



Governance, Risk and Compliance in AI

Independent Director Forum 2026

25 June 2026

KEY AGENDA

This session outlines key AI developments, ecosystem dynamics, governance considerations, people implications, and priorities for sustainable adoption.

A	B	C	D	E	F	G
AI Evolution	Board Governance in AI	Strategic Lens	Operational Lens	Financial Lens	Risk & Compliance Lens	People Lens
AI has evolved from simple rule-based systems to increasingly autonomous and moving forward to advance AI e.g. robots, Neuro-symbolic and edge AI	Board governance in AI ensures that leadership sets clear oversight, accountability, and ethical guardrails to guide AI adoption and strategy alignment	An AI strategy defines how an organization creates sustained competitive advantage by investing AI ecosystem or maximizing its potentials	AI-driven business transformation is the fundamental redesign of an organization’s operating model, decision-making, and value creation	AI is a strategic investment that require disciplined ROI management to balance upfront costs with long-term benefits and competitive advantage.	AI is managed through robust governance, controls, and monitoring to ensure its use is secure, ethical, transparent, and aligned with regulatory requirements	AI is a workforce transformation that reshapes roles, skills, and ways of working by augmenting human capabilities and human-machine collaboration.

AI Evolution - Time Horizons



AI Evolution - Time Horizons



1997: IBM's Deep Blue defeated Garry Kasparov in chess match



2016: Google DeepMind's AlphaGo outsmarted Lee Sedol, a Go Master



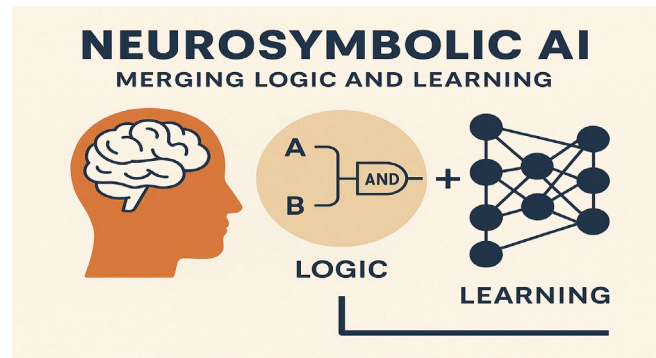
2022: OpenAI launched ChatGPT



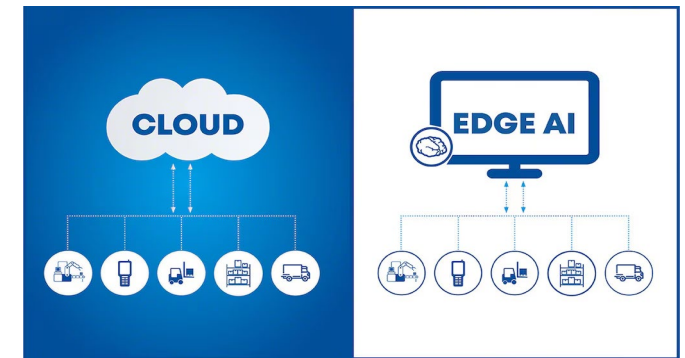
2025 / 2026: The Rise of Autonomous Agent



The Prediction: Widespread, multi-purpose humanoid robots deployed



The Prediction: Neuro-Symbolic AI can create its own hypothesis, and self-correction before delivering an answer



The Prediction: A rapid shift from cloud-based AI to localized, personalized edge AI is expected

Board Governance in AI – Big Picture



Board Governance in AI – Big Picture

Board Governance

Strategic Lens

The board ensures AI initiatives are aligned with long-term strategic objectives, competitive positioning and value creation priorities

Operational Lens

The board oversees that AI is effectively integrated into core processes, delivering measurable improvements in productivity, quality and scalability

Financial Lens

The board evaluates AI investments in terms of ROI, cost discipline, capital allocation, and long-term financial impact

Compliance & Risk Lens

The board ensures robust governance frameworks are in place to manage AI-related risks e.g. compliance, ethical uses, data privacy, cybersecurity and AI model accountability.

People Lens

The board monitors that the company develop talents, capabilities and responsibly adopt and scale AI.

The board must give balanced, integrated attention to all five lens because AI value is only realized when these dimensions reinforce one another. **Questions: which Board committee should have primary responsibility for AI oversight?**

Opening Question

Which Board committee should have primary responsibility for AI oversight?

