

AI in the boardroom: A guide for directors





Introduction

This guide is designed to help individual directors, boards and those who support them understand the benefits of using artificial intelligence (AI), evaluate the AI tools available to them, and safely integrate AI into individual director and boardroom practices. It covers the strategic role of AI, practical applications, governance policies and risk management, ensuring human oversight and legal duties remain central. The guide focuses on helping directors and boards use AI responsibly, ethically and effectively in governance practice.

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AI AND ITS ROLE IN THE BOARDROOM

What does AI mean for boards and directors

Types of AI tools used by boards

- “Off-the-shelf” AI tools such as ChatGPT, Copilot, Gemini, Claude and Perplexity – these are examples of large language models (LLMs)
 - There are also small language models (SLMs), which are typically tailored in-house AI tools
- AI capabilities built into products used by boards, such as Diligent, BoardPro and similar platforms
- Other purpose-built language models developed for internal (“in-house”) use

NOTE: This list is not exhaustive. Directors and boards should continue to monitor developments in AI and associated tools, given the pace of change and ongoing improvements in technology.

This resource focuses on:

- Individual directors
- Boards using AI tools together, including informing collective decision-making
- Board support – from minute-taking to advice from management

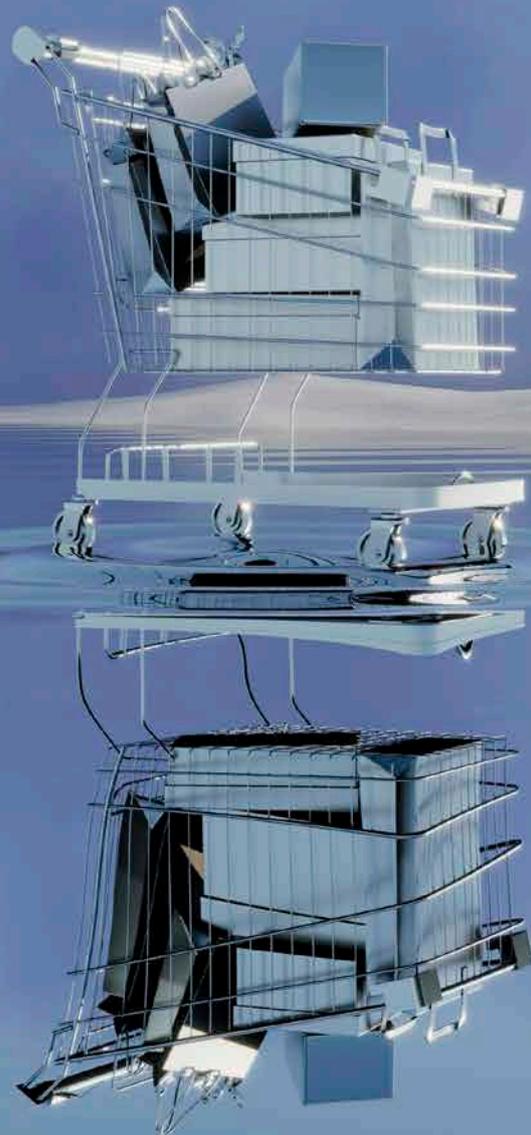
Does the resource suggest AI will replace human directors?

No. The resource reinforces the need for human oversight and decision-making. AI is positioned as a tool to augment and support directors and boards in considering key issues, with a clear ethical framework.

BACKGROUND READING

- **Overview** – [Governing in the Age of Disruption: Artificial Intelligence](#)
- [Putting AI to work for better board management – Diligent](#)
- **Principles for board oversight** – [A Director’s Guide to AI Board Governance](#)
- **Boardroom perspective & legal guardrails** – [AI in the boardroom: balancing efficiency with prudence](#)
- **Global resources curated by IoD** – [NACD resources on AI and Board Governance](#)

ABOUT THIS RESOURCE



A resource for directors and boards in their boardroom

This resource focuses on:

1. Before you start – board-level policy and agreement about AI use
2. AI use before board meetings
3. AI use during board meetings
4. AI use after board meetings

Benefits to directors, boards and board support

This resource outlines how AI can support directors, boards and those who support board activities. It provides guidance on how to assess and select appropriate AI tools.

