda. When the chair and CEO are the same person there is a huge asymmetry of power and it is very hard to achieve that balance.”

When Should the Chair Speak?

On the practical question of when the chair should speak, there was consensus that the chair should speak last. Doing so prevents their opinion from unduly influencing the discussion.

Not only the chair, but also the “owner” of each agenda item, should close the discussion, allowing other voices to be heard first. This approach ensures broader participation and more balanced decisions.

“I learned very quickly to speak last. I would do a round robin first so other perspectives surface before I summarise.”

Decision-Making Tempo

The tempo of board decision-making varies greatly across contexts. Listed entities face pressure to act quickly because of disclosure requirements, while private and family-owned firms can afford more deliberation. The panellists agreed that speed should never come at the expense of due process. Developing a “crisis playbook” helps boards act decisively under pressure, while accuracy and governance controls must remain intact, even in urgent situations.

“Management should be quick for disclosure, but we must put good processes to ensure announcements are reviewed and accurate.”

The Board’s Role in Strategy

All panellists agreed that management should own execution, while the board’s role is to guide, challenge, and define guardrails.

Effective boards act as co-pilots early in strategy formation, helping to shape direction rather than react to finished plans. This alignment can be difficult in practice due to time constraints, but early engagement creates better strategic cohesion. Boards must also challenge expansion strategies to ensure risks and KPIs are clearly defined.

“The board needs to set the risk appetite, set the guardrail, and then the CEO and team can play within that frame.”

Joint Ventures and Governance Challenges

When it came to joint ventures, especially 50/50 arrangements, the panel was unanimous: they are notoriously problematic.

A panelist described them as “disasters” that often lead to deadlocks, while another added that such partnerships only work when both sides are truly equal in intent and influence. Otherwise, asymmetries of power create tension and stall progress.

“The intent has to be clear. Ideally it should reflect the post merger structure rather than an artificial 50-50.”

Board Dynamics and Culture

Trust and interpersonal connection were identified as the invisible glue of effective boards. A panelist shared that her boards conduct annual third-party effectiveness reviews to assess dynamics and uncover areas for improvement. Another panelist emphasised the importance of spending time outside formal meetings to understand directors’ personalities, values, and motivations.

These informal interactions, combined with a chair who invests in building rapport, can significantly strengthen board culture.



“Board members spend a lot of time outside the board meetings to get to know each other. It makes a huge difference.”

Board Visibility

The panel concluded with reflections on how board visibility affects organisational culture.

Boards that meet at factory sites or engage directly with employees send a powerful signal of accessibility and alignment. Panelists shared examples of visiting company premises before meetings to interact with staff and understand operations firsthand.

This, they agreed, fosters trust and a deeper connection between leadership and workforce.

“All the board members go to the company premises. It sends a good signal to employees.”

Ultimately, the session underscored that effective board culture is not accidental—it is cultivated. It thrives on open challenge within mutual respect, clarity of roles, and trust built over time.

The most effective boards balance collegiality with courage, structure with empathy, and process with purpose—qualities that define not only good governance but great leadership.



FURTHER READING

The Climate Intelligent Board: Take the Opportunity, Avoid the Risk

By Chapter Zero Alliance

Following the Global Financial Crisis in 2008, Queen Elizabeth II famously asked the London School of Economics why nobody had seen it coming. The only reply they could give was that it was “a failure of the collective imagination to understand the risks to the system as a whole.”¹

We are currently experiencing a similar failure of the collective imagination—this time in respect of the climate system. The warning signs are there, but many boardrooms have not yet connected them to their strategic planning.

This article draws attention to that bigger picture, indicates the implications for corporate boardrooms of action and inaction, and offers every board director free and practical help.

Where Science Meets the Balance Sheet

Consider this scenario in your next board meeting: the CEO reports, without apology, that a substantial percentage of the company’s long-term value depends on a single supplier.

“We didn’t do any due diligence on them, because they seemed so reliable,” they say. “And we have somehow always got away without paying them. The worrying thing is, they are the only supplier with the infrastructure necessary to produce their product, and they are starting to show signs of failure.”

The questions would be sharp and urgent. A risk committee would be convened.

Yet this is precisely the relationship that every business has with the climate systems that provide temperature stability, water supply,

fertile soil, and breathable air. Ultimately, these are the services that allow your workforce to turn up each morning, your supply chains to function, and your operations to continue.²

We have been operating on what economists would call an unpriced externality. But the price is now starting to be paid, in the form of supply chain disruptions, rising insurance premiums, and asset impairments.

Professor Tim Lenton, in an interview³ with Chapter Zero Alliance as part of 2025’s joint workshop with the World Economic Forum in Geneva, said:

“*The science tells us that the timeframe we’re working with is essentially right now, which means we’ve got to decarbonise the economy at least five*



times faster than we are... Everything we do [now] is changing the climate in 20 years. So the timeframe for the solution is exactly the timeframe in which companies make their long-term strategies. We have time, but we have to act now. The only way out of trouble is to stop



the greenhouse gas emissions, and businesses are a key part of that. The fireworks of weather extremes, the small hits that keep interfering with our daily business, that increases the risk of the supply chain being disrupted, of power being disrupted.



