



ENVISIA



SPOT THE EARLY SIGNS  
OF FUTURE CHANGE



▷ FORESIGHT WHITE PAPER

# AI & *the Future* of Governance



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STATION

| [futurestation.ro](http://futurestation.ro)



**FUTURE  
STATION**

## Spot the Early Signs of *Future Change*

**Future Station** undertook the trends scanning and analysis, the experts interviews and subsequently, the writing of this report.

**Future Station** is a foresight consultancy practice which engages in activities such as strategic planning (trend scanning and scenario planning) or upskilling teams for future realities. Clients served range from industries such as retail to telecom, financial services to FMCG, energy and healthcare, plus NGOs and public institutions.

Visit [futurestation.ro](http://futurestation.ro) for more information about the activities of Future Station.



**ENVISIA**

**Envisia** provided the knowledge and the boardroom expertise on effectiveness and governance, through its valuable directors and community, members of boards within reputable companies in Romania and Europe.

We have initiated the Foresight process facilitated by Future Station to induce interest and share the findings with the bigger directorship audience. For this purpose, we asked our brilliant community, Envisia board members and partners, to answer a dedicated survey and to share their view on the subject of AI & Future of Governance.

Thus **Envisia** - an evergrowing Circle of Trust – makes one step more in fulfilling its mission – to promote responsible corporate governance practices, preparing companies and its boards for the contemporary pace of uncharted challenges.

Visit [envisia.eu](http://envisia.eu) for more information about the portfolio and activities of Envisia - Boards of Elite.

We trust our *Knowledge*,  
the *Potential* and the  
*Expertise of our Community*,  
and we trust *Education* as  
the far-reaching solution.

# *What* will you read?

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Corporate Governance
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# Foreword

## Refreshingly insightful!

The Envisia sponsored **Foresight White Paper, "AI and the Future of Governance"**, thoughtfully challenges board directors to reconsider their approach and contribution now and into the future.

Big data is at the heart of our way forward. The decentralization of business and government entities will require a level of transparency which in truth, we are neither ready for nor accustomed to effectively face the level of scrutiny that is to come.

The point strongly made is that we need Future Ready Boards that display digital literacy, data mastery and an ethic of a higher standard than has been the case up to now.

To do this, the depth of stewardship provided by board directors will be key.

Aside from the necessity for acquiring meaningful technological insights, the simple appreciation of where fractures occur in the generation and delivery of strategy will require a substantially greater understanding and sensitivity towards "how things really work" in our organisations.

The Foresight White Paper surfaces that deeper understanding as the basis of why governance must improve. The necessary quality of interrelationship between AI and the board director is clearly made.

In taking that governance step forward, the critical mission of Envisia is to *prepare our board directors to be responsible guardians.*

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*Andrew Kakabadse*

Chair Envisia Board,

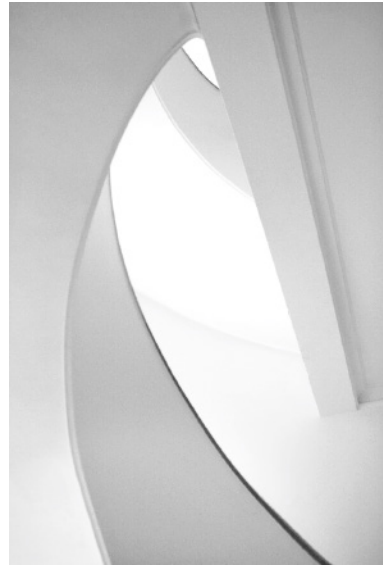
Top 50 Thinkers of the World - one of the world's leading experts on top teams, boardroom effectiveness and governance practice

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” *No more prizes for predicting the future of Corporate Governance, but prizes for future preparedness.*

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*Diana Stafie*  
Founder Future Station