Benefits to using AI and risks to be managed

While encouraging AI use by directors, boards and those who support them, this resource highlights key risks and how to manage them:

- Cyber security
- Data security and privacy
- Protection of commercially sensitive information

Directors' duties remain unchanged

This resource reinforces that directors' duties set out in legislation remain unchanged. AI is not a substitute for these duties. Directors must continue to exercise due diligence, care and skill, monitor solvency, and appropriately rely on and verify advice. These responsibilities cannot be delegated or contracted out to AI.

WHY AI AND WHAT IS IT (IN BOARD TERMS)?



Strategic role of AI for individual directors and in boardrooms

Individual director and board: Using AI in governance

AI technologies can help summarise documents, perform scenario analyses, compare data over multiple years and track market trends.

Individual director and board: Enhancing director and board effectiveness through AI

With appropriate human oversight, AI can help directors in managing information overload and focusing on strategic priorities by identifying critical issues for attention. It also provides opportunities to consider different perspectives, including those with different skill sets, and to ask questions such as what a competitor might think.

Individual director: Higher expectations and preparation demands

AI adoption raises the bar for director readiness and the depth of inquiry, contributing to stronger governance quality.

Board: AI aids in strengthening board accountability

Boards remain responsible for decisions and must critically evaluate AI-generated insights to ensure adherence to legal obligations (including privacy, commercial matters and directors' duties) and maintain ethical governance.

Board support: Optimising administrative tasks for the board

Board secretaries and support teams can use AI to automate routine board support work, including undertaking appropriate due diligence, reviewing past board discussions and materials, and managing records, while ensuring data security and privacy are maintained.

TAKE ACTION

- **Do:** [AI Governance for Boards](#)
- **Read:** [Smart boards don't just use AI – they govern it](#)

1.

BEFORE YOU START: BOARD-LEVEL POLICY AND AGREEMENT ABOUT AI USE

The background image shows two astronauts in red suits standing on a rocky, reddish-brown landscape, looking towards a large, dark, conical structure in the background. The scene is set against a hazy, orange-tinted sky, suggesting a Martian or alien environment. The astronauts are positioned on the right side of the frame, with their backs to the camera. The large, dark structure on the left is a prominent feature, possibly a rocket or a large piece of equipment.

Board approach to AI use

Open and clear AI policy discussions

Boards should start by having open conversations about whether and how AI will be used in board and director governance practices, fostering transparency and collaboration.

Set clear expectations

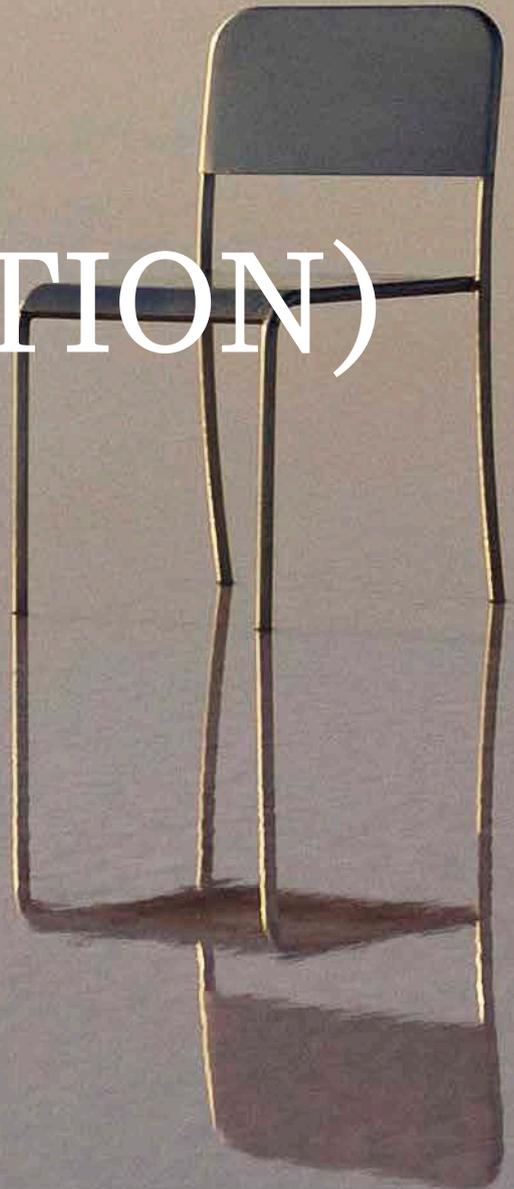
Boards should agree on clear AI use policies to define expectations and boundaries for responsible use by individual directors, the board and those who support boards.