- A. Full Board**
- B. Risk Committee**
- C. ExCom (Management)**



AI Oversight : Board Structure & Implications

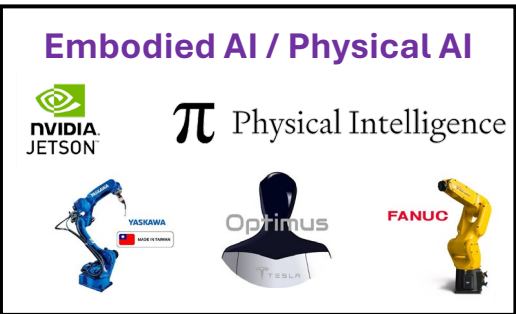
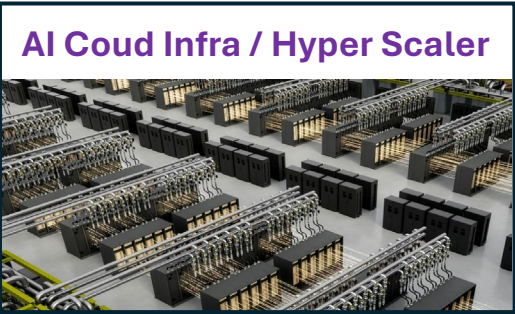
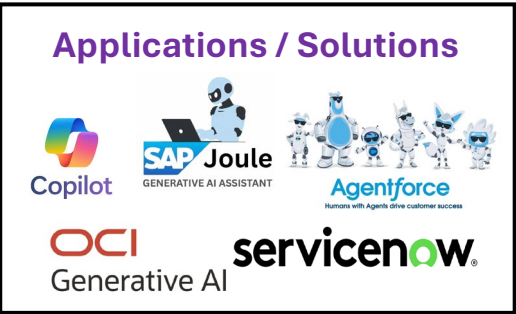
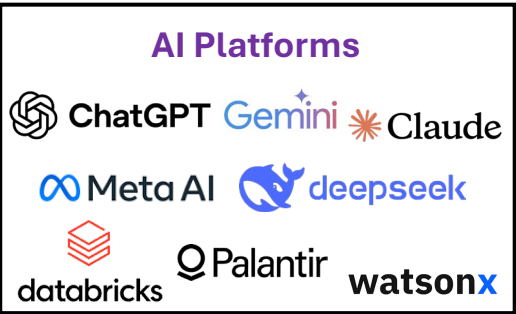
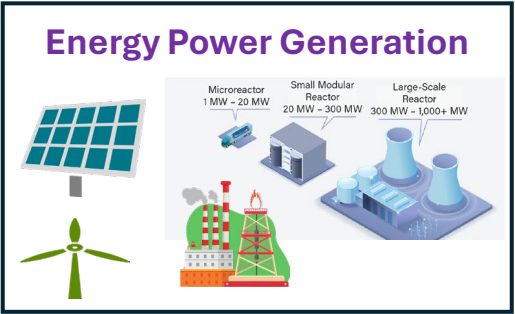
Options	Pro	Con	Best Fit when
Full Board	• Big Picture Coverage • Keep AI tied to strategy and value creation • Streamline reporting • Engaging the whole board	• AI agenda not keeping up with the fast-moving environment • Delaying decision • Diffusing accountability	• AI is strategically central • The board is smaller size • Emphasize in value creation
Risk Committee	• Disciplined oversight • Operating in environment of higher risks in AI model, data privacy and cybersecurity	• Frames AI as a threat to contain • Could become silo and neglecting opportunity and value creation	• Operating in a regulated sector • Model / Data risks are dominant concerns
ExCom (Management)	• Close to execution • Integration view • Speed and cross-functioning	• Emphasis in execution, not oversighting • No independent challenge in risk management	• Owning delivery and integration • Must report outward to the Board with defined escalation

