

Board Practices Quarterly

Artificial intelligence (AI) revisited

The potential for artificial intelligence (AI) to revolutionize businesses is immense. For example, it can help improve customer experiences, supply chain optimization, innovation, and decision-making. It can also increase financial, reputational, data privacy and security, and bias risks, and it can yield misinformation. The implications of how AI is changing the business landscape reinforce the need for robust governance practices and board oversight.

This *Board Practices Quarterly* builds upon our [2023](#) issue that also focused on AI. Based on a survey of public company members of the Society for Corporate Governance, it covers company and board AI practices, including functional areas of AI responsibility and implementation; board oversight responsibilities and agendas; and employee utilization of AI tools.

Findings

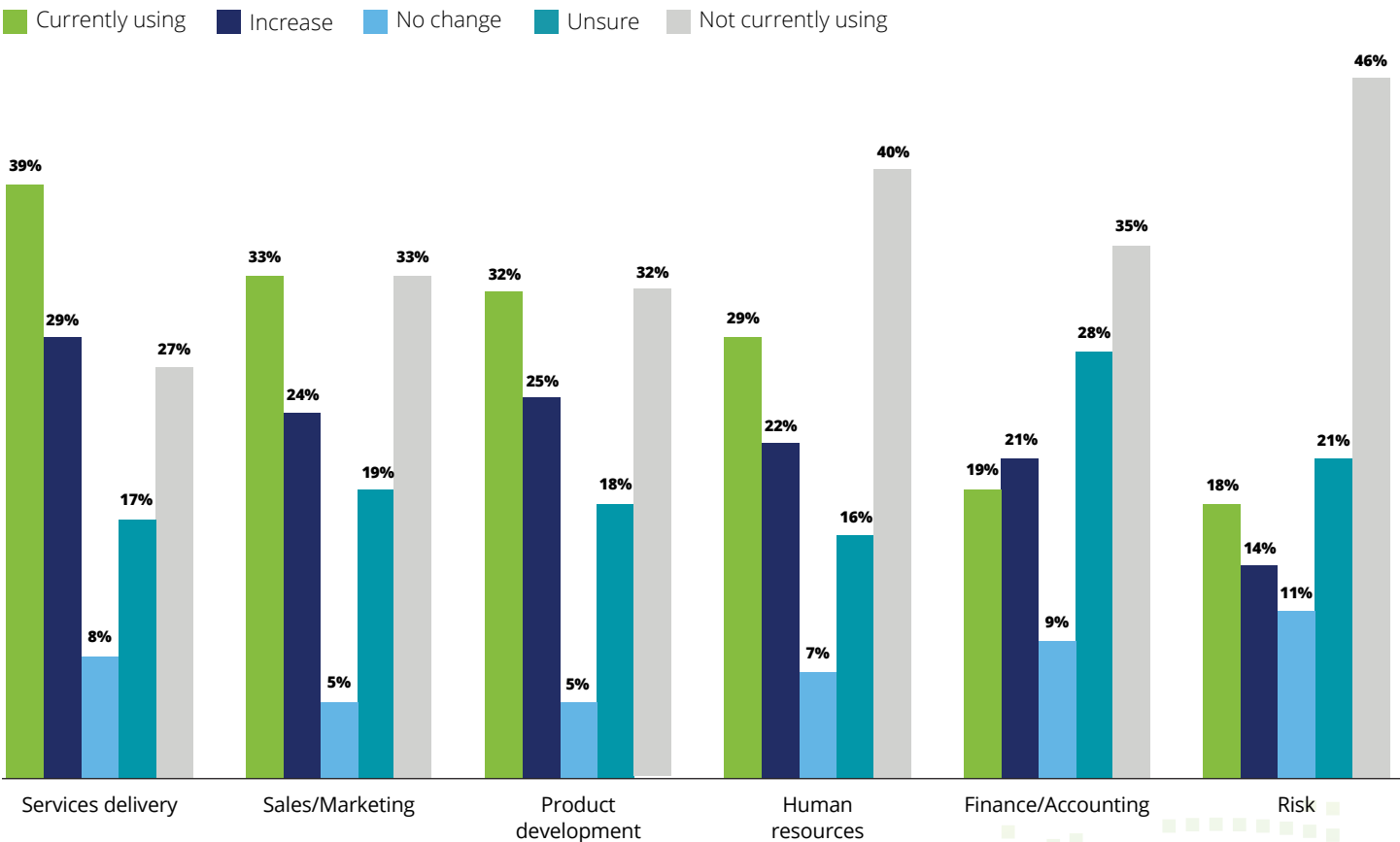
Respondents, primarily corporate secretaries, in-house counsel, and other in-house governance professionals, represent 80 public companies of varying sizes and industries,¹ and the findings pertain to these companies. The actual number of responses for each question is provided. Some survey results may not sum to 100% as questions may have allowed respondents to select multiple answers. Where applicable, commentary is included to highlight differences among respondent demographics and to highlight comparisons to findings in our 2023 *Board Practices Quarterly – Future of tech: Artificial intelligence (AI)*.