Ensure responsible and aligned use

With a clear policy and expectations, boards should establish guidelines to ensure AI use by individual directors, boards and those who support them is ethical, lawful and aligned with organisational values.

2.

BEFORE THE BOARD MEETING (PREPARATION)



Optimising board preparation using AI

Warning:
None of the following removes the obligation for directors to read board papers in full

Individual director: AI-enhanced board meeting notes

Many directors prepare notes to guide their participation in board meetings. AI can assist them in considering critical decisions, trade-offs, unresolved questions, and analysing both financial and non-financial data that may also be addressed in management advice.

Individual director and board: Testing and trying scenarios and assumptions

Management may provide scenarios based on company information. AI can help directors and boards test those scenarios, explore additional scenarios not suggested by management, and identify and test assumptions.

Individual director: Expanding perspectives and critical thinking

AI offers directors tools to explore alternative ways of approaching issues under board review, encouraging the examination of diverse viewpoints and challenging their own reasoning. This fosters reflection and curiosity, which are essential elements of effective governance.

When doing so, especially when using organisation data, ensure each organisation's data remains separate. If you use custom GPTs or agents, set up one per organisation with board approval, or use distinct project files to avoid mixing data.

Board support: Efficient coordination and issue visualisation

For management and board support teams, specialised AI solutions can help organise meeting agendas, monitor KPIs and generate issue heat maps to enhance board coordination. This functionality ensures directors stay well-informed about organisational developments under their oversight.