AI VALUE CHAIN & ECOSYSTEM – STRATEGIC LENS

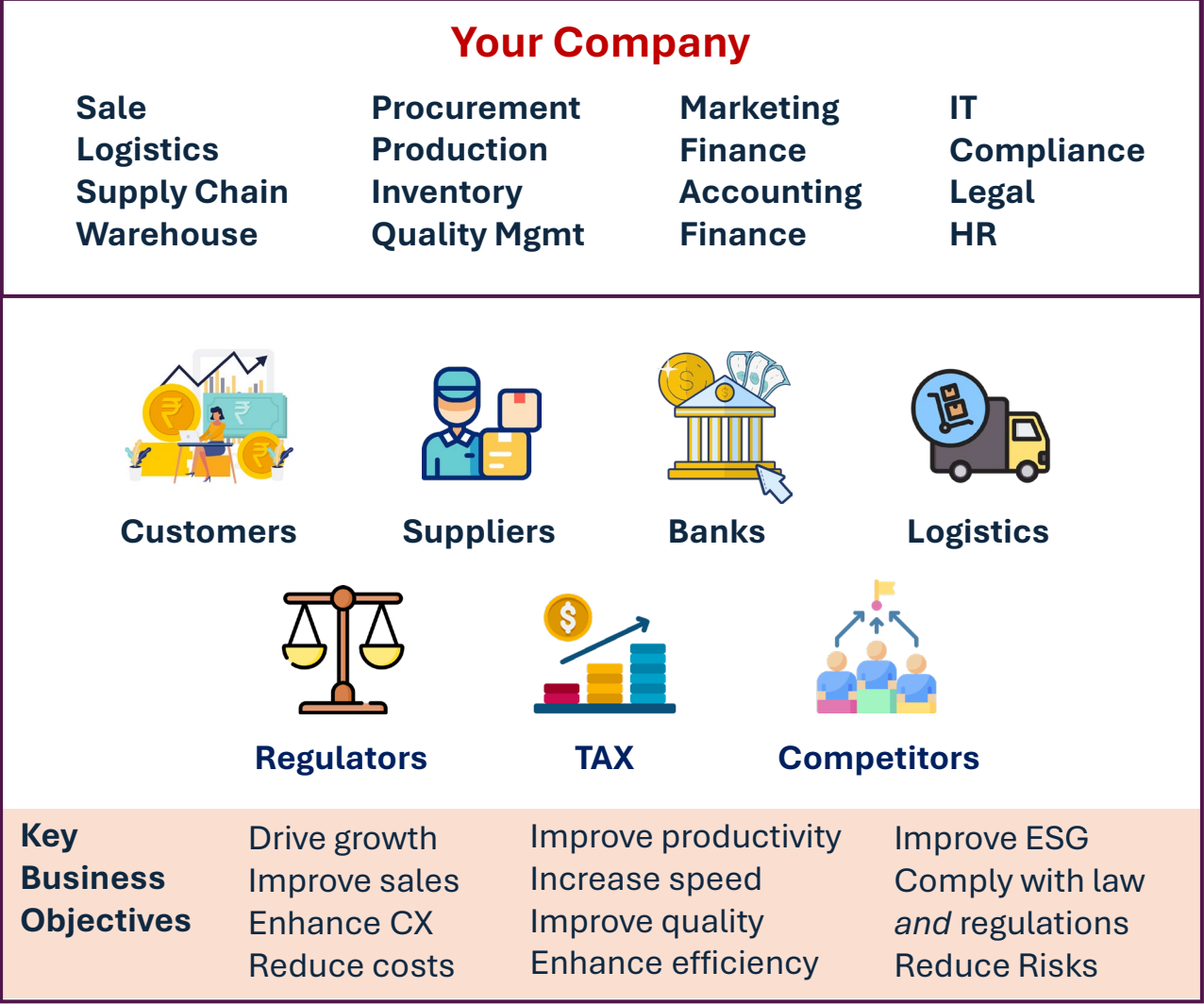


AI Value Chain and Ecosystem

AI Value Chain & Ecosystem



Your Company's Ecosystem



Pivoting from traditional business model to AI-driven company



- **Allbirds** sells its shoes, renames itself **Smartbird**, and says it is now an AI infrastructure company
- The wool sneaker brand that was once worth \$4 billion has completed its pivot, hired a new CEO from Denmark's national AI supercomputer lab, and doubled its financing to \$100 million.
- It has yet to build any infrastructure or sign any customers.

RATCH is developing a 2,000 rai land bank in Ratchaburi as a new S-curve platform that can host data centers, new energy infrastructure, batteries, and related industrial uses.

Management explicitly frames data centers and “energy infrastructure for the digital economy” as a growth engine alongside its conventional generation portfolio, supported by surging power demand from AI and cloud workloads.



Where companies are deploying AI agents



66%

Technology & IT

Deploying agents to accelerate code development.



55%

Operations

Using agents to orchestrate supply-chain workflows.



43%

Marketing & Sales

Powering personalized customer experiences with agents.



Your Company's Ecosystem

Your Company

Sale
Logistics
Supply Chain
Warehouse

Procurement
Production
Inventory
Quality Mgmt

Marketing
Finance
Accounting
Finance

IT
Compliance
Legal
HR



Customers



Suppliers



Banks



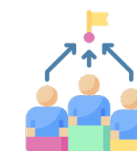
Logistics



Regulators



TAX



Competitors

**Key
Business
Objectives**

Drive growth
Improve sales
Enhance CX
Reduce costs

Improve productivity
Increase speed
Improve quality
Enhance efficiency

Improve ESG
Comply with law
and regulations
Reduce Risks

Opening Question

What is your company's strategic position within the AI ecosystem?