Professor Anders Levermann of the Potsdam Institute of Climate Science, in the same interview, sets out the science directly:



You can only stabilise the temperature of the planet if you go to zero-carbon emissions. No oil, no gas, no coal. Now that sounds like a radical political statement, but it is actually physics. We have been increasing the amount of CO2 in the atmosphere for more than 100 years now. And this is causing more and more risks. Some of them are large-scale and long-term, like sea level rise, and the melting of the polar icecaps. But what we need to worry about most is the intensification of weather extremes.

Every 1°C increase in temperature boosts the atmosphere’s water-holding capacity by approximately 7%. More water vapour means more extreme precipitation events. A small temperature shift produces outsized effects in weather patterns, just as modest shifts in interest rates can cascade through financial systems.

And so, in 2024, the top ten costliest weather extremes caused USD 229 billion in damages⁴—almost certainly an underestimate, since insured losses are easier to track than uninsured losses—and killed over 2,000 people. Hurricane Milton alone cost USD 60 billion in October 2024 (and has since been overtaken by the Los Angeles wildfires only four months later, at a cost of another USD 61 billion). Typhoon Yagi in Southwest Asia cost USD 12.6 billion and

claimed over 800 lives. Each incident affects not just companies directly in its path, but ripples through global supply chains, causing production delays and disrupting quarterly forecasts.

Any CFO looking at this pattern in a financial instrument—rising frequency of losses, increasing severity, growing volatility—would immediately flag it for risk mitigation. Yet many boards still treat climate events as random occurrences rather than a trending risk pattern requiring systematic response.

The Climate Intelligent Board: Navigating Turbulent Waters

This changing climate deserves significant attention from corporate boardrooms and the directors who steer them. Companies will navigate these waters more successfully if their boards are properly equipped—not with outdated approaches, but with current intelligence and adaptive strategy.

Our research⁵ shows that 96% of independent board directors believe the board can influence the organisation’s direction on climate action, and more than four in five - 84% - report that climate action is a mid-to-high priority on their board’s agenda. The question is how to translate that commitment into effective action.

One of our interviewees, a director from Germany, put it plainly:



You have to boil it down to sheer facts and figures to get the board to think about the business case.

Economic cost	Date in 2024	Event	Location	Type	Fatalities
\$60 + bn	January-December	US storms	US	Storms	88
\$60 bn	9-13 October	Hurricane Milton	US	Tropical cyclone	25
\$55 bn	25-28 September	Hurricane Helene	US, Mexico, Cuba	Tropical cyclone	232
\$15.6 bn	9 June-14 July	China floods	China	Floods	315
\$12.6 bn	1-9 September	Typhoon Yagi	Southwest Asia	Tropical cyclone	829+
\$6.7 bn	1-11 July	Hurricane Beryl	US, Mexico, Caribbean islands	Tropical cyclone	70
\$5.2 bn	12-16 September	Storm Boris	Central Europe	Floods	26
\$5 bn	28 April-3 May	Rio Grande do Sul floods	Brazil	Floods	183
\$4.45 bn	1-7 June	Bavaria floods	Germany	Floods	6
\$4.22 bn	29 October	Valencia floods	Spain	Floods	226

Another, from the USA, emphasized:



It has to start with an intentional and relevant tie-in to the company’s purpose.

A Climate Intelligent Board operates at the intersection of risk management and strategic foresight. It balances quarterly performance with longer-term transformation, grasps the material risks to operations from climate change, understands the opportunities in the transition economy, knows where to source actionable insight, and approaches the challenge systematically.

Short-Term Pressures, Long-Term Resilience

The challenge isn’t recognising that climate and nature risks are financial risks—most boards already accept this. The challenge is that the

actions required to address 10-year risks require capital allocation and strategic decisions now, when quarterly pressures dominate agendas.

The newly published [WEF Global Risks Report 2026](#) provides striking evidence of this temporal disconnect. It has been a pattern in these Reports that environmental risks dominate the 10-year outlook—with extreme weather events, biodiversity loss and ecosystem collapse leading the rankings—yet only ‘extreme weather events’ makes the top five immediate risks for 2026.

As Saadia Zahidi, Managing Director of the WEF, notes:



As shorter-term concerns overtake shared long-term global objectives, environmental risks are being reprioritized downward in the two-year time horizon, with the majority declining in rank and



Source: World Economic Forum Global Risks Perception Survey 2025-2026. Risk categories: Economic (blue), Environmental (green), Geopolitical (orange), Societal (red), Technological (purple).

exhibiting reduced severity scores, even as they remain key concerns in the ten-year time horizon.

In other words, environmental risks are being deprioritized politically and economically at precisely the moment when physical climate impacts are accelerating.

For boards, this presents a governance dilemma: how to allocate attention and resources to risks that are severe in the medium term but compete with immediate crises like armed conflict, misinformation, and cyber threats that dominate the two-year horizon. It is clear, though, that the businesses that prepare now for both today's physical realities and the inevitable eventual policy correction will have significant competitive advantages over those that follow the herd in the short-term trend of deprioritising climate risk.