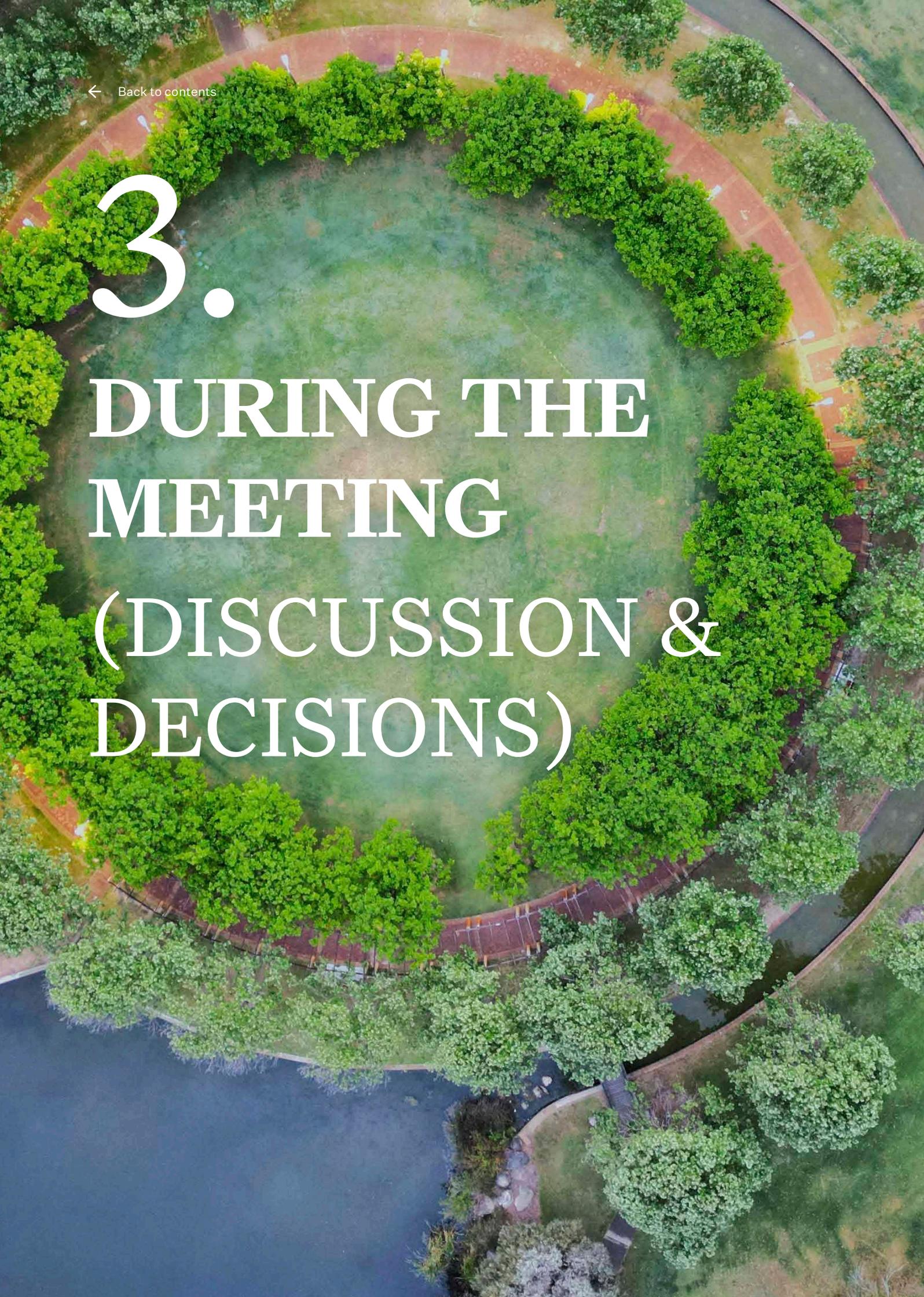
BACKGROUND READING

- **Board meeting practice** – [Board meetings practice guide](#)
- **Templates** – [Board meeting resources \(agenda, papers, minutes, annual plan, interests\)](#)
- **Cyber updates & reporting** – [Reporting cybersecurity to boards \(guide\)](#)

3.

DURING THE MEETING

(DISCUSSION & DECISIONS)



AI in the boardroom

Individual director and board: AI as a supporting tool, not a decision-maker

There has been considerable discussion about AI serving as board members and making organisational decisions. AI can assist, rather than replace, human decision-making on boards to preserve board authority. Responsibility, including the fundamental duties of directors and committee members, remains firmly with human board members. The Companies Act 1993 (s.151) and Incorporated Societies Act 2022 (s.5) require directors and committee members to be natural persons (that is, not AI).

Board: AI support during meetings

AI can enhance board deliberations by generating relevant information and suggesting questions for directors' consideration, while also aiding in the evaluation of potential responses from management (for example, helping directors understand the information being provided). This may include identifying and challenging assumptions and supporting their analysis.

- Note that management may also leverage AI to anticipate these questions and assumptions, preparing responses accordingly. When applied effectively, this can enrich board discussions and increase their focus on key governance issues, while helping boards avoid unnecessary operational detail.

