



مركز للحكومة
CENTER FOR GOVERNANCE

Nasdaq

AI IN THE BOARDROOM

Transforming the Future of Board Governance



A PIF COMPANY

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Center for Governance

Report

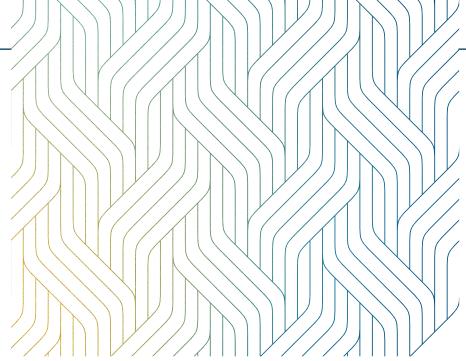
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AI in the Boardroom:

Transforming the Future of Board Governance

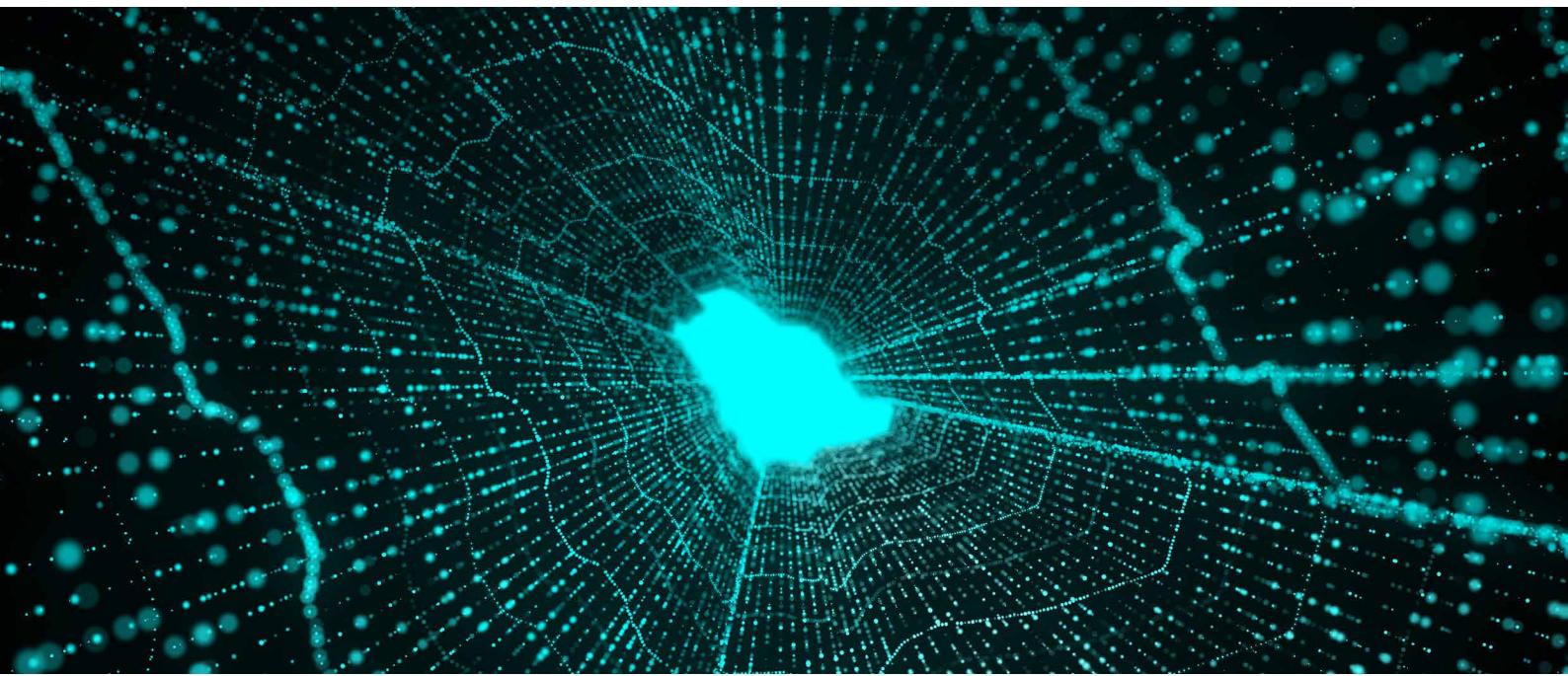


The corporate governance landscape continues to evolve in an era defined by digital advancements. The integration of artificial intelligence (AI) is proliferating amid this evolution—and that impact stems into the boardroom. AI is reshaping traditional boardroom dynamics. With heightened regulatory pressures, escalating cyber risks, and increasing stakeholder expectations, incorporating AI can be a pivotal strategy to enhance the board's decision-making processes, drive accountability, minimize bias, and create other operational efficiencies.