Moreover, 57% of respondents expect stormy or turbulent times over the 10-year timeframe—a prediction that demands boards build resilience now, not when the turbulence arrives. For

context, the percentage expecting a 'calm outlook' was 1%.

If your risk committee has added climate to its remit but still spends 90% of its time on established risk categories, its operation may need adjustment. Climate and nature risk isn't an add-on to existing risk frameworks; it's a multiplier that affects multiple traditional risk categories, from operational disruption to credit risk to strategic execution. The WEF Report's findings make clear that deferring action on environmental risks until they reach crisis status is no longer a viable strategy.

Risk, Yes—But Also Genuine Opportunity

The board's duty of long-term stewardship means they cannot ignore the threat to enterprise value from climate and nature risk. But many boardrooms miss the other side: the transition to a zero-carbon economy represents substantial wealth creation opportunities.

This transition involves restructuring significant

portions of the global economy. The market for clean technologies, sustainable infrastructure, and climate adaptation solutions runs into the trillions of pounds.

This isn't speculation. Capital markets are already moving. The companies that lead this transition are positioning themselves for long-term advantage. Those that lag may find themselves explaining missed opportunities to shareholders.

First-mover advantage remains available, though the window is narrowing. Chapter Zero Alliance has documented several instructive [case studies](#), available online.

Chapter Zero Alliance: Your Strategic Partner

The Alliance (formerly known as the Climate Governance Initiative) exists to support board directors in creating a thriving, sustainable economy for people and the planet. Supported by philanthropy, all our online services to boards are free: no paywalls.

We create and curate resources focused specifically on board directors, including:

- A popular [45-minute online course](#) on the basics of climate and nature governance
- Professional education designed for board directors
- Case studies of companies successfully managing the climate transition
- Guidance on directors' duties in respect of climate and nature

The Alliance's knowledge ecosystem supports boards on their journey to be 'Climate Intelligent':

- **Balance short-term performance with long-term resilience**
[Chapter Zero Alliance's Global Knowledge Hub](#)
- **Understand and quantify climate and nature risk**
[WEF Global Risks Report](#)
- **Identify and capture transition opportunities**
[Chapter Zero Alliance case studies](#)
- **Access credible sources of insight and inspiration**
[Chapter Zero Alliance's Global Knowledge Hub](#)
- **Follow a systematic governance framework**
[WEF / Chapter Zero Alliance Guiding Principles for Effective Climate and Nature Governance](#)

The Alliance supports a network of [34 Chapters worldwide](#), covering over 70 countries; many of these Chapters operate under the name of 'Chapter Zero'. Our Chapters are often hosted by Institutes of Directors, strengthened by our friendship and collaboration with the [Global Network of Director Institutes](#) (GNDI). Whether you're in Brussels, Dubai, or Sydney, there may be a local Chapter of the network, ready to support you.

Outside the Chapter network, we now reach board directors in India through a strategic partnership - and also in Southeast Asia, where we have a dedicated project aimed at reaching the directors of companies that constitute the supply chain for many global conglomerates.



Make It Systematic: From Ad Hoc to Embedded

The difference between companies that manage climate risk effectively and those that don't isn't in their values—it's in their systems. Climate consideration needs to be embedded in board practices as routinely as financial reporting or cybersecurity reviews.

In 2019, the World Economic Forum published a framework of principles for effective climate governance, designed to help boards approach climate issues systematically. Our organisation was launched in that year, to equip the world's board directors to deploy this framework.

At the WEF Annual Meeting in Davos in January 2026, Chapter Zero Alliance published a revised framework of [Principles for Effective Climate and Nature Governance](#), in partnership with the Forum, incorporating the latest expertise and practical experience.

From Principles to Practice: A Director's Example

Using these Principles, and the stored knowledge in the Global Knowledge Hub, directors can make a real difference in their companies.

We recently interviewed D'Anne Hurd, a hugely experienced board director, counsel, and climate champion from the United States. She gave us a concrete example of how a board director can nudge their company to take advantage of the energy transition: 'I was asked to lead a strategy session [for a mining company whose board I had recently joined]. When I raised environmental concerns as a strategic trend, the CEO said to me,

“D'Anne, we're so glad you're on the board and you're a great person. But this really is not something that we're going to deal with.”

As the conversation continued, I kept raising questions. Then we examined the company's assets. One asset was land around its quarries—thousands of acres purchased as noise abatement for neighbouring communities but sitting essentially vacant. Today, that land has solar farms and wind turbines. We're generating electricity and selling it to the grid.'

This demonstrates practical value creation: identifying underutilized assets, redeploying them into growth markets, and turning a compliance cost into revenue. It started with one director asking the right questions.

The Bottom Line

For the Climate Intelligent Board, climate action is not about saving the polar bear, it's not about politics, and it's not about endless compliance spreadsheets. It's about the fundamental systems that underpin business operations, and the long-term value that boards are responsible for stewarding.

Board directors have both the influence and the obligation to act. As Lenton and Levermann say, the timeframe for action aligns with long-term corporate strategy—the next 20 years. That's where climate impacts become financial impacts, and where decisions made today determine competitive position tomorrow.