Individual director and board support: Transparency and minimising risk

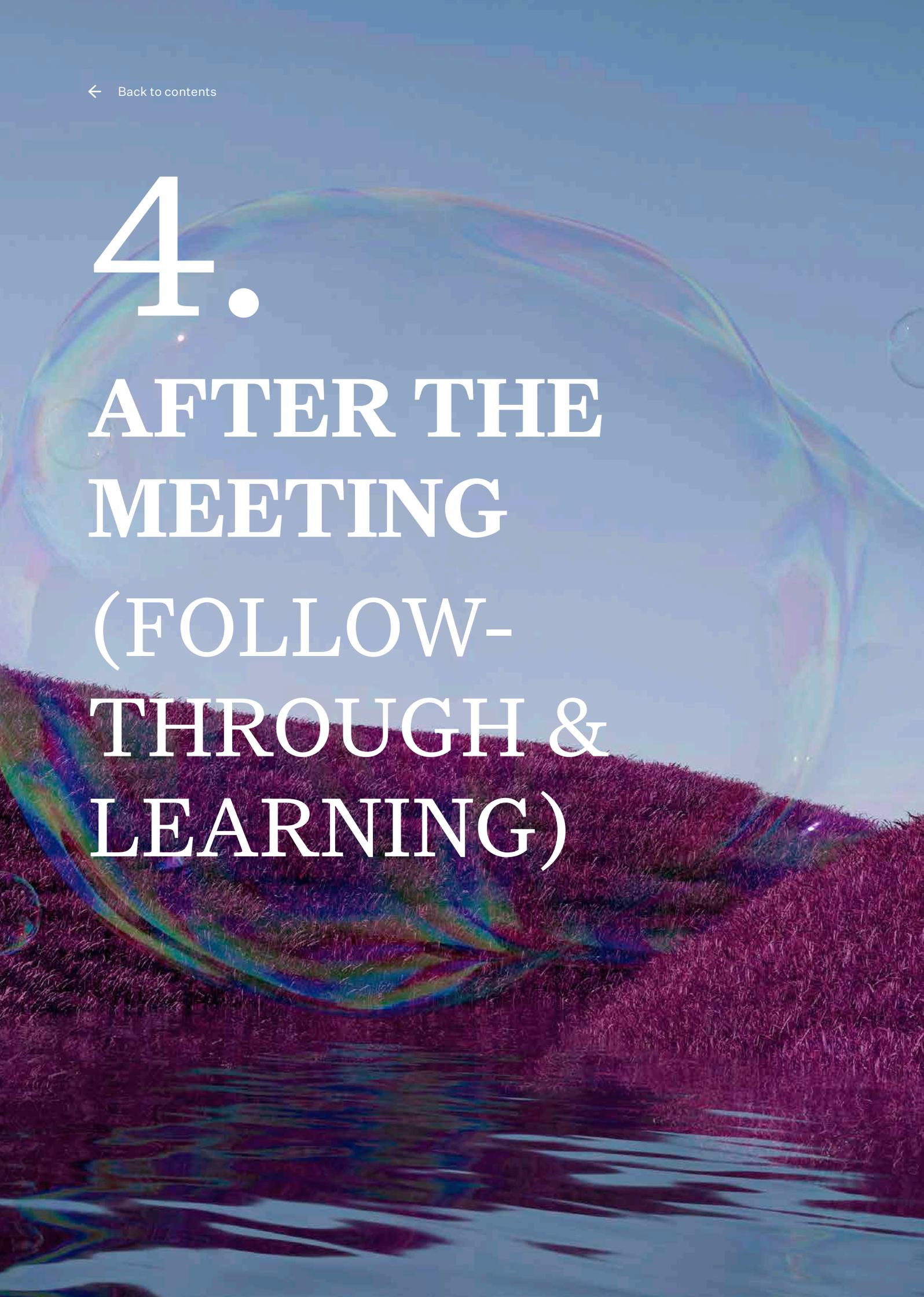
Clearly identifying the use of AI in preparing board documents, minutes and policies concerning consent and data usage helps mitigate risks associated with AI deployment in the boardroom.

Directors should also be transparent at the start of board meetings about when and how they have used AI in preparing for the meeting.

Board support: AI-enabled minute taking

AI tools increasingly embedded in board management software can assist in efficiently recording meeting minutes and action items, with human oversight and review ensuring accuracy.

- Note the importance of establishing clear policies regarding the retention and deletion of transcripts and recordings once minutes are finalised.

A large, iridescent soap bubble floats in the air, its surface reflecting a spectrum of colors. Below the bubble, a field of tall, dry grass stretches across the middle ground. In the foreground, a body of water reflects the colors of the bubble and the sky. The background is a clear, light blue sky.