From optimizing decision-making processes to strengthening governance frameworks, the integration of AI sets the stage for a comprehensive boardroom evolution, particularly related to enhanced transparency, accountability, and strategic alignment with stakeholders. This whitepaper delves into the transformative impact of AI in the boardroom by breaking down and exploring best practices, potential applications, emerging challenges, and future opportunities.



AI Transformation in Saudi Arabia



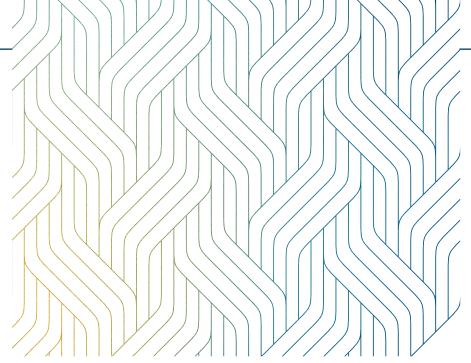
As Saudi Arabia pursues its economic diversification strategy under Vision 2030, AI has become key pillar of national transformation, with the Kingdom aiming to position itself as a global leader in the international technology landscape. In 2019, the Saudi Data and AI Authority (SDAIA) was established, and as of 2023, **39%** of government entities were already using or experimenting with AI.⁽⁰¹⁾ More recently, in November 2024, Saudi Arabia launched Project Transcendence, a **\$100 billion national AI initiative**, which includes a strategic partnership between the Public Investment Fund and Alphabet (Google's parent company) to develop Arabic-language large language models. More recently, in May 2025, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud announced the launch of HUMAIN. The company, owned by the Public Investment Fund (PIF), aims to offer a range of AI services, products, and tools, including next-generation data centers, AI infrastructure, cloud capabilities, and advanced AI models and solutions.⁽⁰²⁾ HUMAIN has already secured agreements totaling **\$23 billion with tech companies** such as Nvidia, AMD, AWS, and Qualcomm. The company also plans to launch a **\$10 billion** venture capital fund, supporting the Kingdom's broader efforts to position itself as a leading global hub for artificial intelligence.⁽⁰³⁾

According to the Stanford AI Index, Saudi Arabia has also become one of the world's fastest-growing markets for AI talent, recording a **28.7% increase** in AI-related hiring year-over-year in 2024, the third highest globally, after India and Brazil.⁽⁰⁴⁾ On the regulatory front, the Kingdom has laid a comprehensive foundation for responsible AI integration including, the Personal Data Protection Law, the AI Ethics Principles and Generative AI Guidelines issued by SDAIA, and the Data Cybersecurity Controls developed by the National Cybersecurity Authority.

From a corporate governance perspective, boards operating in Saudi Arabia are being called to elevate their understanding of AI's strategic potential and risk implications. The national AI strategy is not only a technological ambition but also a call for governance readiness. As AI becomes more deeply integrated into national competitiveness and corporate operations, boardrooms will play a decisive role in ensuring that these technologies are adopted responsibly, ethically, and in ways that drive sustainable growth.

The Future of the Boardroom:

Preparing for AI Advancements and Disruptions



It is important to foster innovation throughout the organization and in the boardroom. Looking ahead, organizations may encourage experimentation with AI technologies, while also being mindful of ethical considerations and regulatory compliance. Balancing innovation with risk mitigation is a challenging equilibrium to achieve. Yet, striking symmetry between embracing technological advancements and upholding regulatory compliance is essential to foster a culture of innovation. Organizations acknowledge the need for innovation while also prioritizing the need for data security, privacy, and ethical considerations in all AI-driven initiatives.

The future of work, particularly in the boardroom, can be characterized by the demand for access to real-time data and advanced analytics tools that enable proactive decision-making. While AI offers distinct capabilities in processing data and generating insights, it should be seen as a decision-making aid rather than a substitute for human judgment. When interpreting AI-generated outputs, exercise caution and understand that answers are not definitive but are rather inputs that require critical human analysis. Human oversight can help qualify AI-driven decisions in alignment with ethical standards and organizational goals.