- A. Investor / Builder** (Invest in AI ecosystem e.g. power generation, hardware, software, infrastructure)
- B. Operational User** (Adopting and using third-party tools as part of workflows and operations)
- C. Both**
- D. Not sure**



AI Value Chain and Ecosystem – Board Focus

LAYER	Key Focus	Why it matters
1. Energy Generation	• Long-term power purchase agreement • Cost protection mechanism • Capacity and availability • ESG considerations	AI Consume lots of energy. AI costs and service availability are directly linked to energy resources
2. AI Hardware & Fabs	• Supply chain resilience • Geopolitical risks • Cost surge	The hardware layer is a structural bottleneck. A disruption at TSMC, export controls and shortage of memory chips are clearly threats to operations.
3. AI Cloud Infra / Hyperscale	• Heavy capex • Capacity and availability • ESG challenge for factory locations – water, heat, electricity, green energy	Costs could be out of controls given the nature of operations. Trap in supply chain and ESG issues could disrupt the whole operations

AI Value Chain and Ecosystem – Board Focus

LAYER	Key Focus	Why it matters
4. AI Platforms	• 3rd Party reliance • Investment options – complete outsourcing, hybrid model, Buy vs Own • Geopolitics, PDPA concerns	Data controls and data privacy, cost optimization, service availability, geopolitics are among key considerations to invest or utilize AI platforms.
5. Applications and Solutions	• 3rd party off-the-shelf solutions • Internal development • Buy vs Build or Hybrid • Flexibility and Cost Optimization • Strategic vs Operational priority	Strategic moves and Operational improvement require different mindset and investment resources. The Board will decide on how to use AI in what capacity before considering buying or building applications or solutions.
6. Physical AI	• Heavy capex • Supporting facilities • Long-term maintenance program • People transition	Total Costs of Ownership need to be considered comprehensively. Some investments may look promising in a short-term but the long-term costs e.g. software upgrade, spare parts, maintenance costs need to consider fully

AI-ENABLED BUSINESS TRANSFORMATION – OPERATIONAL LENS



Opening Question

Will AI make us work:

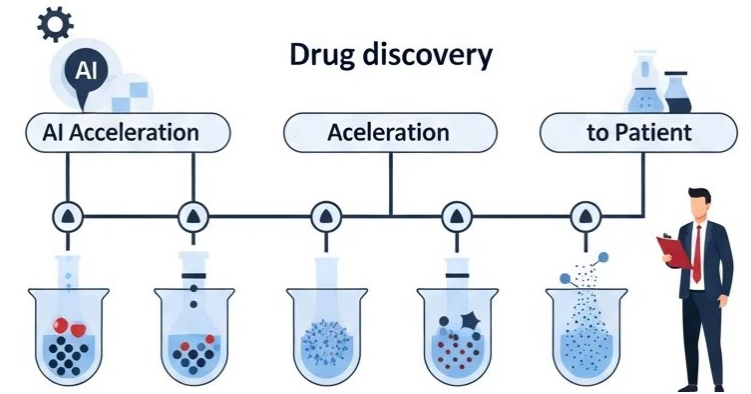
- A. More
- B. Less
- C. Differently
- D. All of the above