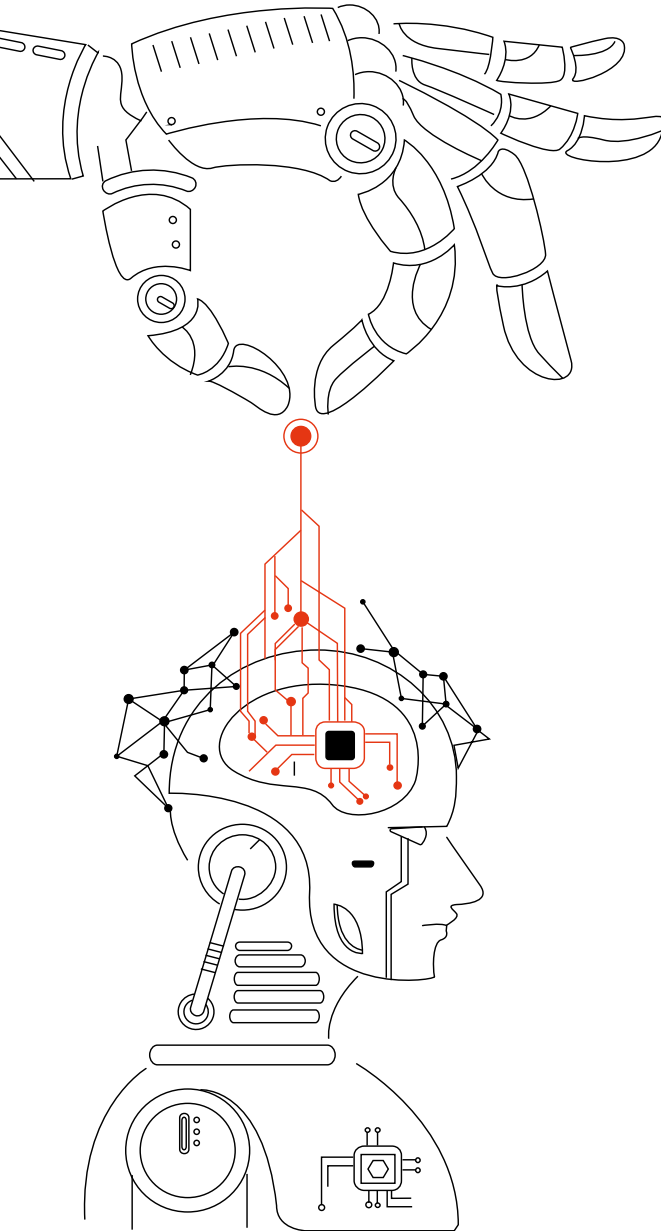
# Looking into the *Future* ▶ ▶ ▶

This white paper was developed using FORESIGHT - a participatory process, involving vision building and strategy planning. By using foresight, organisations can better cope with uncertainty, anticipate change and prepare for it.

The concept of foresight emerged after World War II as an approach for military planning. In the 60s, Scenario Planning also entered the business world, helping leaders working with complexity and uncertainty to create coherent and plausible stories about their organisations' possible futures.

For the purpose of this white paper we have used specific foresight tools in order to scan for relevant changes and explore possible futures for corporate governance. The main goal being future preparedness. As the world is changing so fast, we have to be prepared in order to succeed, both as an organisation, but also at individual level – as Board members.

# A changing world



Corporate governance is on the verge of a profound transformation, fuelled by factors that boards with a future-thinking mindset will need to fully comprehend. Boards' purpose and function will be reshaped as they expand their role into technology and organizational development as a result of this greater responsibility.

In the last decade there has been a great debate in our society about the role of governance inside organizations. Concerns such as: **transparency, diversity, compensation, strategy, risk oversight and accountability** had sparked a series of debates whose result was new corporate governance laws and business models. **Ethics and transparency advances** have the potential to dramatically change what governance would mean in the future, thus Boards can strengthen their governance by adopting some of these disruptive technologies, such as Artificial Intelligence (AI). Although we are witnessing several changes driven by AI, it is worthwhile remembering that AI is only one part of the "tech story".

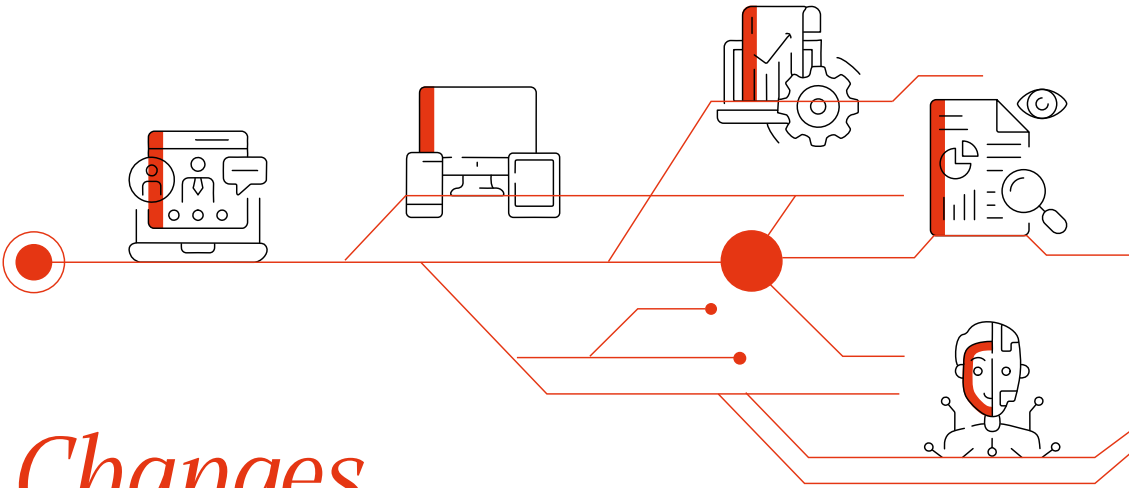
In this document we illustrate **5 corporate governance changes driven by AI**. Moreover, in the second part of the white paper, we analyse **3 possible implications of such changes at Board level**.

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” It’s clear that AI will have an impact on corporate governance. Despite the enormous potential benefits of AI, boards should not ignore the darker side of it, namely the potential biases and sometimes unfairness of algorithms, privacy concerns and the ubiquitous cyberthreats. This is why robust governance and forward looking stewardship are now needed at board level.”