Climate intelligence is within reach for every board. Our tools are proven, the network is

global, and the expertise is freely available—whenever you're ready to move from awareness to action.

At [Chapter Zero Alliance](#) you can access free director-focused resources, connect with your regional Chapter, and join directors around the world who are building more resilient businesses.

Matthew Moss

Associate Director, Global Communities, Chapter Zero Alliance

Rosie Ward

Manager, Chapter Engagement, Chapter Zero Alliance

Shai Ganu

Trustee

References

¹This well-known story was recently cited by Professor Tim Lenton in his foreword to [Planetary Solvency – finding our balance with nature](#), a report jointly published by the University of Exeter in the UK, where Lenton is Professor of Climate Change and Earth System Science, and the Institute and Faculty of Actuaries. The report is subtitled 'Global risk management for human prosperity'.

²Izzy Fenwick, New Zealand environmentalist, first used this analogy at the Institute of Directors New Zealand's annual leadership conference. The NZ IoD is host to [Chapter Zero New Zealand](#). Izzy says 'my purpose is to mainstream environmental responsibility for people and the planet, making environmental risk and opportunity part of everyday business and leadership decisions.'

³A two-minute version of this interview with Lenton and Levermann is available on the [Chapter Zero Alliance YouTube site](#).

⁴[New study: Top 10 climate disasters cost the world billions in 2024 – Christian Aid | Mediacentre](#).

⁵[Empowering board directors to drive climate action](#), a global study of independent board directors conducted by Chapter Zero Alliance in partnership with Kantar, published in April 2025.

⁶GNDI member organisations in Australia, Brazil, Canada, Hong Kong, Mauritius, New Zealand, Singapore and the USA are host organisations for Chapters in the Chapter Zero Alliance.



Peer Sustainability Labs: Sustainability, Climate Impact and Just Transition

The Peer Sustainability Labs unfolded as a deeply reflective and, at times, sobering exploration of how boards must respond to an era where environmental volatility, social expectations, and long-term resilience collide.

Across all three lab topics—board priorities, climate impact, and just transition—it became clear that sustainability is no longer a technical exercise isolated in specialist committees. It is now a central leadership challenge that stretches across strategy, operations, governance, reputation, and organisational purpose. The conversations did not shy away from complexity; instead, they surfaced the tensions, hopes, and hard choices facing modern boards.

Sustainability: Still a Board Priority? Facilitator: Thao Tran

Thao Tran, the Vice Chairperson, of Phu Nhuan Jewelry Joint Stock Company (PNJ), Vietnam, opened with an acknowledgement that sustainability continues to sit prominently on most board agendas, but the quality and consistency of attention vary dramatically.

Participants observed that local regulatory environments shape expectations. European boards operate under rigorous scrutiny with standardised disclosure frameworks, while the United States is experiencing increasing politicisation of sustainability language, and Asia exhibits a patchwork of approaches.

This uneven terrain requires boards to navigate contradictions carefully: delivering coherent sustainability strategy while responding to diverging political, regulatory, and stakeholder pressures.

Several board members shared candid experiences of misalignment within their organisations. Boards frequently champion long-term sustainability ambitions, yet management teams—pressed for short-term earnings, facing tight cashflows, and contending with operational

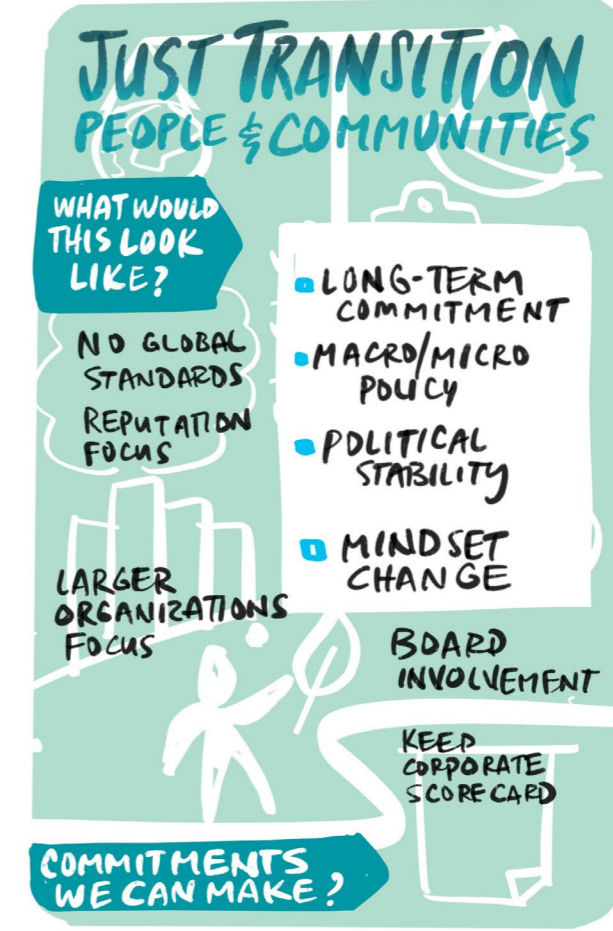


PEER SUSTAINABILITY LABS

DR THAO TRAN VIETNAM

NURAIN JANAH MALDIVES

PURVI SHETHA INDIA



realities—may push back. This reflects a deeper structural tension: the incentives designed for management often reward quarterly performance, not long-term environmental or social resilience. As one participant put it, sustainability aspirations can falter when unaccompanied by the right incentives.