AI at Scale : From Discovery to Commercialization

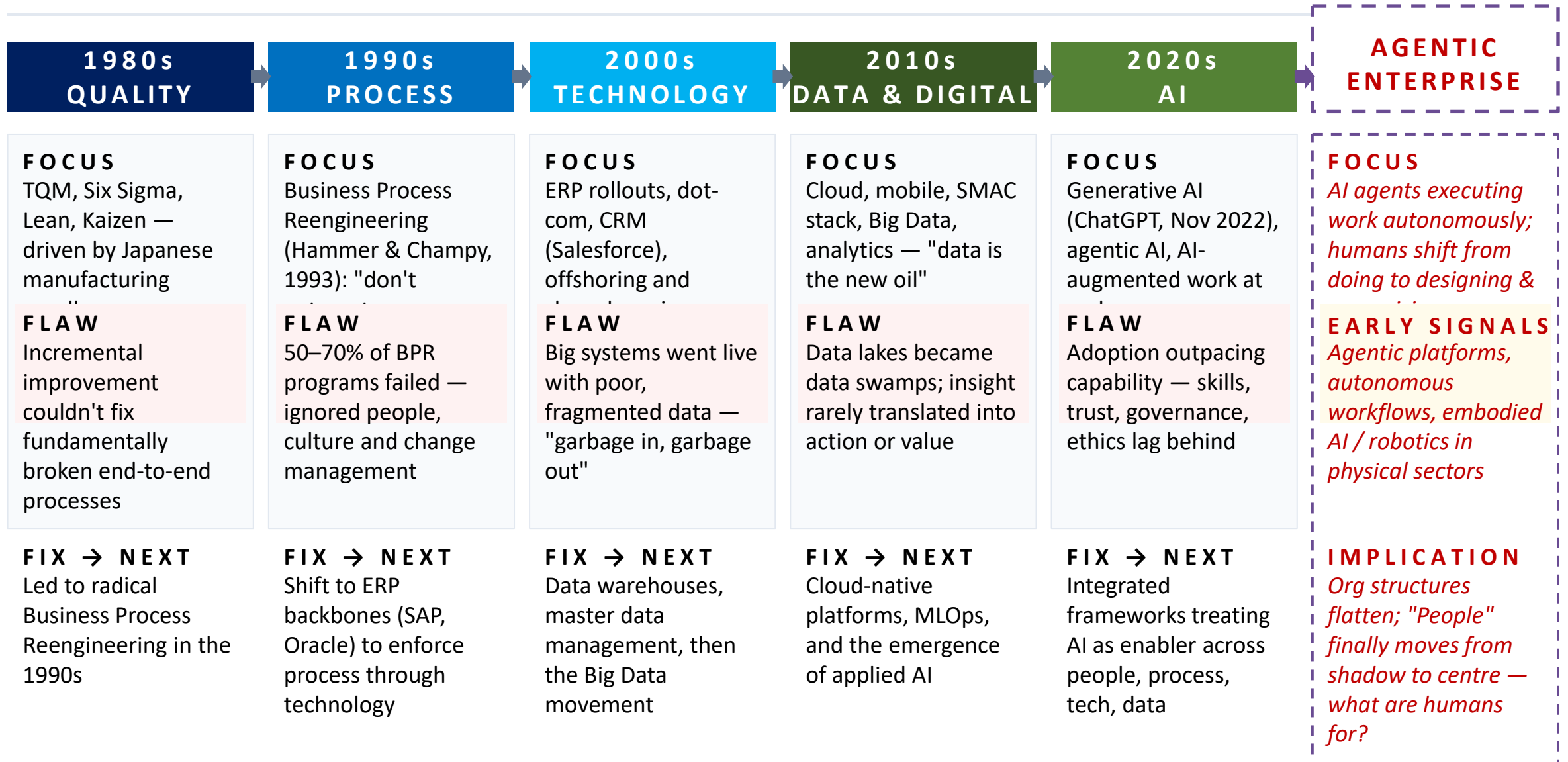
Novo Nordisk & Open AI strike Enterprise AI Deal

- **Strategic, company-wide bet:** Novo Nordisk is integrating OpenAI's AI across the entire value chain — discovery, trials, manufacturing, supply chain, and commercial — as a top-down business decision, not an R&D pilot.
- **Driven by survival, not prestige:** A defensive play to counter Eli Lilly in the obesity market and accelerate next-gen drug development to recapture share.
- **Speed is the advantage:** Full integration targeted in ~8 months (pilot Q2 2026 → company-wide by end of 2026), far ahead of typical 2–3 year rollouts.
- **Capability built in:** Includes AI literacy training for all employees — tools paired with organizational readiness.
- **Strategic Implications:** The question has shifted from whether to adopt AI to how fast — a direct competitive signal for the industry.