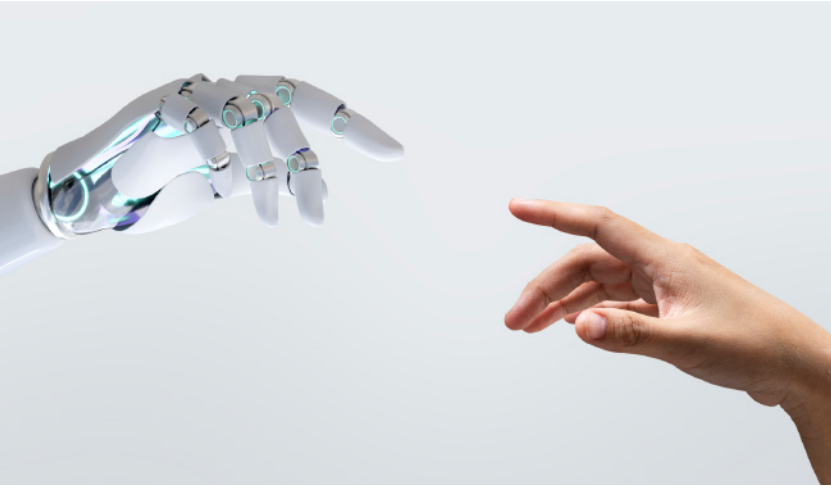
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*Carmen Micu*  
CEO & Founder Envisia



# Changes driven by AI

- A MORE INTENSE *human-machine* COLLABORATION
- USE OF *big data*
- RISE OF *platformization* ECONOMY
- *DecentralizatiON* OF WORK & BUSINESS
- PUSH FOR *transparency*



## → A more intense *human-machine* collaboration

Human-machine collaboration can imply AI, but also robotics, machine learning and other relevant technologies. AI is just one small piece of the entire digital ecosystem that could impact corporate governance in the future.

**The technology is in the making, we should look at it from a dynamic perspective, assess its powers, but also their limitations.**

AI development and deployment does not happen overnight. Recent developments show its applicability not only to routine activities, but also to activities that include cognitive capabilities - such as making tacit judgments, sensing emotion, or even driving.

The use of AI in boards practice should not be about leaving business and governance on auto-pilot. But rather about orchestrating work and collaboration around and between humans and machines.

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” *Boards are moving from a Maps to a Satnav world in terms of decision making and their use of information. With less stable routes to success and higher stakes for taking wrong turns we are making more decisions closer to junctions with live data.*

*In this environment there is an urgent need for Boards to understand the role that big and live data and AI can play. Agreeing a step by step data and AI strategy and getting the capabilities on the board and in the leadership team to make the right choices will be critical.”*

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*Patrick Dunne*  
Experienced Chair and Author of Boards





## Signals of *change*

We have illustrated 3 examples of how the use of AI was experimented in Board practices:



### Japanese venture firm names AI to its board of Directors

In 2014, in a world's first, Japanese venture capital firm Deep Knowledge named an AI to its board of directors. The robot, named Vital, was chosen for its ability to pick up on market trends 'not immediately obvious to humans', in an effort to predict successful investments.

The company mentioned that the AI has already helped make major investment decisions in 2 life science companies that the fund was analyzing. Vital was seen as an 'equal member' of the Hong Kong-based group and the first ever software program to be appointed as a board member. The long-term goal was to get Vital's intelligence to the stage where it can operate autonomously when making investment decisions.

From 2017, Deep Knowledge is developing Vital 2.0, this version will integrate data from scientific literature, grants, patent applications, clinical trials and even the biographies of individual team members of companies in which DKV is interested.



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### Salesforce CEO asks an AI machine what it "thinks" at Monday meetings of top executives

For the past years, weekly senior staff meetings at American corporation Salesforce have been attended by an AI machine known as "Einstein."

Marc Benioff, company's CEO, revealed at Davos 2018 that he has top 30 or 40 executives around the table and they need to take certain decisions based on data and analysis made. And executives share opinions, but the CEO said that he also asks Einstein what it thinks. "And Einstein said, 'Well, I don't think this executive is going to make its number (forecast), I'm so sorry.'" Benioff said the executive was visibly upset by the claim, but after Einstein had processed all the data, the AI machine was able to identify the problems in real time.

In 2020, Salesforce renamed and combined sales and other features from Einstein and the result was Tableau CRM. Today, Einstein delivers predictions and recommendations within Tableau workflow for smarter decision-making.



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**NEO – AI enabled assistant**



NEO is an AI assistant that keeps remote team members in the loop when they cannot attend work meetings - maybe they are working in a different time zone, or just triple-booked. The mission of NEO is to help people be in two places at the same time. Features of NEO include:

- Save time with Automatic Gists: Neo can undertake meetings summary, the talking points, and the names talked about in the meeting, like customers, or project names;
- Monitor if topics of relevance are being covered: you can ask Neo to watch out for particular topics / words of interest before a meeting.



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*Imagine  
a future*

in which virtual assistants handle your business itineraries and prioritize your emails by "learning" your tendencies, or a future in which regular management reporting is automated.

Even further, imagine a future in which the development of neural networks and other similar technologies, might deepen the human – machine collaboration, which will eventually mean a different way to think of a board and its roles.