[Access](#) results by company size and type.

Please indicate whether your company is using artificial intelligence (AI) in the following areas. If so, specify any change in use over the past year. (61 responses)

AI is being currently utilized across all functional areas surveyed, reported most often in “services delivery” at 39% and least used in “risk” at 18%. All areas have experienced some increase in AI usage over the past year, from 14% to as much as 29%.

The most frequently cited response, “services delivery,” was reported by 45% of large-caps and 36% of mid-caps. The largest variations across market caps in current AI utilization was in “product development,” reported by 39% of large-caps and 19% of mid-caps, and in “risk,” reported by 29% of large-caps and 5% of mid-caps. Further, large-caps have increased AI usage by at least 10% more than mid-caps in the areas of “product development,” “human resources,” and “risk.”

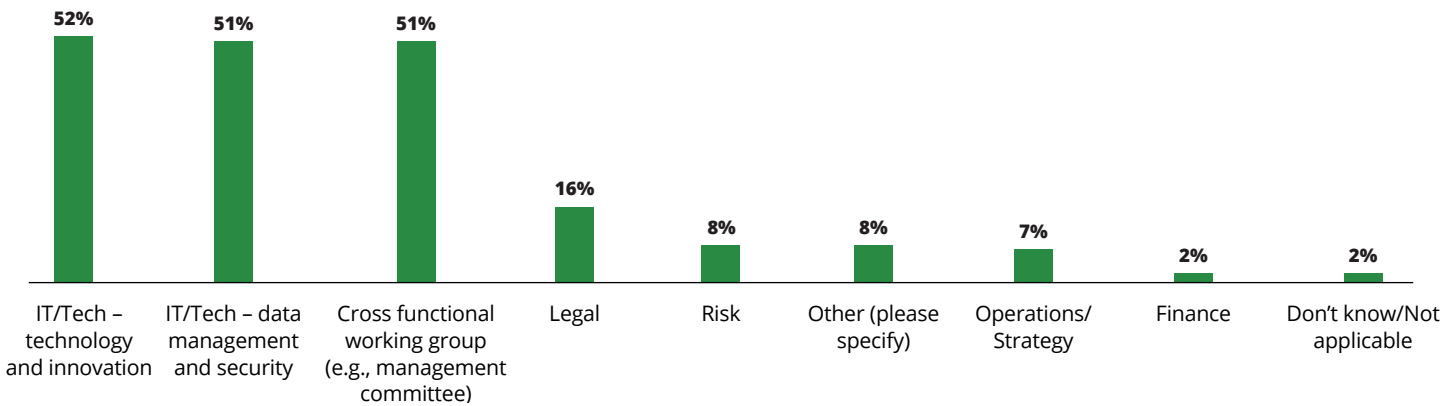


Note: No respondent answered “decrease.”

Which functional area(s) or department(s) in your company has/have primary responsibility for AI matters (e.g., design, development, or validation/testing)? [Select all that apply] (61 responses)

By a wide margin, “cross-functional working groups” and “information technology functions or departments”—data management and security and technology and innovation—were most often cited as having primary responsibility for AI matters, each reported by more than 50% of respondents. A similar question in our 2023 *Board Practices Quarterly* on AI had these most common responses as to where responsibility is primarily placed: 56% with IT/tech, 40% with cross-functional working groups, and 31% with legal.