To prepare for the future, organizations and their boards should continue to find ways to integrate AI models to help reshape operations and decision-making processes. Boards that prioritize AI-assisted governance may better demonstrate their commitment to driving organizational growth and upholding competitive advantage. Moreover, this increased pace of technological innovation may lead organizations to accelerate their digital strategy and maintain strong internal and ethical controls over the digital asset framework, policies, and programs. By effectively integrating AI into corporate governance practices, boards can harness the transformative power of AI to propel their organizations towards a more prosperous and innovative future.



5 Best Practices for Boards Embracing AI



Embracing AI in the boardroom can require a multifaceted approach that includes education, training, oversight, and technology application. By following these best practices, boards can leverage AI to help drive innovation, improve decision-making processes, and help enhance overall organizational performance. Governance can play a pivotal role in navigating the complexities of AI adoption, ensuring that boards steer their organizations towards a successful AI-driven future.

01

Establish a Governance Framework for AI Adoption

A robust governance framework around AI implementation is a supporting factor in safeguarding data security and privacy in the boardroom and beyond. It is important to have protocols in place to ensure sensitive information is protected and AI technologies do not compromise data integrity or share confidential data externally. Establishing clear guardrails can help mitigate risks associated with AI adoption and foster a culture of trust in AI-driven decision-making processes. It can also help ensure transparency, accountability, and fairness. If not continuously assessed, AI may present biases and produce inaccurate information that may poorly affect communications and decisions. To help avoid these situations, oversight mechanisms should be in place. For example, Nasdaq has established an AI Governance Committee that assesses AI projects and applications from a cross-functional perspective, including participation of data science, technology, legal, risk, compliance, ethics, information security, strategy, and finance. The committee looks at the different AI efforts across the organization, keeping an eye on AI-related activities to encourage transparency, promote accountability, and manage potential risks, which can then be reported to the board.

Moreover, a dedicated committee can provide feedback to the board on AI initiatives, ensuring alignment with organizational values and goals and compliance with regulations. So, while it is not a requirement to have an AI or technical expert on the board, it is important to establish clear governance structures and practices to effectively manage AI implementation for optimal outcomes.

02

Establish Oversight Responsibilities

Organizations can benefit from assembling multidisciplinary AI governance teams comprising experts from different fields, such as information security, compliance, legal, risk management, audit, and more. This diverse representation ensures that a broad range of perspectives is considered when evaluating the implications of AI technologies on the organization's—and the board's—operations. Incorporating input from various stakeholders can help address potential challenges and capitalize on opportunities presented by AI innovations.

Moreover, these teams play an instrumental role in executing rigorous monitoring protocols. This continuous scrutiny can not only advance adherence to established performance parameters but also facilitate timely identification and rectification of potential glitches or deviations. The project teams may also be responsible for demonstrating quality delivery, helping to ensure that the AI tools seamlessly integrate with the existing processes, and contributing to the optimization of overall organizational performance.

5 Best Practices for Boards Embracing AI



03

Prioritize Education and Training

Adopting AI in the boardroom should come with a set of best practices to ensure both effective integration and fair governance. Of these best practices, which may be unique to every organization, the initial AI education component is critical. Learning about the technology and investing time in better understanding AI concepts, capabilities, and limitations can help boards grasp the added value that AI can offer, as well as comprehend its associated risks. Understanding both sides of the coin is essential for making informed decisions regarding AI implementation. As AI evolves, continuing education and training is beneficial in ensuring appropriate use of the technology in the boardroom and throughout the organization. At the Center for Governance, our development programs for senior professionals and board members are designed to meet the highest international standards, featuring leading subject matter experts and incorporating the latest developments in corporate governance-related topics including audit, risk management, AI, cybersecurity, and emerging technologies. These programs are tailored to prepare directors and senior professionals for the complex challenges of the future and to ensure they can lead confidently in an evolving governance landscape.

04

Engage in Thought Leadership

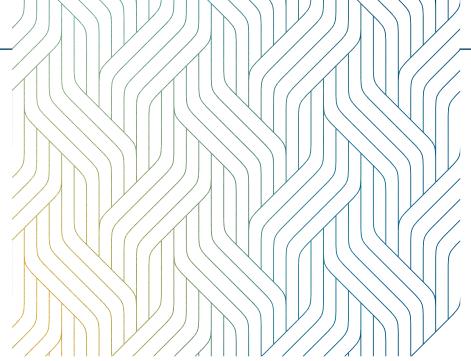
While some organizations may rely on internal leadership, others may source external experts to provide advisory services. Boards can leverage thought leadership and engage with key voices in the space to stay updated on the latest AI trends, developments, and best practices. In addition to knowledge sharing, this proactive approach can help boards better understand AI's potential impact on their organizations and foster strategic decision-making about implementing the technology.