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” *An improved human-machine collaboration is beneficial in order to enhance board's decision-making processes and governance effectiveness. This would help the board in better monitoring and anticipating business risks, to develop economic predictions or even to learn more about the customers and competitors on the market.*”

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*Radu Hanga*  
President Board of Governors,  
Bucharest Stock Exchange

In recent years, many discussions around AI occurred through a narrow and negative narrative - machines and humans are in competition with each other. How about we acknowledge and build upon a different view in which AI's role is to enhance human potential?

A research conducted by Harvard Business Review “Collaborative Intelligence: Humans and AI Are Joining Forces” who involved 1,500 companies, has found that firms achieve the greatest performance improvements when humans and machines work together.

The many potential uses of AI systems mean that we can find new areas of collaboration, in which ‘trustworthy AI’ will allow humans to maintain control over the technology and build a healthy co-existence.



## → Use of *Big Data*

Digital technologies, including AI, are forcing boards to re-examine their corporate data and governance practices. Data governance means laying down set of consistent rules and processes to ensure the quality and integrity of data throughout the business lifecycle.

The use of Big Data can have a significant impact on how boards operate: as compliance becomes more automated, compliance data and logs will become a source of supervision for audit committees. Board Portal platforms that are leveraging Big Data will give board directors more possibilities to dig deep into a company's policy and control environment.

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” Board members should be aware that boardroom decisions are often made with little data analysis and an emphasis on gut feelings. But with AI in corporate governance, board members' decisions can be based on the analysis of corporate patterns and industry trends. AI does not merely replace board members, but augments already intelligent guidance.”

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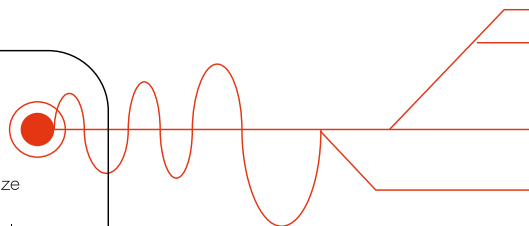
— **Adriana Lobda**  
Founding Member Envisia

### **Apache Atlas**

Apache Atlas is an open source metadata management and governance system designed to help the companies to find, organize and manage large data assets. It is typically used with Hadoop environments but can be integrated into other environments as well. It has a scalable and extensive architecture which can be plugged into many components to manage their metadata in a central repository.



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## Signals of *change*

” Companies such as AWS, Microsoft Azure, Google Cloud, Huawei Cloud are offering AI as a Service, which is pre-trained algorithms that can be fed with data of any sort to automate sales and demand forecasting, first contact with customers, image identification and voice transcriptions and converting text into voice, as some examples.

Therefore, considering this context and that this would be the trend for the next 5 – 10 years, the challenges AI brings to Corporate Governance are concerning the stewardship of data manipulation that is been used to train these automated systems, and, as well, the ethical consideration of automated decisions, such as who gets the credit (and not based on e.g. automated credit scoring).

For Board Members it is essential to deconstruct the basis upon which those operational decisions are made to avoid legal actions and financial and reputational risks to their companies.”

— Fabio Goncalves De Oliveira

PhD, Lecturer in Digital Marketing,  
Digital Transformation, Corporate Governance,  
Henley Business School

Imagine  
a future



in which in your company, as a next step in digital transformation, an AI joins the board. Let's call the AI N0ra. However, challenges do not hesitate to appear.

More specifically, during meetings one of the top priorities of N0ra has become laying off a big number of employees from all levels, including one of the founders of the company.

As it turns out, N0ra has been evaluating the company's productivity solely on online activity. It seems that those with the smallest online footprint are being targeted by N0ra as unproductive, especially since some of the company's records have not been converted in digital form.

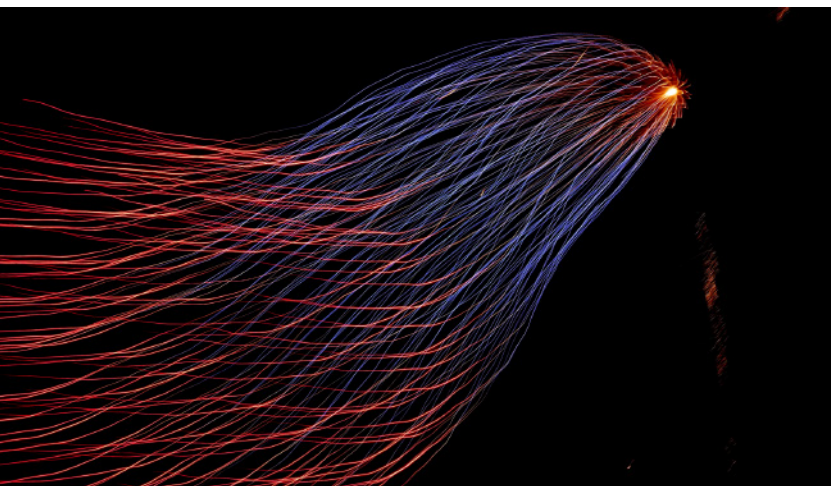
So, what if your next Board Member colleague is an AI?