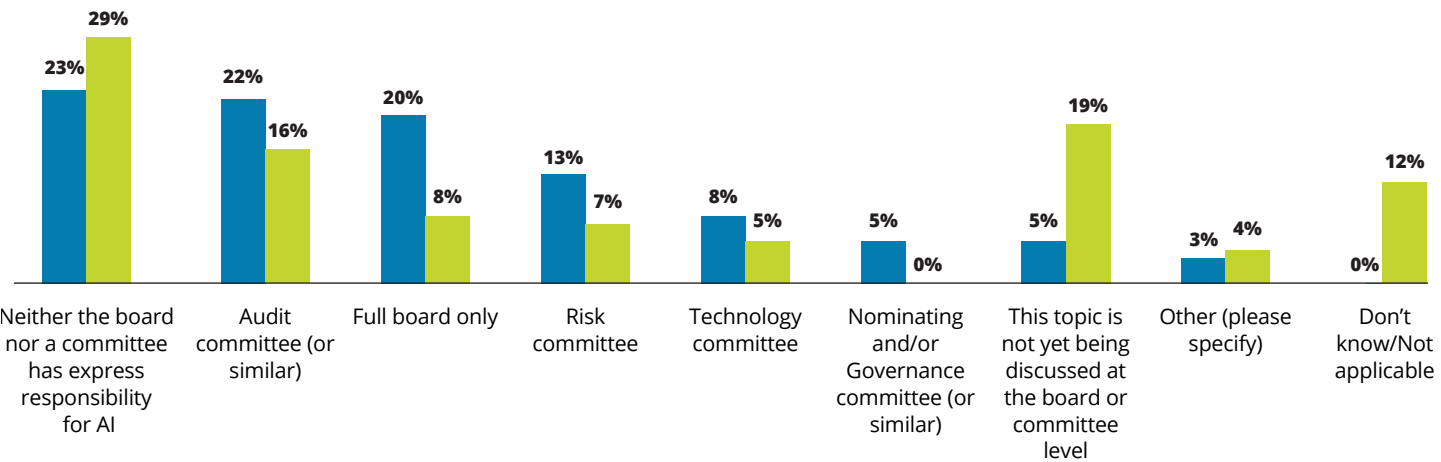
The most common response for large-caps was “IT/Tech - technology and innovation,” reported by 58%, compared to 42% of mid-caps. The most common response for mid-caps was “IT/Tech - data management and security” and also “cross-functional working group,” both at 58%, compared to 45% and 48% of large-caps, respectively.



Where does primary oversight for AI lie within your company’s board? (60 responses)

The most frequently cited response, “neither the board nor a committee has express responsibility for AI,” was reported by 16% of large-caps and 38% of mid-caps. This was followed by the “audit committee” for large-caps (25%) and the “full board” for mid-caps (21%).