05

Use Boardroom Technology

It may seem clear, but it is important for boards to recognize opportunities for advancement in their own boardrooms and consider how technology will support their work—rather than distract from or compromise it. While not new to the boardroom, board portal management software is designed to improve board efficiency and effectiveness. Board management software empowers boards to not only access documents but also derive insights, predict trends, and make informed decisions. Add AI to the mix and there is even greater opportunity for improvement. AI can bring a transformative shift to board management software.

A Closer Look at the Impact of Board Management Software



Today, there is an opportunity to unlock AI's full potential and advantages. AI can help turn static board processes with two-dimensional information into dynamic, intelligent board management software. Technology has enabled the automation of functions traditionally handled by corporate secretarial teams. Integrating AI into board portal software has revolutionized document management, smart agendas, summarization, cross-referencing, and tailoring the user experience.

Document Management

AI-powered algorithms could automatically categorize, tag, and organize documents, making them easily searchable and accessible. This feature may help reduce the time spent searching for relevant documents and, therefore, enhance meeting preparedness. The power of AI could also personalize document recommendations based on the board member preferences to ensure they have the right information at their fingertips.

Smart Agendas

Board meeting preparation has traditionally involved laborious manual efforts to collate documents, set agendas, and identify discussion points. And meeting agendas had often been created based on past templates and predetermined sections.

However, every board meeting is unique, and discussions can vary based on emerging trends, market dynamics, and regulatory changes. AI-driven board portal software could dynamically adapt to these nuances and create agendas.

Executive Summaries

AI could help extract key information from documents, summarize lengthy reports, identify actionable insights, and pinpoint potential areas of concern. Instead of board members spending hours reading through extensive documents, AI extraction tools may provide concise executive summaries to capture key insights.

Meeting Minutes

Administrators spend large amounts of time each quarter facilitating the preparation and notetaking processes before formalizing the meeting minutes. AI could help reduce the time it takes to create meeting minutes by ingesting the material and helping governance teams prepare first drafts of the content.

Tailored Insights and Education

AI-driven personalization features could tailor board members' experiences based on analysis of their expertise, preferences, and roles. Analysis of engagement patterns could also allow AI to suggest tailored resources for education and development. This may also improve the board portal user experience.

According to a 2024 Nasdaq survey, only 9% of governance professionals indicate their board does not use board management software.⁽⁰⁵⁾ This illustrates the widespread adoption and clear value board portal software brings to today's boardrooms. It also highlights that organizations acknowledge the imperative role of technology in fostering collaboration and enhancing decision-making processes.