### Data ethics

the value of Big Data is increasing, but so is regulatory and consumer interests in ensuring ethical data behaviours of organizations. Two recent initiatives:

- In March 2022, **Amazon workers** from: Germany, UK, Italy, Poland and Slovakia filed access requests under Article 15 EU GDPR law, the goal was to find out how Amazon treats workers' personal data.
- Recently, **China** voted a law that will allow users to turn off algorithm recommendations completely, among other unprecedented measures to give people more power over tech.



## → *Platformization*: the rise of tech solutions for governance purposes

Today, in the current digital world, we see many of the largest and most successful businesses operate as 'platforms'. The platform economy is disrupting traditional business models. Platform-based organizations leverage networked technologies to help economic exchange, transfer information, associate people, and make forecasts. The shift from product and service-based business to platform-based business creates a new set of implications for corporate governance and boardrooms.

In the context of Board activities, such platforms can help Board members view, comment, and collaborate on their Board documents — in real-time and on any device, and more importantly, in a secured environment.

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” *The social aspect of a board meeting is very important, but is not a reason not to embrace digital tools. These tools are helping boards right now to achieve 2 things: saving time and a better collaboration.* ”

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*Dineshi Ramesh*

Director Specialist Delivery, Board Intelligence

## Signals of *change*

### **Board Intelligence**

Board Intelligence is a secure platform where board members can view, comment, and collaborate on their board documents — Board Pack - in real-time and on any device.



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information**

# Imagine a future

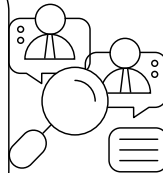


in which platform economy accounts for more than 40% of entire global economy. Platforms are based on algorithms, cloud computing and Big Data. Thus, all companies operating them, largely rely upon enormous quantities of data.

Individual data are collected everywhere, mainly by these monopolistic digital tech companies, because the implementation of GDPR and regulations of technologies, such as AI, that followed did not bring the expected results. Surveillance by private companies is strong and there is no transparency of their work. Moreover, the logic of algorithm-based political decision-making processes and deals between government and companies are opaque.

There are multiple complains about business practices of these companies by governments and authorities in Europe. EU is working on new regulations to combat what is now called "Private algocracy". What if they would impose companies operating platforms to name a board member with relevant experience and certifications in Smart Data?

## We asked Envisia community members what platforms they prefer?



### Crystal Knows

is a DISC platform for growing companies. Crystal integrates DISC personality insights into sales, hiring process, and training processes.

### Diligent

is a management solution for creating, distributing and collaborating on board meeting materials.

### Stellar Library

is a management and distribution of content, IP and sensitive information from a secure portal.

### iBabs

is a paperless and secure board portal solution. This digital tool supports companies with effective governance, efficient decision-making processes and secured collaboration at board level and across management teams.

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” Organizations that want to stay competitive in the future will need to prioritize the use of technology in corporate governance. In addition to laying the groundwork for data analysis and streamlining processes, leveraging intelligent automation technologies creates new opportunities for promoting and achieving greater levels of transparency and accountability.”

Ionuț Sas

Vice-President of Tax, Payroll and Equity, UiPath



## → *Decentralisation* of Work & Business

A visible phenomenon is the tendency of the work and organizations towards decentralization - which means that hierarchical structures take on much more flexible forms. There is no longer a single leader who has full decision-making power. The emphasis is on collaboration and the idea that all members of the organization form a team and must work together to do the best job possible.

**Emerging technologies, such as AI and blockchain, are favorizing the emergence of (AI) Decentralized Autonomous Organizations – DAOs.**

Such tendency of decentralization is also catalyzing the gig / on-demand work. Meaning, more companies are searching help from external professionals - independent workers - to perform specific tasks. And Covid19 pandemic has accelerated this shift - transfer of decision-making power to an outsider, making organizations more open to decentralization and work with on-demand professionals across different seniority levels, including executives and Board Members.

# Imagine a future



in which Board Members are elected democratically inside the company, as part of governmental decrees for companies activating inside the EU.

To shareholder's dismay, percentage shares in the company does not affect the power of a vote in most companies, but through some legal loopholes, some conglomerates did succeed in letting shareholders have more power in the voting process.

This has led to a series of candidates campaigning inside offices around the world and some even becoming celebrities on a public scale. It's a fight for reputation management and making oneself known. They use various social platforms, livestream technologies, but also metaverse campaigns.

## How DAOs could change the way we work and do business



This is an interesting article on AI and DAOs →



This is a Harvard Business Review paper on DAOs →

### Bolster

Bolster is a platform for on-demand executives and Board Members.



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## → Push for *transparency*

Transparency is the new gold standard in an increasingly linked society. We are witnessing a transition of organizations: from a “black-box” approach to a more “glass-box” approach. Rising companies are more and more shifting towards transparency, e.g. by disclosing everything, from how much money their CEOs make, to how diverse their workforce is, all the way down to where and how they get their products.

Outside world is becoming more sensible to transparency and can more easily, through technology, sanction organizations' lack of transparency. Remember the 2017 UBER scandal case, when both the CEO and one other Board Member had to resign - as some aspects of internal culture and behaviour were exposed by an employee in a blog post.



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The occurrence of corporate scandals and incidences of fraud in recent years have been attributed in certain cases to lack of transparency in governance. Because of this, initiatives have been pushed to ensure these events do not reoccur in the future. Some of these include drafting codes of conduct, making required disclosures, monitoring by agencies and imposing of fines for legal or regulatory non-compliance.