2025 2023

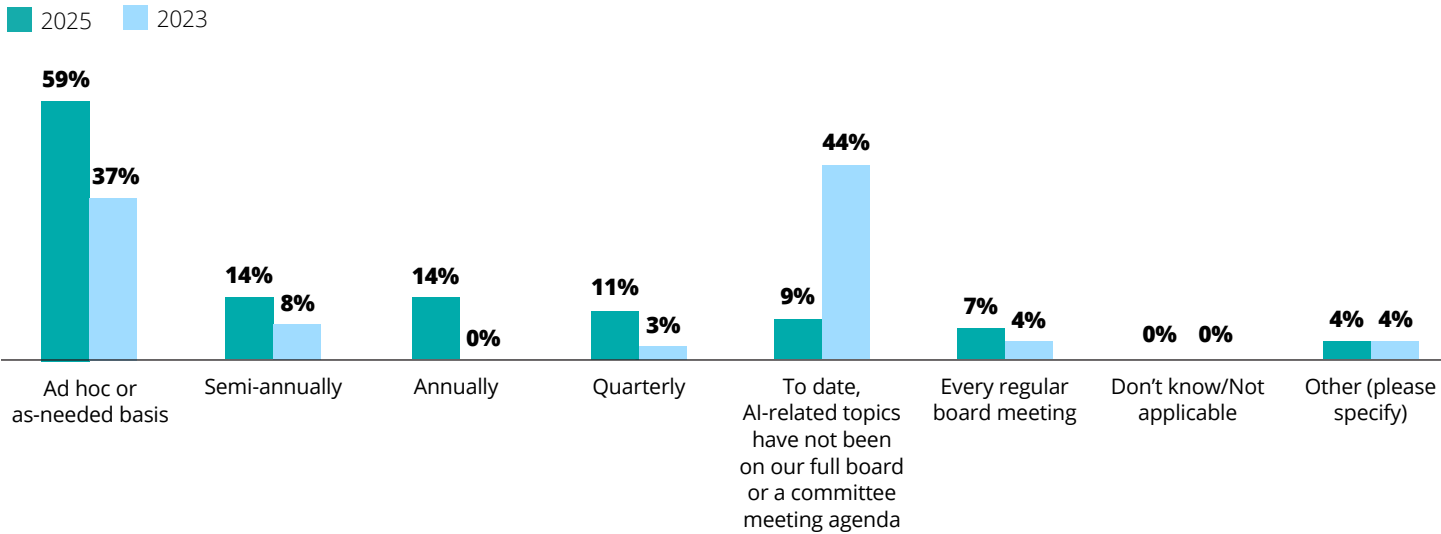


Note: In 2023, the n value was 75. In both 2025 and 2023, no respondent answered “Compensation committee (or similar).”

Describe the frequency of AI-related topics on the meeting agenda for the full board or board committee(s). [Select all that apply] (56 responses)

Among market caps, notable differences include:

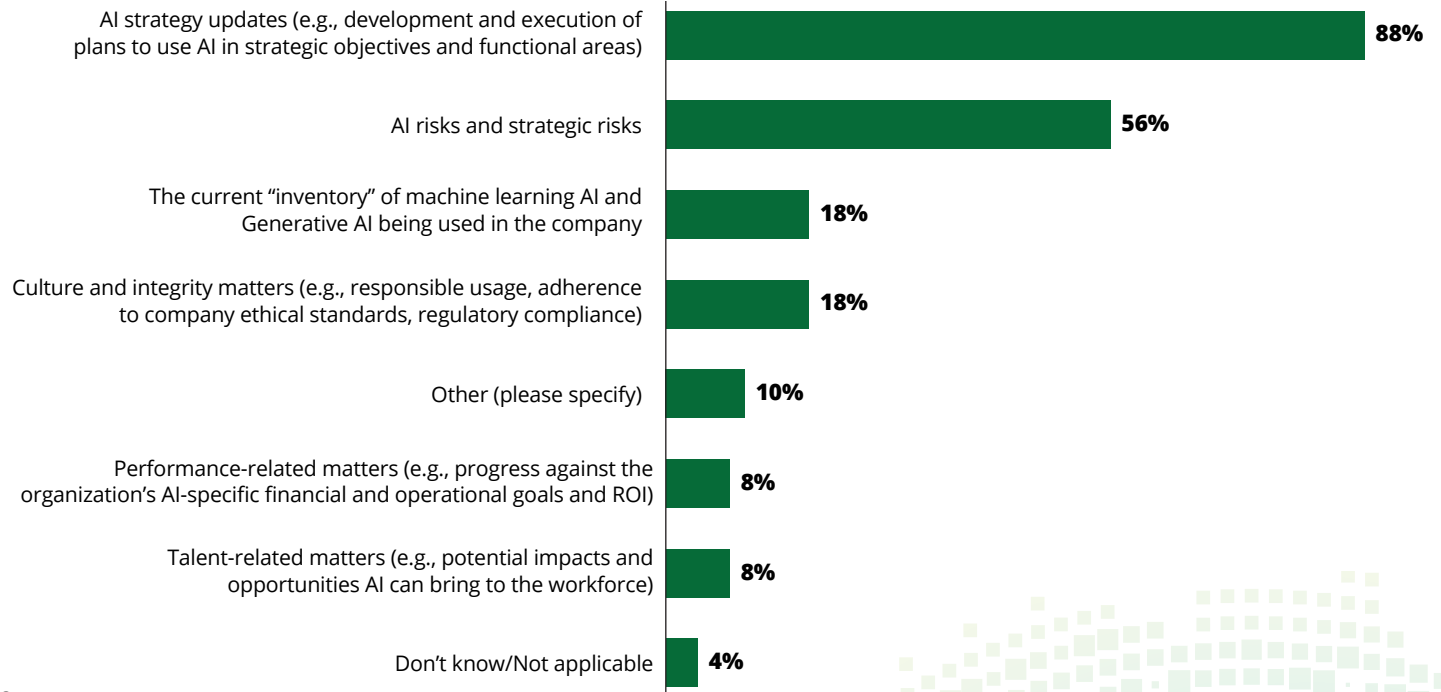
- Ad hoc or as-needed basis – 70% large-caps, 48% mid-caps
- Every regular board meeting – 0% large-caps, 13% mid-caps
- Quarterly – 7% large-caps, 17% mid-caps



Note: In 2023, the n value was 73. In both 2025 and 2023, no respondent answered "Don't know/Not applicable".