Yet, amidst these tensions, promising practices are taking root. Some boards have created standalone sustainability committees or embedded sustainability oversight into every board meeting cycle. Others are refining KPIs so that sustainability metrics cascade from CEO scorecards into business-unit evaluations.

What resonated strongly was the idea that sustainability is not another “topic” to manage, but rather the foundation for the organisation’s future viability—its endurance. When boards link

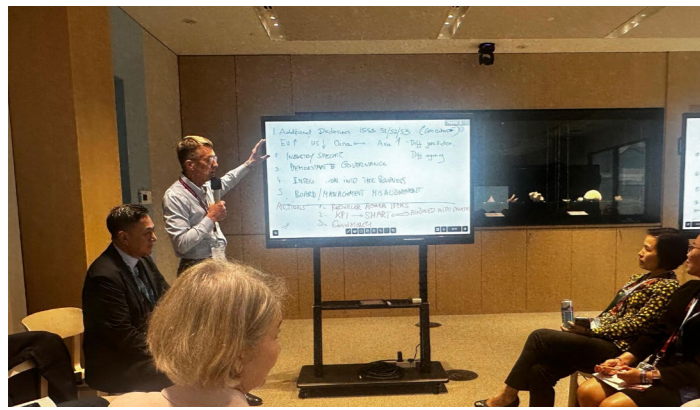


sustainability directly to purpose, strategy, and capital allocation, it stops being a compliance burden and becomes a strategic compass. This shift demands more frequent dialogue, more transparent reporting, and a commitment to continuity—so the agenda remains robust even as board members and executives come and go.

“Sustainability is the endurance. For all those things are just tools to get there.”

TIM HAMONS · ART OF AWAKENING





**Climate Impact: Next 12 Months
Facilitator: Nurain Janah**

Nurain Janah, the Vice Chair, Board of Directors of Hotel & Resorts Investment Maldives (HARIM), grounded the conversation in immediate and often unsettling realities.

Participants described how climate change is reshaping industries far faster than many anticipated. One example described large areas of the United States becoming uninsurable due to climate-related risks, altering asset values and lending practices. Another highlighted how aviation is experiencing increased turbulence and higher fuel consumption because of atmospheric instability—creating safety issues and financial strain.

In healthcare, rising rates of cancer and cognitive diseases linked to environmental hazards are driving up insurance premiums.

What became clear is that climate risk is now touching every aspect of business: infrastructure, supply chains, workforce resilience, capital markets, and customer expectations. The group also explored how human decisions, such as poorly planned urban development or extensive deforestation, are amplifying climate impacts and creating complex knock-on effects—damaging agriculture, threatening local ecosystems, and destabilising entire industries.

Despite these challenges, optimism emerged through innovation. Participants discussed adaptive construction materials, the role of modular nuclear energy, and energy-efficient building standards as possible avenues for mitigation. However, they emphasised that

financing for new climate solutions is insufficient. Traditional green financing supports mature technologies like solar energy, but frontier innovations often struggle to secure early-stage capital.

Boards, therefore, have a role to play in advocating for smarter financing models, engaging in policy dialogue, and supporting the development of emergency preparedness frameworks within their organisations. Climate resilience is not simply a technical exercise; it requires strategic foresight and consistent leadership.

“
Extreme weather, increased divergence... it's very costly. Sometimes you even have to find an entire new route.

**Just Transition, People & Communities
Facilitator: Purvi Sheth**

Purvi Sheth, the Chief Executive Officer, of Shilputsi Consultants, India, reminded participants that sustainability is fundamentally human. The environmental agenda and the social agenda cannot be separated—any transition that disregards people risks deepening inequality, eroding trust, and ultimately undermining the legitimacy of the organisation itself.

The group discussed real-world examples involving community resettlement, large-scale reskilling efforts, health and safety programmes, and long-term education investments. Many boards face the challenge of balancing the need for environmental compliance with the realities of community disruption—disruption that can last years and, in some countries, spark activism,

reputational crises, or government intervention. Participants acknowledged that some companies—and some countries—have clearer expectations and safeguards than others.

“
Whether it's putting something on the agenda or relooking at preparedness, it requires champions and advocates to bring this back and create a ripple effect.

The lack of global standards for fairness and equity means boards often operate in grey areas. What is considered equitable in one jurisdiction may be seen as insufficient or even exploitative elsewhere. This makes long-term thinking essential; communities cannot be “transitioned” through short-term programmes or one-off interventions. Instead, boards must embrace continuous engagement, transparent reporting, and the willingness to partner with unconventional allies—activists, social funds, educators, and local leaders—who can hold them accountable and enrich their perspective.

“
Values bring us together. If you do the right thing together, then you celebrate it—otherwise people feel it's not their issue.