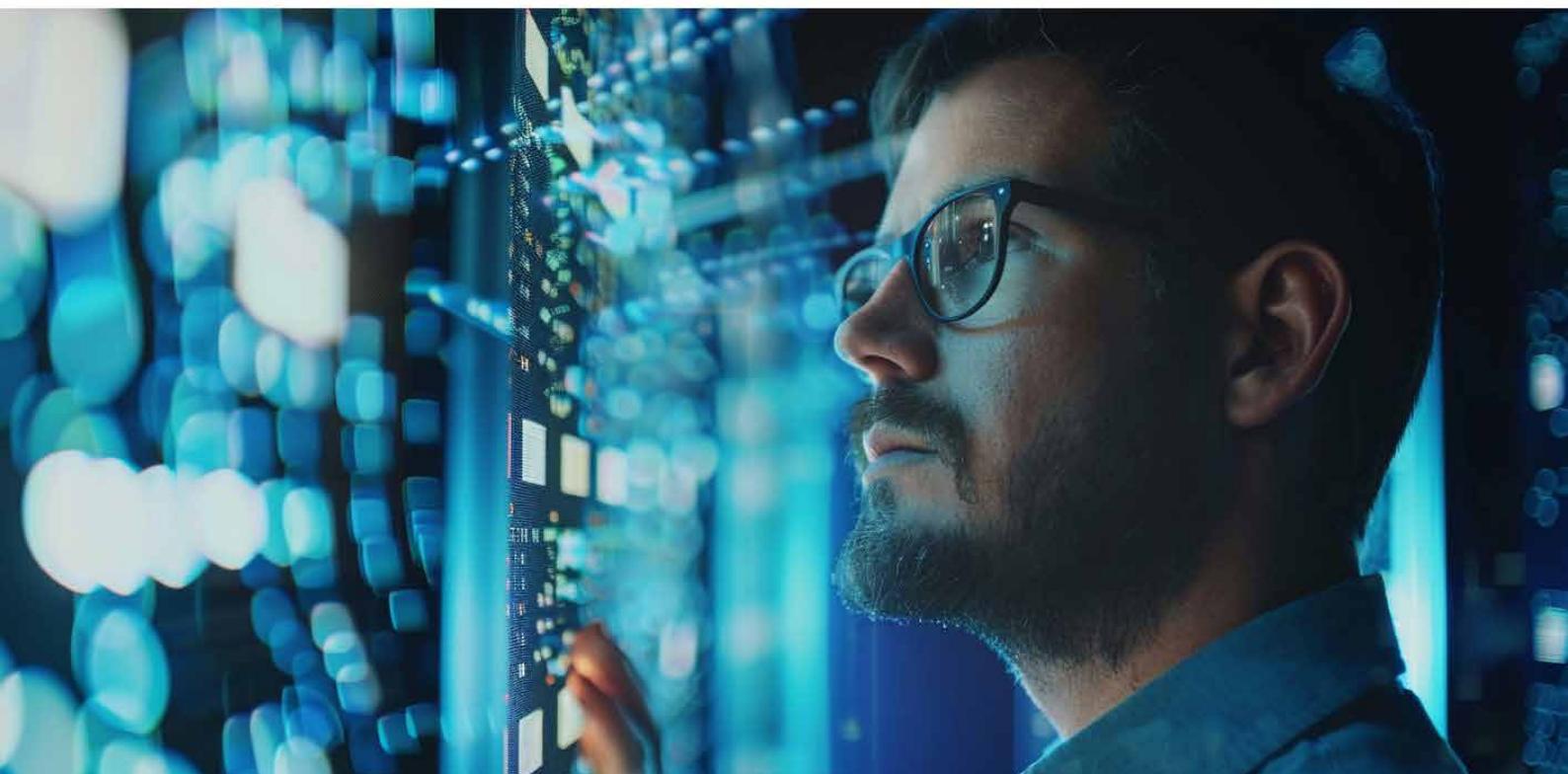
As AI continues to evolve, its role in corporate governance will become even more pivotal as it reshapes how boards operate and elevates their contribution to organizational and governance excellence. Moreover, the boardroom experience is being redefined by integrating AI capabilities in board management software, enabling smoother workflows, deeper insights, and personalized engagements. Investing in board management software like Nasdaq Boardvantage®, a platform focused on launching AI-driven tools, supports boards in streamlining their corporate governance workflows.



The Critical Role of Board Education and Development in the AI Era

As technological transformation accelerates, continuous education and training for board members have become indispensable. Boards must not only understand the technical aspects of AI but also its ethical, legal, strategic, and governance implications. Developing digital literacy and critical oversight capabilities among directors is essential to ensure that AI supports — rather than undermines — long-term value creation, ethical standards, and stakeholder trust.

To support boards in this journey, organizations should invest in tailored development programs focusing on corporate governance including topics such as risk management, AI governance, cybersecurity, data privacy, and emerging regulatory frameworks. Center for Governance offers specialized director development and governance-related programs aimed at equipping board members and senior professionals with the knowledge and foresight necessary to lead and govern confidently through this period of unprecedented innovation and change.





ABOUT THE CENTER FOR GOVERNANCE

The Center for Governance was established by the Public Investment Fund (PIF) in 2020, and is dedicated to enhancing corporate governance capabilities and know-how in Saudi Arabia and beyond. We are a catalyst for governance excellence in the Kingdom, delivering practical solutions that elevate standards, build trust and foster societal progress.

sectors in three core areas:

- We undertake board evaluations for all kinds of entities, and provide advisory services relating to governance, risk and compliance.
- We design and deliver development programs aimed at board members, the C-Suite and governance professionals.
- Through rigorous research and thought leadership, we uncover new insights that raise awareness and understanding of governance, directorship and organizational performance.

For further information on how the Center can support your organization, please contact info@cfg.sa