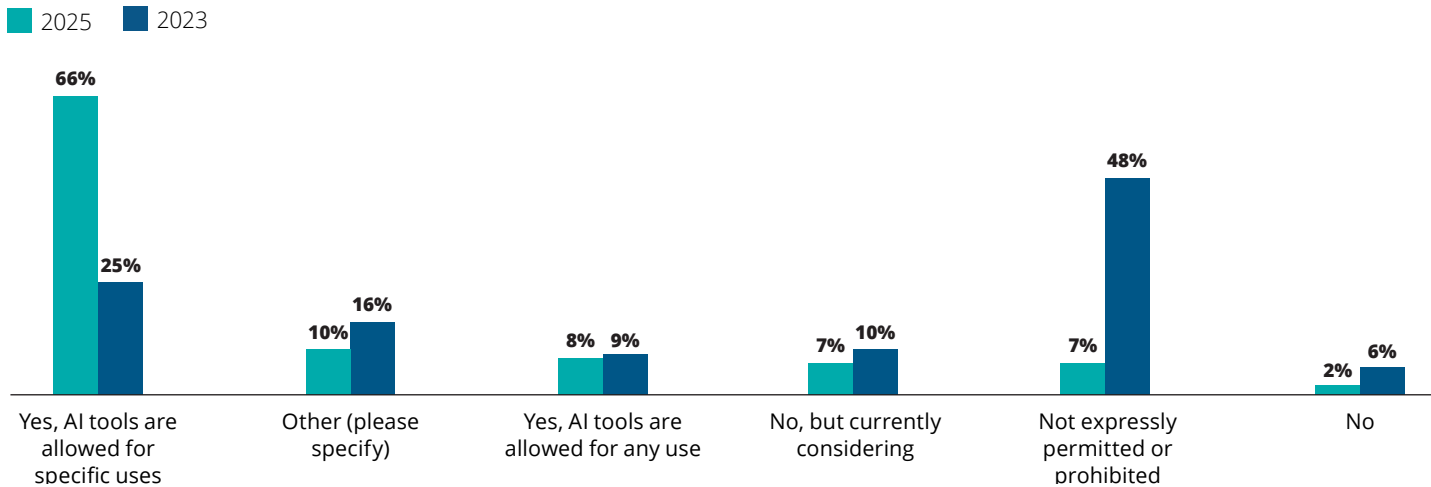
Which of the following information does the board and/or any of its committees regularly receive related to company use of AI? [Select all that apply] (50 responses)

Among market caps, a notable difference is that 22% of large-caps reported “the current ‘inventory’ of machine learning AI and Generative AI being used in the company” compared to 10% of mid-caps.



Does your company permit the use of AI tools by employees? (59 responses)