A key insight from this lab was the value of partnerships. Activists, NGOs, social impact funds, and development finance institutions are not merely watchdogs—they can be valuable collaborators who bring new perspective and accountability. Boards were encouraged to integrate community metrics into corporate scorecards, ensure long-term funding



commitments, and cultivate champions inside the organisation who can carry these efforts forward consistently.

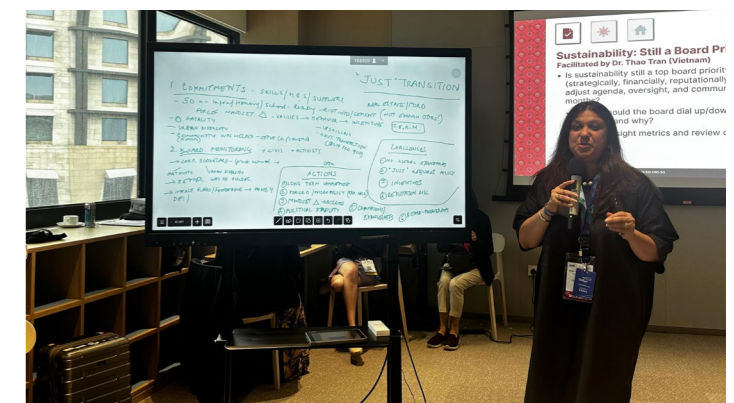
A just transition is not achieved through sporadic interventions; it requires cultural change, long-term planning, and leadership that recognises the dignity and aspirations of the communities involved.

When the conversation across all three labs is woven together, a clearer picture emerges: sustainability requires boards to lead differently.

It challenges traditional governance rhythms, stretches beyond financial oversight, and demands a willingness to embrace long-term horizons in a short-term world. It asks boards to be translators—bridging global regulatory fragmentation, organisational tensions, scientific uncertainty, and social expectations. And above all, it calls for champions—leaders who carry the conviction to keep sustainability on the agenda even when it is difficult, inconvenient, or politically charged.

The labs closed with a shared understanding that sustainability is not a passing mandate.

It is the architecture for building resilient, future-ready organisations. Whether through climate preparedness, community stewardship, or strategic alignment, boards have the opportunity—and responsibility—to shape a more enduring, equitable future. And this begins with sustained advocacy, courageous decisions, and the belief that long-term value cannot be achieved without long-term responsibility.



Intelligence-Led Governance: From Insight to Board Action

The capstone dialogue closed with a powerful reminder that the role of boards is undergoing a fundamental shift. Moderated by John Gollifer, Chief Executive Officer, Gulf Cooperative Council Board Director Institute, United Arab Emirates, and featuring panellists Rahul Bhardwaj, the President & CEO of Institute of Corporate Directors, Canada, Mansur Muhtar, Board Chairman, Bank of Industry Ltd, Nigeria and Lily Cheng, the Board Director of Cathay Pacific & Chow Tai Fook Jewelry, China and Hong Kong SAR, this panel synthesised two days of work across geopolitics, AI, cyber and sustainability.

The world has moved from a period of uncertainty, where boards were focused on navigating unpredictable risks, to one where new forms of certainty may be even more dangerous.

In this context, boards must ask themselves: are they merely managing, or are they truly leading?

This distinction is vital, because the future will demand not just stewardship of processes but the courage to shape direction, take a stand, and redefine what “good” governance looks like in a rapidly evolving environment.

A recurring theme was the disruptive force of artificial intelligence. Rahul observed that AI is advancing at unprecedented speed, and it is unrealistic for boards to believe they can fully oversee or contain it. Instead, directors must recognise that their organisations now operate in an AI-driven environment.