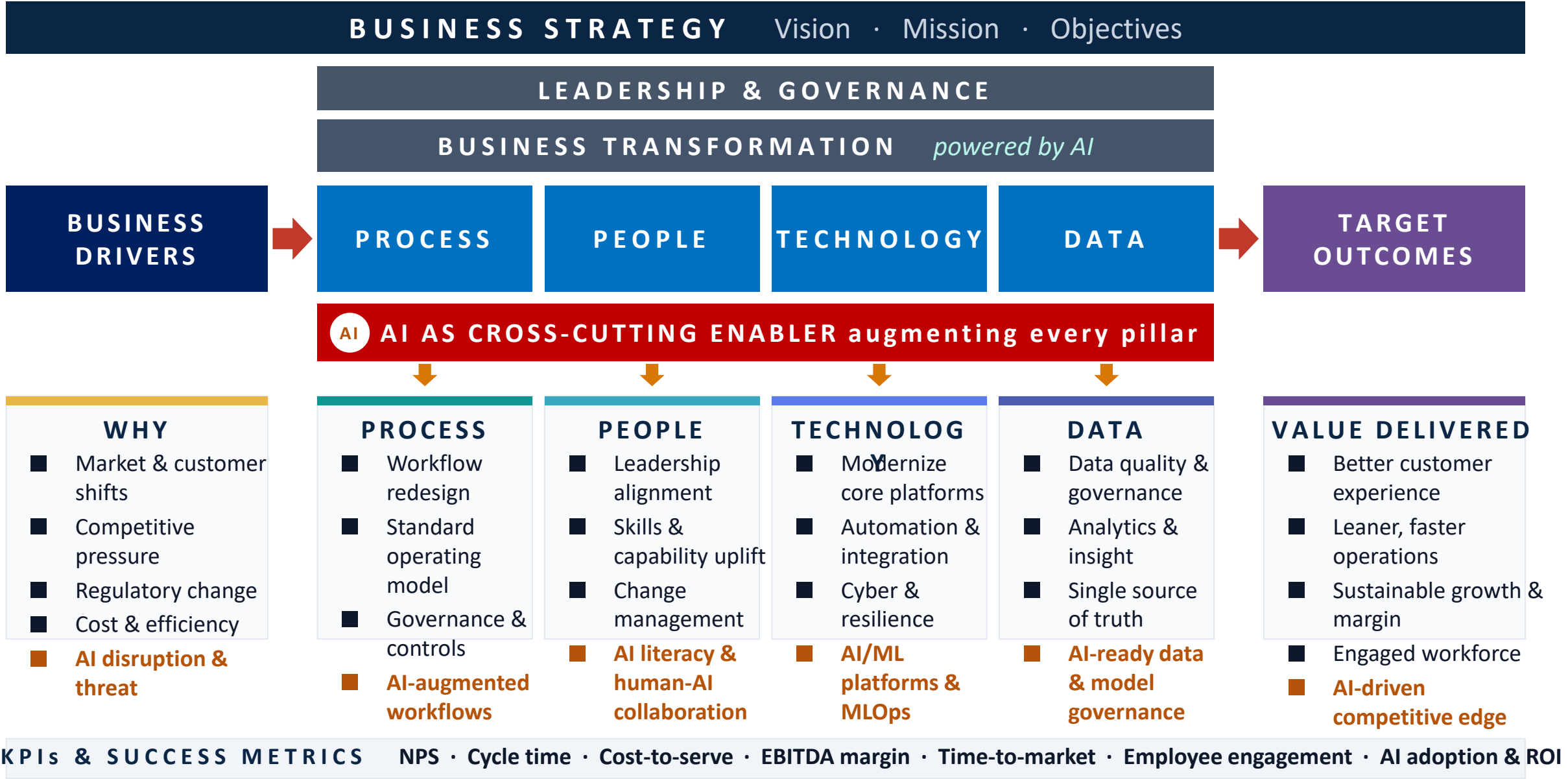


FIVE DECADES OF TRANSFORMATION

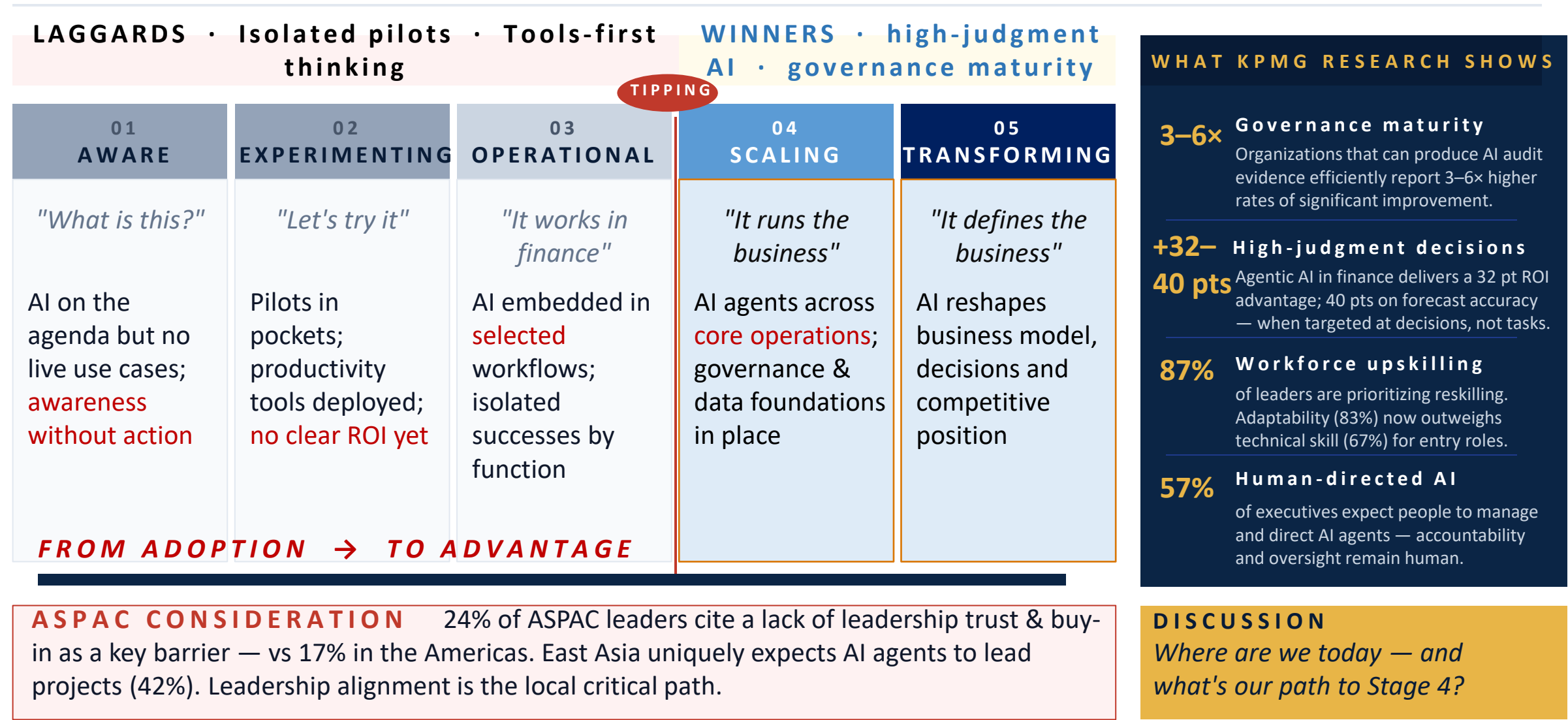
Five decades of completed waves, each surfacing a new lever and exposing its own flaw — and a forward look at what may define the next