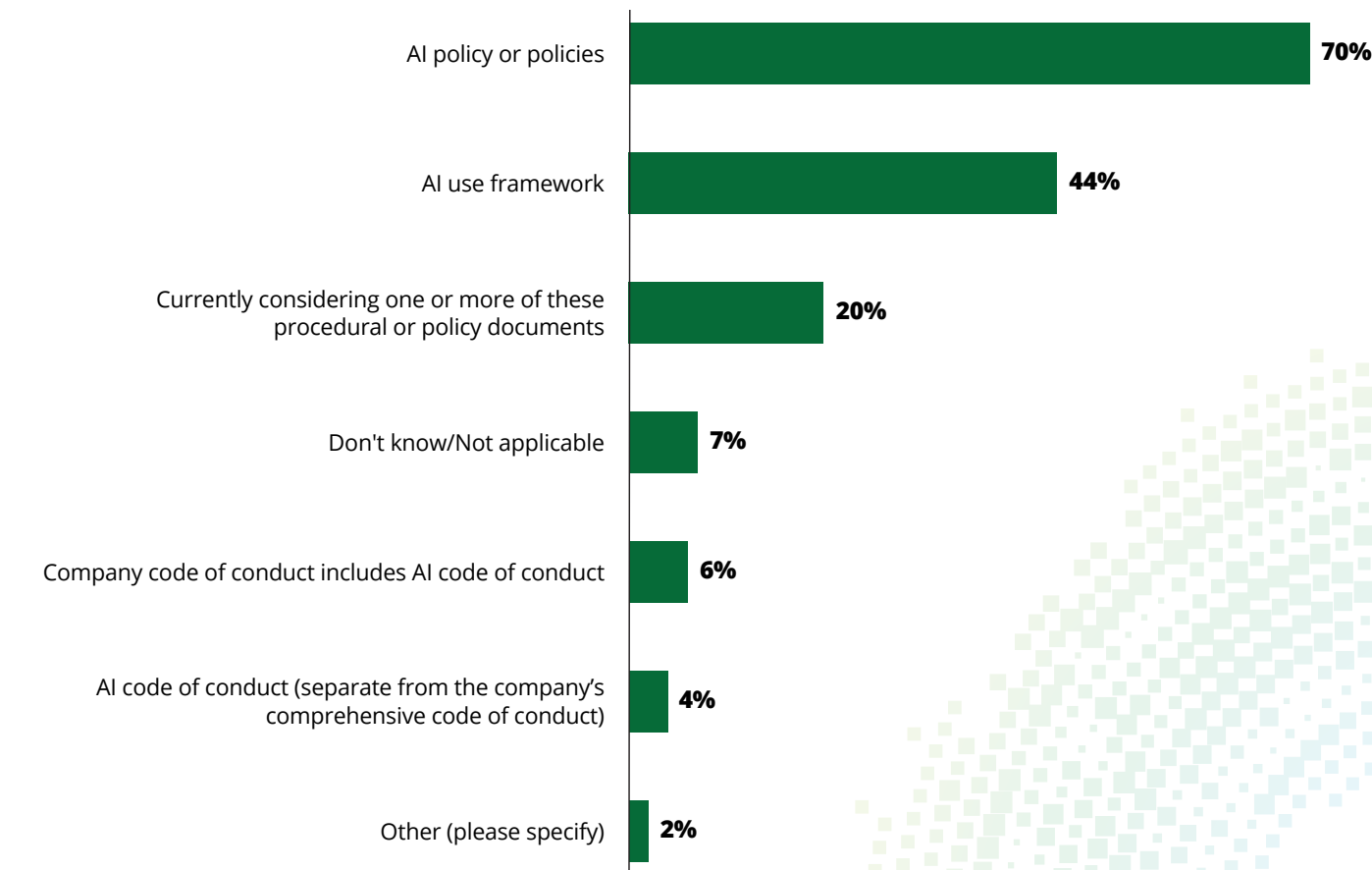
Among market caps, a notable difference is that 16% of large-caps reported “yes, AI tools are allowed for any use” compared to no mid-caps.



Note: In 2023, the n value was 69.

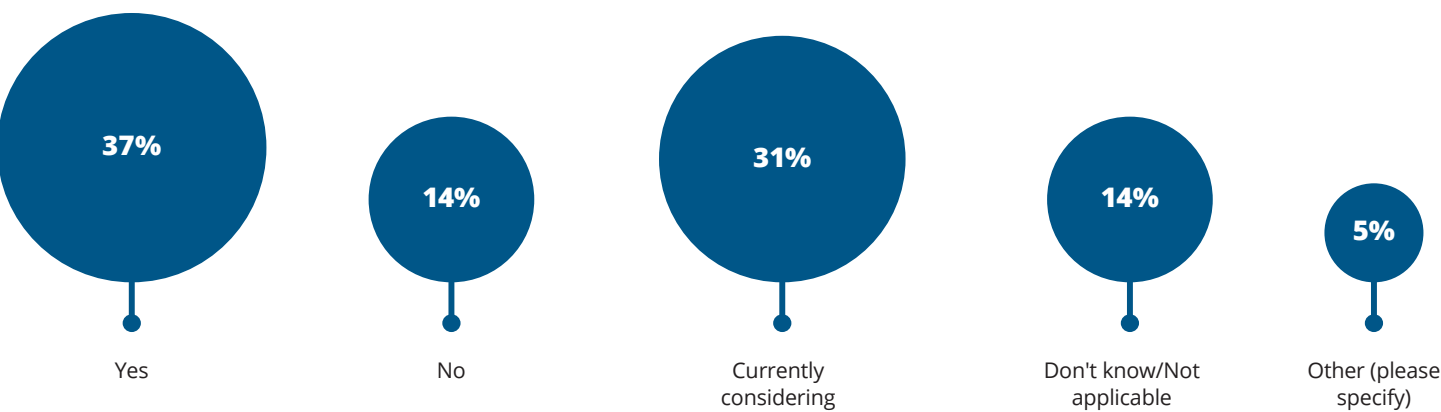
Does your company have any of the following procedural or policy documents? [Select all that apply] (54 responses)