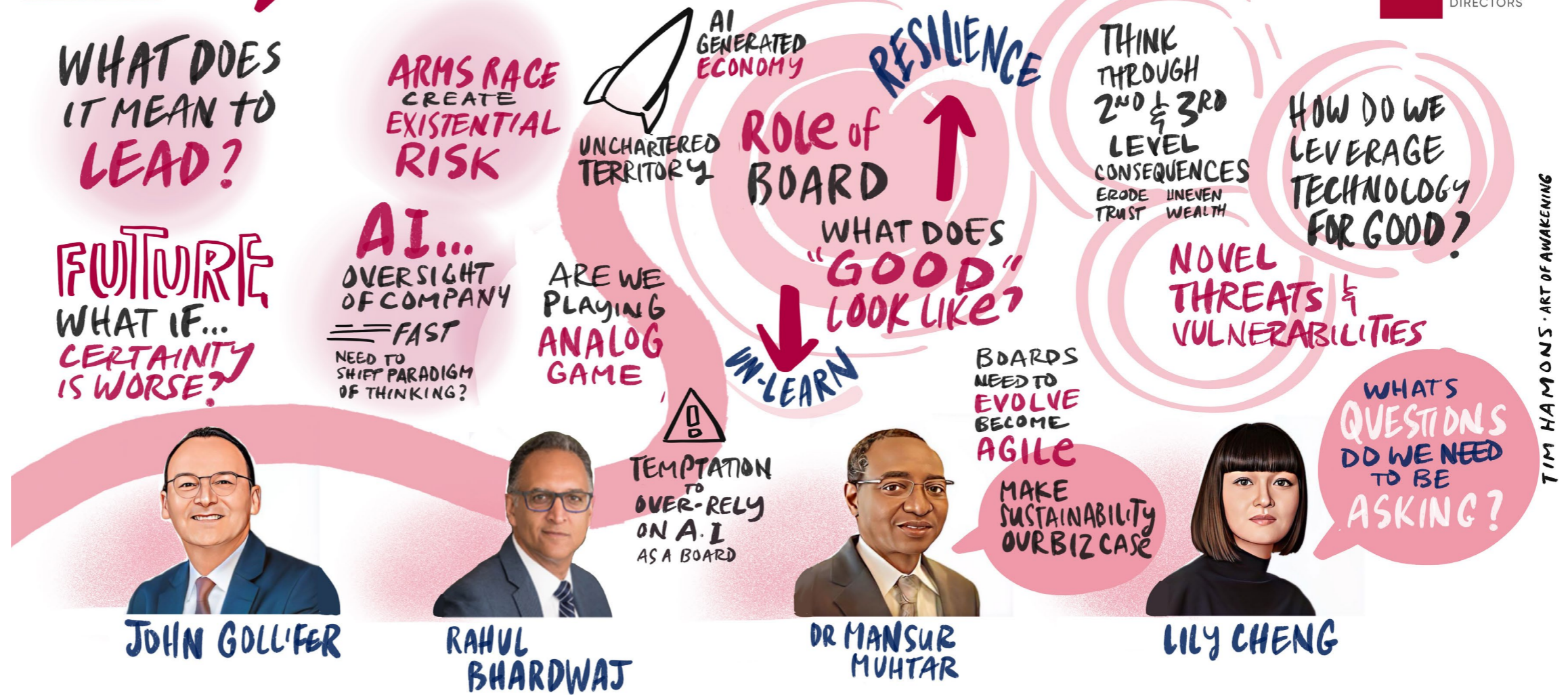
“*Do we manage or do we lead? Because the question before boards now is what does it mean to lead in a certainty that’s not going to look like any status quo the last twenty years have prepared us for.*”

The Acceleration of AI: The Environment, Not the Tool

Artificial intelligence dominated the discussion, not as a technology to be adopted, but as an



INTELLIGENCE-LED GOVERNANCE: from INSIGHT to BOARD ACTION



ecosystem shaping every decision a company makes. One of the panelists reminded the room that it is unrealistic for boards to believe they can contain or fully oversee AI. Its velocity far outstrips regulatory frameworks and human comprehension.

The board’s responsibility is instead to govern within this AI-infused environment, where every competitive, operational and strategic decision is influenced by algorithms and machine intelligence.

Another panelist expanded this perspective by emphasising that AI presents an intricate blend of opportunity and risk. It creates efficiencies, enhances internal capabilities and unlocks new forms of competitive advantage.



But it also brings novel threats—deepfakes, cyber vulnerabilities and the erosion of trust in information. Directors need to focus not only on what AI does, but on the deeper systemic effects it may trigger.



“*AI is moving so quickly that it’s a misnomer for boards to think they can have oversight of it. You can oversee your company, but not AI itself. What AI cannot do is identify what should be on the agenda. That insight—the right questions—still has to come from us.*”

TIM HAMMONS · ART OF AWAKENING



The heart of this debate was simple but profound: AI can answer, but it cannot ask. And the quality of board leadership will increasingly depend on the questions directors are wise enough to raise.

Unlearning the Old Playbook: Mindsets Boards Must Leave Behind

A provocative moment emerged when a delegate observed that while AI has transformed companies and entire industries, the boardroom remains largely unchanged. Governance, he argued, still echoes the norms of decades past.

This sparked a deeper reflection on whether boards may be scaling irrelevance if they do not evolve alongside the organisations they oversee.

Rahul acknowledged this tension, arguing that the greatest challenge for directors will not be learning new skills, but unlearning the assumptions that no longer serve a world in transition. The instinct to double down on familiar practices is strong, yet doing so risks trapping boards in outdated modes of thinking.

“Unlearning is going to be the trick, not learning new. You can’t play an analogue game in a digital world.”

Boards must consciously shed outdated habits and frameworks in order to make space for new approaches, new competencies, and a new mindset of leadership. In Rahul’s words, resilience will not come from doing compliance more efficiently, but from boards being intentional about how they adapt and build the capacity to tackle unknown challenges.



Global Realities: Adaptation, Not Stability, as the New Mandate

A panelist offered a grounding and humble perspective from West Africa, describing how he initially viewed joining a board as a stable, quieter transition after decades in public and development leadership. Instead, he quickly realised that today’s boardroom is a frontline of change, not a sanctuary from it. He emphasised that the modern director must become a catalyst for adaptation rather than a guardian of stability.

He described the new tools available—real-time dashboards, AI-driven analytics and intelligence-led insights—but stressed that technology cannot replace the human ability to interpret nuance, context and ethics. The responsibility of the board is to marry intelligence with judgment, not to allow one to overshadow the other.