Business Transformation – AI Enabled



The AI Maturity Curve: Where Winners Pull Ahead



AI-enabled Business Transformation – Board Focus

Five pillars for the board to monitor as the enterprise moves from AI experimentation to transformation at scale — anchored in trust and value creation.

PILLAR 01 Strategy & value

Roadmap tied to business outcomes, with ROI evidenced — not assumed.

BOARD WATCH

- Priorities linked to strategy
- Measurable ROI & time-to-value
- Sustained investment
- Scaling vs. stalled units

PILLAR 02 Trust, governance & risk

Trust as the foundation: controls clients and regulators can rely on.

BOARD WATCH

- AI governance in force
- Risk & model controls
- Cybersecurity for AI
- Responsible-AI accountability

PILLAR 03 Technology & data foundation

A scalable Cloud, Data & AI base — before value can compound.

BOARD WATCH

- Data quality & readiness
- Cloud scalability
- Platform & integration standards
- Tech debt slowing adoption

PILLAR 04 People & human-centric adoption

Powered by people, driven by AI — reskill the workforce and adopt.

BOARD WATCH

- Reskilling progress
- Adoption across functions
- New AI roles
- Culture & experience

PILLAR 05 Operating model & orchestration

Enterprise orchestration: from isolated pilots to governed scale.

BOARD WATCH

- Experimentation to production
- Governed agentic systems
- Coordination across initiatives
- Outcomes embedded in operations

AI ROI WITH BALANCED SCORECARD – FINANCIAL LENS AND BEYOND



AI Initiatives and Financial Reality



Uber burned through its entire 2026 AI budget in four months. Now its COO is questioning whether it's worth it (Fortune Magazine)

The industry watchers predict that at least 50 percent of GenAI initiatives will exceed their planned budgets by 2028 due to poor architectural choices and a lack of operational expertise (The Journal)



Effective AI Architecture Protects the Financial Bottom Line

~6%

of GPT-4's inference cost, at comparable quality (Zoom internal benchmark)

~97%

of GPT-4 quality on multilingual summaries, at <6% of cost

20–60%

fewer errors vs GPT-4 on recaps & next-steps

~40%

lower average query cost via routing (AI Companion 3.0)



WHAT ZOOM DID — FEDERATED ROUTING

- 1 **Run the Zero-Cost Local Script-** Zoom's own small model for highly predictable— **fast and low-cost**.
 - 2 **Small Internal Model** - A proprietary “Z-scorer” manage routing of AI usage to in-house inexpensive AI model or external expensive AI model
 - 3 **Escalate only if needed** A bigger model (GPT-4 / Claude) refines it only when needed.
- ✓ **Expensive models run only when necessary;** cheap specialized models do the bulk.