In 2023, 13% reported their company having an AI use framework, AI policy or policies, or AI code of conduct.



Has your company revised corporate policies, such as privacy, cyber, risk management, data management (e.g., records retention), etc. to address the use of AI? (59 responses)

Among market caps, a notable difference is that 32% of large-caps reported “yes” compared to 50% of mid-caps. In a similar question asked in 2023, 9% reported “yes,” 34% reported “no,” and 42% reported “currently considering.”



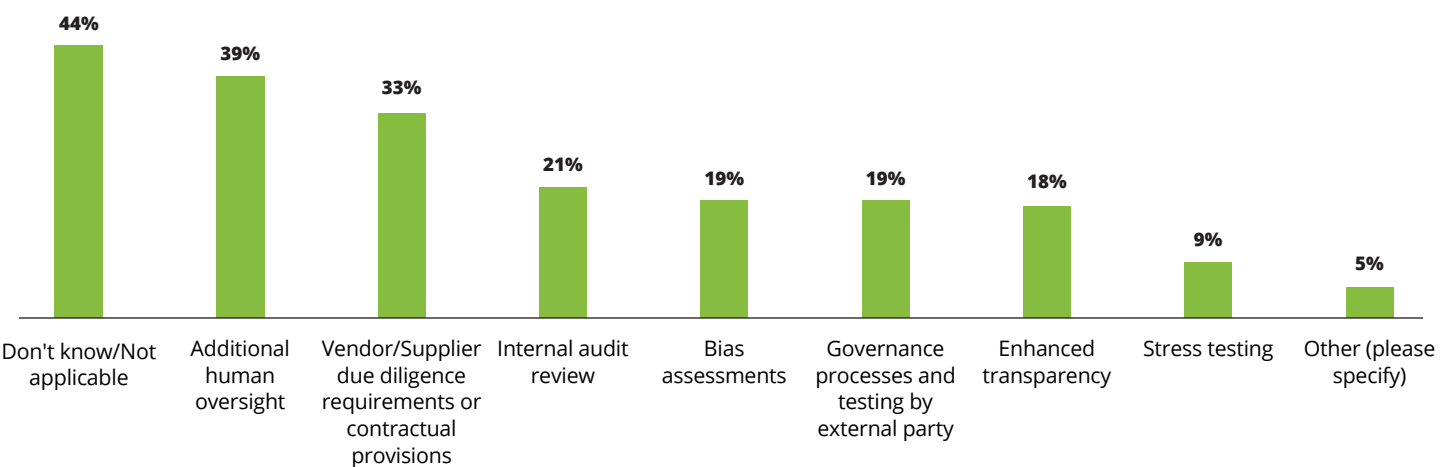
What risk mitigation measures pertaining to AI has your company adopted/implemented? [Select all that apply] (57 responses)

Among market caps, notable differences include:

- Governance processes and testing by external party – 29% large-caps, 9% mid-caps
- Enhanced transparency – 23% large-caps, 13% mid-caps

Notable differences in findings from a similar question in our 2023 *Board Practices Quarterly* on AI include:

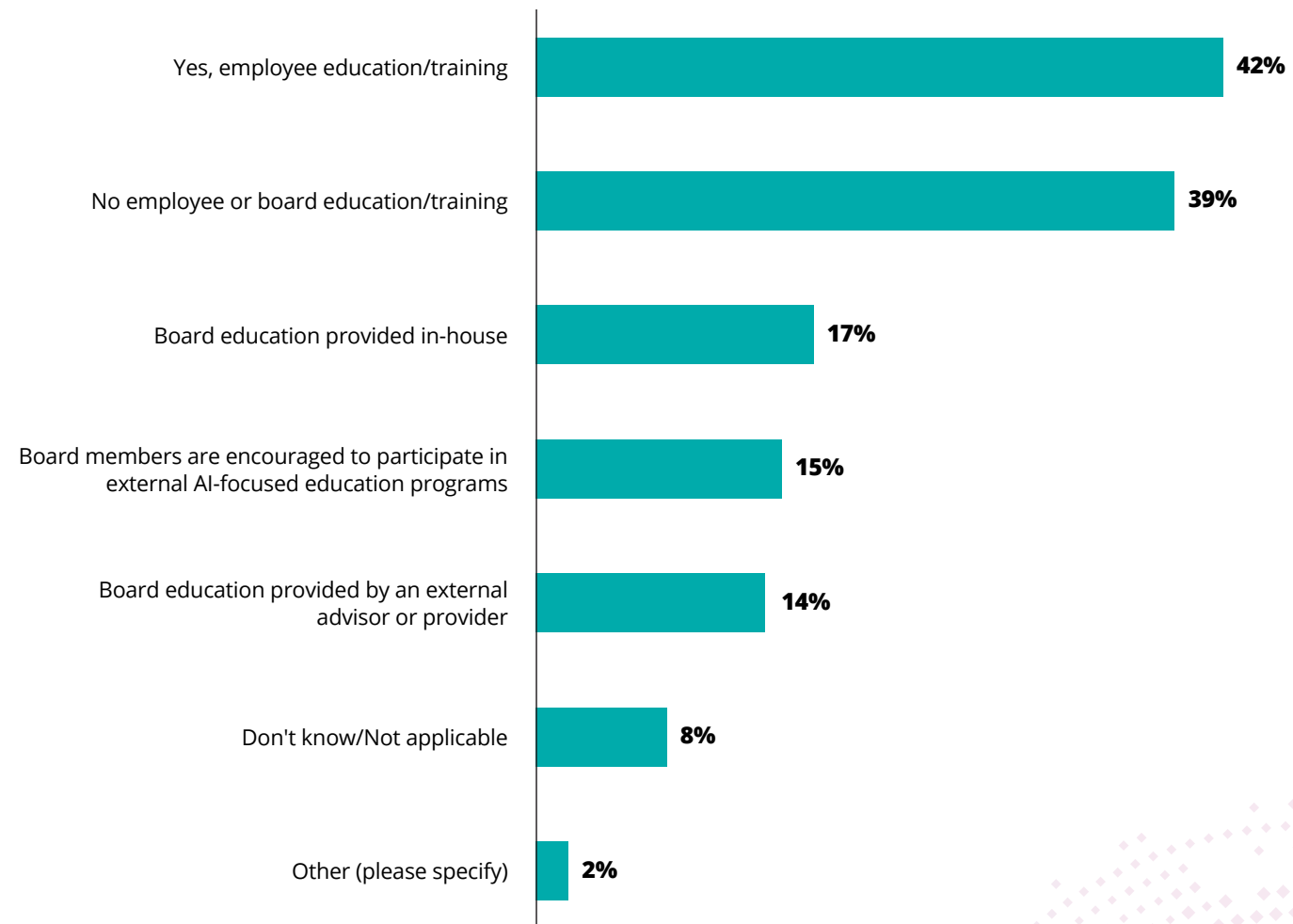
- Additional human oversight – 19%
- Vendor/supplier due diligence requirements or contractual provisions – 14%
- Internal audit review – 8%
- Bias assessments – 8%



Does your company provide training/education on AI? [Select all that apply] (59 responses)

Among market caps, notable differences include:

- Board education provided in-house – 13% large-caps, 25% mid-caps
- Board members are encouraged to participate in external AI-focused education programs – 19% large-caps, 8% mid-caps
- No employee or board education/training – 32% large-caps, 46% mid-caps



Endnote

1. Public company respondent market capitalization as of December 2024: 54% large-cap (which includes mega- and large-cap) (> \$10 billion); 41% mid-cap (\$2 billion to \$10 billion); and 4% small-cap (which includes small-, micro-, and nano-cap) (< \$2 billion). Respondent industry breakdown: 34% financial services; 27% consumer; 19% energy, resources, and industrials; 11% life sciences and health care; and 9% technology, media, and telecommunications.

Small-cap and private company findings have been omitted from this report due to limited respondent population. Private company findings are available in the accompanying demographics report.

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