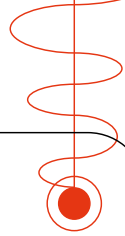
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” *Increasing the high-quality transparency is of paramount importance for any listed company in setting an appropriate level of investor expectation and to unlock the company potential to achieve the long-term fair value in terms of valuation.*”

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*Lucian Anghel*

Independent Non-Executive Board Member of  
Tera Plast SA and Bittnet SA.



# Signals of *change*

## OMV Petrom Romania reveals top management's compensation packages

For the first time, in April 2022, the remuneration of the top management of the largest company in Romania were officially published.



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## The Transparency Company | Identify Fake Reviews

is a service that shows you which businesses are cheating their way to the top of the rankings and arms you with the data you need to take them down.



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# Imagine a future

in which business activities are more transparent and measurable. The positive or negative impact of business behaviour can be more easily tracked and reported, impacting value. Data collected and AI solutions are now used to attribute impact, both good and bad.

Various social platforms support the increase of transparency. We see more and more executive and board members active in specific LinkedIn / Facebook groups or media as such.

In an attempt to drive up his company value in the face of transparency demand, one founder is live streaming part of his board meetings. The company Twitch account is now the most viewed channel across the internet.

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” Boards of directors, similar to politicians, should forget about privacy and embrace transparency. Some politicians still think we are living in era with not so much technology, but they are wrong.

Nowadays you have to be transparent, because everything is recorded and transmitted to a network and from there, everyone can access that informations. The same principle is applied to Board members and corporate governance.

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Fabio Goncalves De Oliveira  
PhD, Lecturer in Digital Marketing,  
Digital Transformation, Corporate Governance,  
Henley Business School

## How can Board members prepare for a future in which Corporate Governance is AI-driven?

**A:** Training and better understanding AI and Machine Learning in order to gain trust in automatic processes.

**A:** Learning, adapting, embracing change...

**A:** Be open and flexible to use AI for data-driven decision and, if possible, as well for one of the five scenarios of artificial governance, i.e. assisted, augmented, amplified, autonomous and autopoietic intelligence.

**A:** Challenge the decision process AI driven and identify significant risks.

**A:** Understand AI technologies and their impact on business model, culture, strategy. Strengthen the governance around ethical usage. Challenge management to build AI into the strategy and make sure your organization's voice is heard regarding AI regulations which should protect organizations as well as consumers.

**A:** The first step is "discovery" learn more about what is currently available, what opportunities and challenges are. This could be easier working with a few peers from other sectors. The second is through experimenting taking a step by step approach e.g. using in dynamic budgeting, market intelligence, predicting competitor reaction, measuring culture etc. underpinning it all though is a need for a clear data strategy coupled with an integrated stakeholder strategy.

**A:** I do not believe in that future. AI is good, but human beings need to balance it. Continuous trainings are needed to deal with AI. Digital should be a part of Company's strategy, and do promote it across the organisation. Set-up clear KPI's for that.

**A:** Advising regulators through directors' forums/networks and becoming technology savvy.

**A:** Awareness, openness and training. Also be ready to experiment in order to protect humans and achieve big potential benefits.

**A:** Continuous Training for upskilling/updating.

**A:** Upskilling mainly in understanding the opportunities, but also the limitations and the risks associated with reliance on AI.

**A:** Learning how to work with big data and getting ready to give away the gut feeling decisions in favor of data driven recommendations.



PUSH FOR  
*transparency*



A MORE INTENSE  
*human-machine*  
COLLABORATION

AI-DRIVEN CHANGE &  
CORPORATE GOVERNANCE

## Possible implications for Boards in the Future

### Future-ready Boards

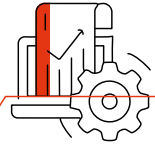
Ambidexterity, Foresight / anticipating  
skills & Continuous education

### Tech-savvy Boards

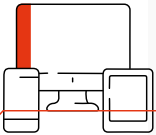
Digital literacy, Data power &  
Tech ethics

### Boards RepYOUtation

Visibility, Reputation management  
of boards members



USE OF  
*big data*



RISE OF  
*platformization*  
ECONOMY



*DecentralizatiON*  
OF WORK & BUSINESS

# Future-ready Boards

Ambidexterity, Foresight / anticipating skills & Continuous education

“*The greatest danger in times of turbulence is not the turbulence itself, but to act with yesterday's logic.*”

— Peter Drucker

Writer, Teacher and Management Consultant

The pace of change is deemed exponential. Sometimes it seems that months are like quarters. Geopolitical changes, climate, socio-demographic, economic, and of course, technological changes.

This can make it difficult for Board members to focus on these changes as a crucial strategic priority that can unlock new revenue and competitive advantage. In case of technology, the goal for the Board is not to understand all its technicalities, but rather to understand its implications. And AI is a good example.

Boards need to be comprised of future-focused professionals who have the skills and abilities needed to anticipate and prepare for change. Moreover, they should be the subject of a regular (self-)assessment to determine what skills and experience have been successfully utilised, and what skills and changes in the Board are required in the medium and long term.