“I thought this would be a cool life, maintaining stability. But this is no longer the case. The board must now be a catalyst for adaptation and resilience. When the rhythm changes, the dance steps have to change. That’s the world we live in now.”

His reflections spoke to a global truth: no board, anywhere in the world, can afford to govern for the environment of yesterday.

Accountability in the AI Age: The Ethical Tension Ahead

The dialogue reached a critical point when a delegate posed a question that sits at the heart of future governance: what happens when AI becomes so intelligent that directors defer to

it? If a machine predicts outcomes with higher accuracy than humans, will board members feel compelled—whether ethically or competitively—to follow its recommendations? And if so, who remains accountable when things go wrong?

A panelist commented that legal frameworks such as the business judgment rule offer protection to directors acting in good faith, but these principles have never been tested in cases involving AI-driven decisions. The reality is that boards are already delegating risk analysis, reporting and scenario planning to AI, often without considering the long-term implications.

“All the incentives point in the direction of using AI and asking questions later. And that’s where the risk lies.”

This exchange underscored a deep moral tension: how to embrace AI for advantage without surrendering human judgment, responsibility and agency.

Sustainability as Strategy: Beyond Compliance and Into the Core

The session closed with a panelist reflecting on the evolution of sustainability over the last decade. In 2015, when conversations around the SDGs began, securing private sector commitment seemed ambitious. Yet today, sustainability has moved from an aspirational agenda to a strategic necessity. It shapes how companies attract capital, build resilience and maintain long-term viability.

Boards should integrate sustainability not as a compliance requirement but as a central pillar of strategic thinking. Even as some jurisdictions show signs of backtracking, directors must

hold firm to the understanding that long-term value creation and social responsibility are now intertwined.

“It’s no longer enough to rely on regulation. Sustainability must become part of the DNA of the business, shaping profits and long-term returns.”

Sustainability is not separate from strategy; it is the strategy.

A Governance Inflection Point: Designing the Future, Not Defending the Past

The Capstone Dialogue closed with a shared understanding: governance is being rewritten in real time. Boards can no longer afford to rely solely on inherited frameworks or static interpretations of their role. The convergence of AI, climate change, geopolitical tension and societal shifts demands a new kind of director—one who leads with curiosity, humility and courage.

The mandate before boards is not to perfect oversight but to shape vision. Directors must become architects of the future, asking questions that cut deeper, exercising judgment machines cannot replicate and leading organisations into an era where intelligence—both human and artificial—will coexist in every decision.



Climate Science and Implications for Boards

During the closing dinner, Winston Chow, Lee Kong Chian Professor of Urban Climate & Urban Institute Pillar Lead, Singapore Management University, and Co-Chair of the Intergovernmental Panel on Climate Change's Seventh Assessment Report, delivered a compelling address underscoring the accelerating urgency of global climate action.

Distilling decades of scientific evidence into four key numbers—12,000, 2032, 51, and zero—he illustrated both the scale of the challenge and the narrowing window for effective action.

His remarks combined scientific clarity with cautious optimism, reminding participants that solutions remain within reach if stakeholders act decisively.

A Climate Stable for 12,000 Years—Now Under Threat

For the past 12,000 years, the Earth's climate has remained exceptionally stable, providing the foundation for agriculture, settlement, and societal progress. Winston cautioned that this long-standing stability is now rapidly eroding, signalling a transition into a more volatile climatic regime with far-reaching implications.

Crossing the 1.5°C Threshold by 2032

Current scientific projections indicate that global temperatures are likely to exceed the 1.5°C limit by 2032, a critical threshold established under the Paris Agreement. Crossing this boundary is expected to intensify extreme weather events—including storms, droughts, and heatwaves—placing additional strain on vulnerable communities and global systems.

From 51 Billion Tonnes to Net Zero by 2050

The world emits approximately 51 billion tonnes of greenhouse gases annually, a figure that must reduce to net zero by 2050, or sooner, to avoid irreversible impacts. Winston emphasised that this transition requires systemic shifts across energy, transport, and industrial



sectors, supported by coordinated efforts from governments, corporates, and individuals.

Corporate and Individual Leadership in Climate Action

Climate action cannot rest solely with governments. Corporations must examine supply chains, invest in climate-resilient operations, adopt energy-efficient technologies, and demonstrate authentic sustainability commitments. Individuals also play a crucial role by making informed choices, influencing organisational culture, and advocating for responsible practices.

Signs of Hope and Global Momentum

Despite the scale of the challenge, Winston pointed to encouraging developments. Notably, China has peaked its emissions, driven



by deliberate shifts toward renewable energy and widespread adoption of electric vehicles. These developments illustrate that meaningful change is possible when policy, technology, and economic incentives align.

A Collective Call to Lead and Act

Winston concluded with a clear message:

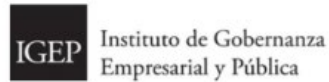


climate action is both an urgent responsibility and a strategic opportunity. He encouraged participants to lead by example, embed sustainability into decision-making, and speak openly about climate risks. Progress depends on unified leadership and committed action across all sectors to build a more resilient and stable future.

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