4. AFTER THE MEETING (FOLLOW- THROUGH & LEARNING)

Post-meeting AI applications

Individual directors, board and board support: Learning and evaluation “loop” assessing the use and effectiveness of AI

Boards should assess and review their own board meeting performance at the end of each meeting and on an ongoing basis. The same is true for AI use. This means boards should establish “learning loops” by assessing AI outputs, the quality of the discussion (and the extent to which this has benefited from AI use), and updating prompts to improve accuracy and relevance.

Board support: AI-assisted minutes finalisation

AI can assist to draft meeting minutes. This still requires human review to confirm actions, owners and timelines.

- Minutes must be confirmed by the board and signed off by the chair, consistent with established governance practice. (See the following section on AI-assisted minutes)

Board support: Automated action tracking

AI extracts action items and nudges responsible parties, maintaining an auditable trail for follow-up. This may also include reviewing actions from previous board meetings, not only the most recent meeting.

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Safe minute-taking and transcripts when AI is used



Minutes are human documents owned by the board.

AI may be able to help draft minutes, but it cannot approve them.



Do not input private or commercially sensitive information into public AI models. Prefer enterprise systems with appropriate controls, including logging and New Zealand-appropriate data storage (see: [The new Privacy Act – key resources for directors](#) and [Putting privacy on the boardroom table](#)). Directors should also remain mindful of continuous disclosure and other regulated disclosure requirements.



Transcripts and meeting recordings, if used, should be for efficiency only. Access should be restricted, files encrypted and recordings deleted as soon as practicable.

NOTE: Care is needed during board-only time and where participants are excluded due to conflicts of interest. Recordings or transcripts should only be accessible to the board or other approved participants, unless otherwise agreed.



Boards should make a deliberate decision about whether AI will be used in preparing minutes. For example, the chair and company secretary (or equivalent) may jointly authorise any use of AI in minute preparation.



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BOARD-LEVEL POLICIES AND DECISIONS TO MAKE NOW

Governance policies for AI use by individual directors and boards

Policies and controls

Boards must be explicit and transparent about approved AI use policies by individual directors and boards.

Boards must define AI as a source of information and a tool to inform decision-making, while keeping human judgement as final authority. AI use must also comply with directors' core duties (see [The legal framework](#)).

Align AI use with organisational values and codes of conduct, and provide tailored, hands-on training for directors to their build confidence and compliance.

Disclosure

Management should label AI-assisted content, cite sources, disclose assumptions and potential biases, and stress-test AI recommendations for reliability.

Directors should also disclose their use of AI and the approaches they have adopted to ensure ethical and safe use (for example, not breaching commercial confidentiality or privacy obligations).

Records

Transcripts and other information should only be kept for as long as necessary to complete minutes or other board documents.