## INSIGHTS & FORESIGHT

Board members should exploit the present (INSIGHT), but also be able to explore the future, understand trends and actively practicing thinking in and exploring (possible future) scenarios (FORESIGHT).

## CONTINUOUS LEARNING

Board members should participate in diverse programs of upskill and continuously learning, e.g. on new technologies.



## Inspiration

Strategic Foresight: A New Obligation for Board of Directors.



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AI Toolkit for C-Suite executives, providing a practical set of tools that can help corporate executives understand AI's impact on their roles, ask the right questions, understand the key trade-offs, and make informed decisions on AI projects and implementations. The toolkit is designed to be aligned with c-suite executives' responsibilities and interests. It will address topics that are specific to the conventional C-Suite positions (e.g. CEOs, COOs, CFOs etc.), but also emerging ones (e.g. Chief Data Officer, Chief Digital Officer, Chief Technology Officer etc.).



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“*I wonder how many directors seating on a board right now have already engaged with the Metaverse ecosystem, an economy estimated to be worth more than US\$ 300 billion until 2030.*”

— Fabio Goncalves De Oliveira

PhD, Lecturer in Digital Marketing,  
Digital Transformation, Corporate Governance,  
Henley Business School

## Tech-savvy Boards

Digital literacy, Data power & Tech ethics

In Deloitte's study "**Tech-savvy board members: A common language for transformation and the impact on performance**" companies with a tech-savvy Board performed better. Specifically, such companies experienced, on average, 5% greater revenue growth over a three-year period, and 8% better stock performance year over year, over three-, five-, and 10-year periods, than companies with non-tech-savvy boards.

Of the 100 companies analyzed, 31 were found to have a tech savvy board (i.e., at least 33% of the board members were tech executives, held a tech or tech-related degree, or had held a tech position in the past).

**5%** greater revenue growth over a three-year period.

**8%** better stock performance year over year.

**33%** of companies have a tech savvy board.



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### Three pillars to be considered for increasing tech-savviness:

#### Digital Literacy

Boardroom digital literacy is a significant driver of corporate growth. Experts suggest that Board members should follow regular training sessions to be digital ready for new changes in the market.

#### Data Mastery

Board members should involve the use of data and analytics to find insights that help the organization to become more efficient and pursue new business opportunities.

#### Tech Etichs

Board members should understand ethical and responsible AI design, deployment, and use, as well as the necessity for a set of strong AI fairness principles.

### Should Chief AI Ethics Officer be the next permanent board member?

Many organizations are appointing dedicated staff to lead organizational workstreams, such as privacy, data, human resources or AI ethics. Several companies, e.g. Levi Strauss, have established a Chief Artificial Intelligence officer (CAIO) position, and some have even created a C-suite position dedicated solely to AI ethics.

The role of Chief AI ethics officer (CAIEO) is on the rise at leading enterprises as digital transformation becomes more complex and AI adoption grows rapidly across industries. CAIEOs should have multi-disciplinary knowledge of AI techniques, tools and platforms, AI risks and its impact on society, business strategy, industries and public policies, as well as good communication skills.



## Inspiration

Ethics Grade is an ESG ratings agency, focusing on AI Governance. They evaluate the quality of AI governance at some of the world's biggest companies, they evaluate from the point of view of: corporate structure, public policies, ethical risks, technical barriers to trust, data privacy and sustainability.



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## Inspiration

Moral Machine is a platform for gathering a human perspective on moral decisions made by machine intelligence, such as self-driving cars. The platform show us the moral dilemmas, where a driverless car must choose the lesser of two evils, such as killing two passengers or five pedestrians.



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### AI biases

What if a driverless car hits a person or damages property, who is responsible? Similar, what if an AI-based system starts profiling customers based on racial or other demographic traits? In one example involving a global technology company, a bot solution was taken offline almost immediately after launch after generating racist, sexist and anti-Semitic tweets from its AI and machine learning algorithm.

Such mistakes could deplete shareholder value overnight. And the potential consequences are already prompting corporate governance experts to recommend establishing AI review boards to evaluate AI-enabled product lines.

## Boards RepYOUtation

Visibility, Reputation management  
of boards members

Boards members have historically operated behind closed doors, unseen and unknown to the outside world. But in recent years, numerous researches have shown that a Board does indeed possess its own reputation. A Board's reputation is most acutely on display during times of severe corporate controversy or distress.

A Conference Board article by Patrick Dailey nicely states that "The reputation of Board members can provide virtually free "lift" or create hard-to-shake "drag" for a company's valuation, its political/social standing, and access to commercial pursuits. Clearly, reputation "moves" balance sheets these days:

- **BP** lost 55% of its shareholder value following the 2010 Deepwater Horizon scandal;
- **United Airlines'** forcible removal of an overbooked passenger in 2018 cost the airline \$1 billion in market values during a 48-hour period;
- **Volkswagen** saw its value drop by 38% due to the 2015 emission scandal;
- **Facebook / Meta** has fallen to 98th of 100 large companies in its reputation management score, due in part to mismanagement of data privacy, fake news, and employee relations issues since 2016."



*A brand is what a business does,  
reputation is what people remember."*

Ted Rubin

Social Marketing Strategist



## Inspiration

Reputation Institute is a proprietary platform that measures reputation, brand, ESG, and media impact and provides crucial insight into what stakeholders think, feel, and say, so the business can build a strong reputation.



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Nicholas Benes is considered a Thought Leader in terms of Corporate Governance. In addition to his role as the Director of Corporate Governance Training Institute in Japan and several Board member positions, he has also launched and is co-managing a LinkedIn group "Japan Corporate Governance" - where interesting materials and discussions are held.



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WE ASKED ENVISIA COMMUNITY MEMBERS

## Please share ethical considerations for the involvement of AI in Corporate Governance

**A:** Lack of trust, lack of quality data, disappearance of jobs, security issues, etc.

**A:** Lack of human assessments, sole focus on key assigned criteria.

**A:** Impact of AI on personal privacy.

**A:** In my view the main discussion is related to the human accountability which should not be diluted through the usage of AI. In this respect a clear decision governance is required with the indication of the decisions taken exclusively based on algorithms and of the ones based on human in the loop principle. Model governance framework needs to be established involving at least: the use of case selection, model development rules, validation (including data quality controls) and model performance monitoring (managing model risk).

**A:** My biggest concerns: big data analysis biases and AI "behind the scenes" concept (male input and construct), the derailments & manipulations of personal data/preferences that would / could lead towards almost psychological inducement of certain "desired" behaviors by the Data owners. But "who is the owner" in the end.

**A:** Inherent biases of the data already fed in, and insufficient amount of data fed may lead to improper conclusions.

**A:** How do machines affect our behaviour and interaction? (humanity); How do we eliminate AI bias?; How do we protect against unintended consequences? How do we stay in control of a complex intelligent system? What happens after the end of jobs? and many more questions.

**A:** Mainly the behaviours of board members, who may consider that AI show some bias in the design /algorithms, do not trust them to take decisions. Another issue is related to robot rights and obligations. AI safety is another challenge as it used to be protection of humans in front of mechanical assets.

**A:** Amazon warehouse AI is extremely efficient, but does it take into consideration the well-being of the workers? These types of dilemmas will weight a lot in future board discussions.



# Envisia looking forward

As we have the mission to share our knowledge, this first White Paper: AI & the Future of Governance, is **aiming to further increase the awareness and make the audience engaged in elevating the AI subject on Boards agenda.**

This white-paper is an important first step on our way forward. Envisia's board also pledges to act on its insights, use the data to inform our decisions and find good tech solutions for governance purposes.

We hold ourselves accountable to our purpose: be a cradle for Responsible Leadership at Board level. This responsibility is fueled by strong education and business ethics and, therefore, AI is definitely a subject that will be part of our programs curricula which is designed especially for Board Directors.

Furthermore, for our partners, clients and community, we will raise attention on the subjects described in this white paper and propose specific recommendations to start implementing actions to better prepare for the Future of Governance.

Envisia accompanies board directors and individuals aspiring to board director roles in their quest for Sustainable Value Creation. Providing a continuous learning experience, a journey that moves through a list of educational programs, master classes and open courses dedicated to boards topics, Envisia helps board directors in their quest for professional development.

For our community members, partners, clients, and all stakeholders reading this report - we encourage you to ask questions, share insights, and discuss new ideas with us.

Further considerations on the topic will help us improve the content of our next white paper – food for thought for current and future board members.

## We thank *our contributors*

We'd like to thank our colleagues, community members and partners, who provided insights on the subject by filling in the survey prepared for this white paper. It is their wisdom, experience and authenticity that potentially will inspire current and future board members.

*Adela Jansen*, Envisia Community, Henley MAPBD Alumni, Board Member DRUID & CCIFER

*Adriana Lobda*, Envisia Strategy & Development Director & Founder

*Andreea Filip*, Envisia Brand Director

*Andrei Burz*, Envisia Community, Henley MAPBD Alumni, Deloitte Partner

*Andrew Kakabadse*, Top 50 Thinkers of the World - one of the world's leading experts on top teams, boardroom effectiveness and governance practice

*Carmen Micu*, Envisia CEO & Founder

*Dineshi Ramesh*, Director Specialist Delivery, Board Intelligence

*Bogdan Mihail*, Envisia Board Member

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*Gabriela Hartescu*, Envisia Dean & COO

*Hanaan Yaseen*, Senior Advisor - Corporate Governance and Board Design Envisia

*Ionut Sas*, Vice President of Tax, Payroll and Equity, UiPath

*Lucian Anghel*, Independent Non-Executive Board Member of Tera Plast SA and Bitnet SA.

*Patrick Dunne*, Experienced Chair and Author of Boards

*Radu Hanga*, Envisia Community, Henley MAPBD Alumni, President Bucharest Stock Exchange

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Furthermore we thank **Future Station** for their consistent effort and implication to have this white paper best informed and executed. We would like to acknowledge the crucial role of **Diana Stafie**, founder Future Station.

# ACKNOWLEDGEMENTS



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*“The future  
is already here...just  
not evenly distributed.”*

W. GIBSON

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SCAN WITH YOUR SMARTPHONE  
CAMERA FOR THE DIGITAL VERSION



Foresight White Paper by



FUTURE  
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