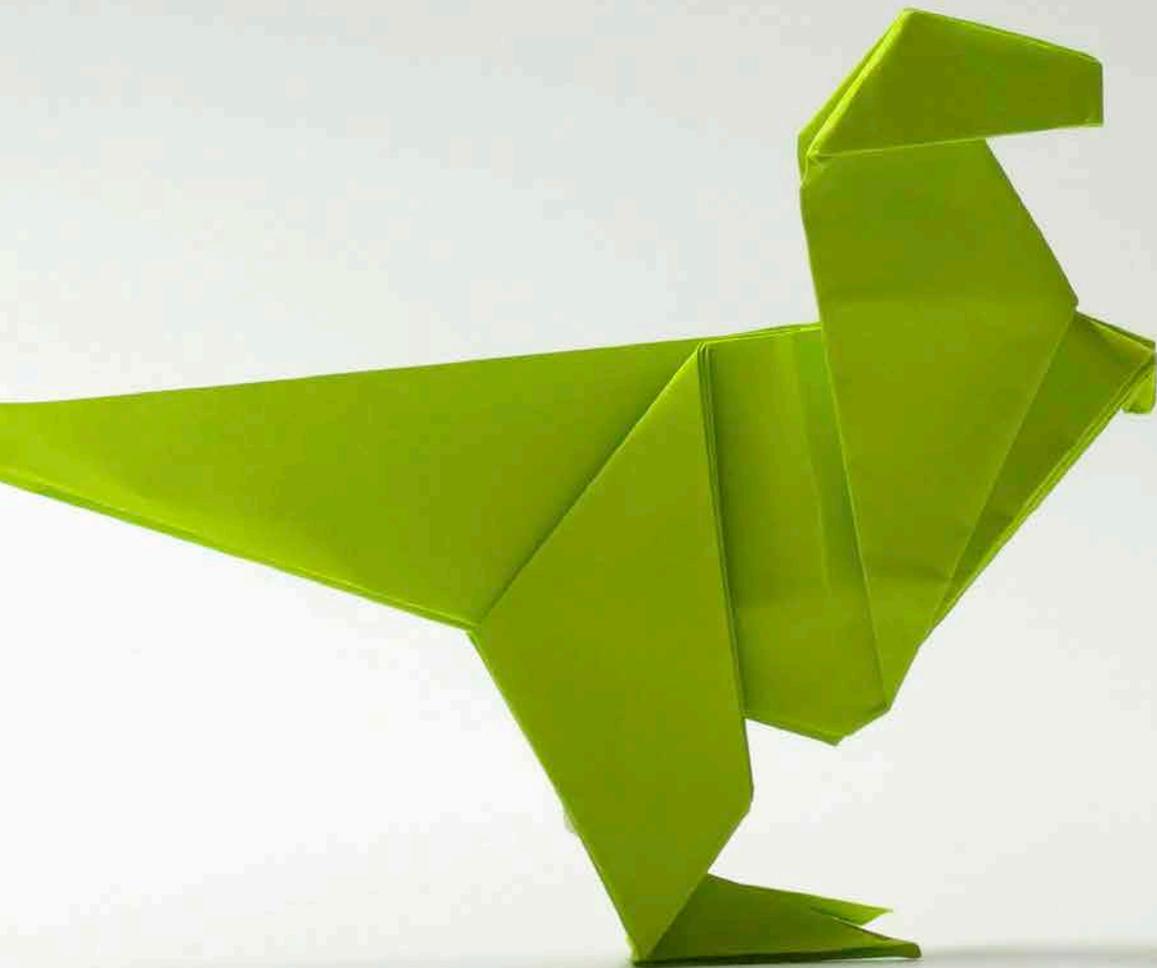
Checks and assurance

Implement human review processes, spot checks, bias and fairness evaluations, and ensure explainability for compliance-related AI applications.

All risks associated with AI use by individual directors, boards and board support should be assessed, and appropriate mitigation (including specific policies) should be developed and followed. One example is the management of cyber risk (see: [Cyber risk: a practical guide 2025](#)).

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ONE-PAGE CHECKLIST YOU CAN PRINT



AI use in board meetings: director checklist

Did you as an individual director or a board.....

Governance & compliance

- Define AI's role as a support tool, not a decision-maker
- Establish and regularly review AI policies and controls
- Ensure compliance with New Zealand laws and ethical standards
- Document roles, responsibilities and key risks
- Require disclosure of AI-assisted content

Meeting preparation

- Decide whether and how AI will be used for the meeting
- Clarify the purpose of AI use (efficiency, insights or scenario testing)
- Conduct scenario testing and market scans
- Confirm and document data boundaries
- Use AI for preparation notes and question generation

During meeting practice

- Set and communicate AI ground rules
- Ensure directors understand their “natural person” duties and understand that they – not an AI tool – make the decisions
- Clearly label AI-assisted materials
- Use AI-generated, chair-approved question lists
- Directors disclose their use of AI in meeting preparation

Post-meeting actions

- Finalise minutes with human review and sign-off
- Track action items with AI while maintaining an auditable trail
- Retain transcripts only in accordance with policy to ensure privacy and cyber risk management
- Capture lessons learned and update prompts where appropriate
- Evaluate the effectiveness of AI use regularly

BACKGROUND READING

- [Getting started with AI: why the first conversation matters most](#)
- [Keeping a human in the AI loop](#)
- [Board policies needed to address AI risks](#)

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