Many organizations have yet to implement the core disciplines required to manage AI economics

Cost review as part of AI approval processes

54%

AI cost-monitoring dashboards

53%

Usage or token budgets

40%

Architecture or prompt design standards

39%

None of the above

5%

Opening Question

How should we evaluate and hold AI initiatives accountable for Return of Investment - ROI?

- A. **Strict Financial Hurdle** (Must meet the exact hard ROI / Payback metrics as any other IT project)
- B. **Strategic Capital** (Evaluate beyond financials extending to operational capabilities and strategic positions e.g. market disruptions)



AI ROI – Balanced Scorecard – Board Focus

95%

have an AI strategy

8%

have established ROI

71%

finance leaders meeting or exceeding ROI expectations

Use a balanced scorecard.

Not only financial — combine operational, decision, adoption and trust metrics to see the full value picture.



1 Financial

WHAT TO TRACK

- Revenue uplift & conversion gains
- Margin / profitability improvement
- Cost savings & productivity
- Payback period & ROI ratio (1–3 yrs)

WHY IT MATTERS

Shows AI is improving business economics, not just activity.



2 Operational

WHAT TO TRACK

- Cycle-time reduction
- Throughput per FTE or team
- Error & rework reduction
- Cost per transaction or service event

WHY IT MATTERS

Turns AI claims into process evidence the board can verify.



3 Decision

WHAT TO TRACK

- Decision speed
- Decision quality & accuracy
- Forecast accuracy
- Scenario turnaround time

WHY IT MATTERS

Early indicators of later financial value.



4 Adoption

WHAT TO TRACK

- User adoption & active usage
- Training & AI-literacy coverage
- Employee sentiment & confidence
- AI-freed capacity into higher-value work

WHY IT MATTERS

ROI depends on workforce behaviour, not just model performance.



5 Trust & risk

WHAT TO TRACK

- Audit-evidence readiness
- Incident, override & escalation rates
- Policy & monitoring coverage
- Security & privacy indicators

WHY IT MATTERS

Assurance-ready organizations outperform on scaling confidence & error reduction.

TRUSTED AI – RISK AND COMPLIANCE LENS



Opening Question

What is your greatest concern regarding trust issues in AI deployment?

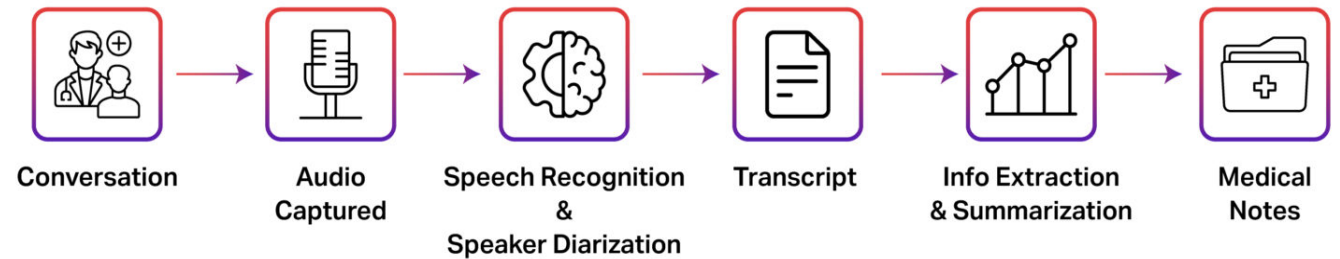
- A. Regulatory & Legal** (Fines, non-compliance, copyrights)
- B. Data Security & Privacy** (Leaking customer data and corporate information and IP)
- C. Reputation Risk** (Biased outputs, AI hallucinations, Customer's backlash)
- D. Operational Control** (Lack of audit trails, unexplained results, “black box” decisions”)



Rapid AI Adoption, Rising Risks

- **About 21%** of clinicians in the US adopted **AI scribes** according to survey (JAMA study)
- **Main risk is record pollution:** omissions, hallucinations, and false details in the chart.
- **Lawsuits** already allege recording without patient consent at Sharp, Sutter, and MemorialCare.
- **AI-generated notes** can also raise coding, audit, and reimbursement risk if documentation overstates care.
- **Board priority:** require consent, clinician review, audit trails, and clear governance before wider rollout.

How a Digital Scribe Transforms Doctor-Patient Conversations into Medical Notes



AI and Data Privacy

Court penalty ~KRW 6bn penalty (THB 130 million) on Kakao Pay for transferring personal and financial data of ~40 million users to Alipay without obtaining proper user consent.

Key regulatory breach: data sharing was deemed a third-party transfer (not outsourcing), requiring explicit consent—invalidating Kakao Pay's defense of a standard business arrangement.

Nature of data use: information was used to build a credit/risk scoring model (NSF score) for Apple services, including data from users not using Apple payments.

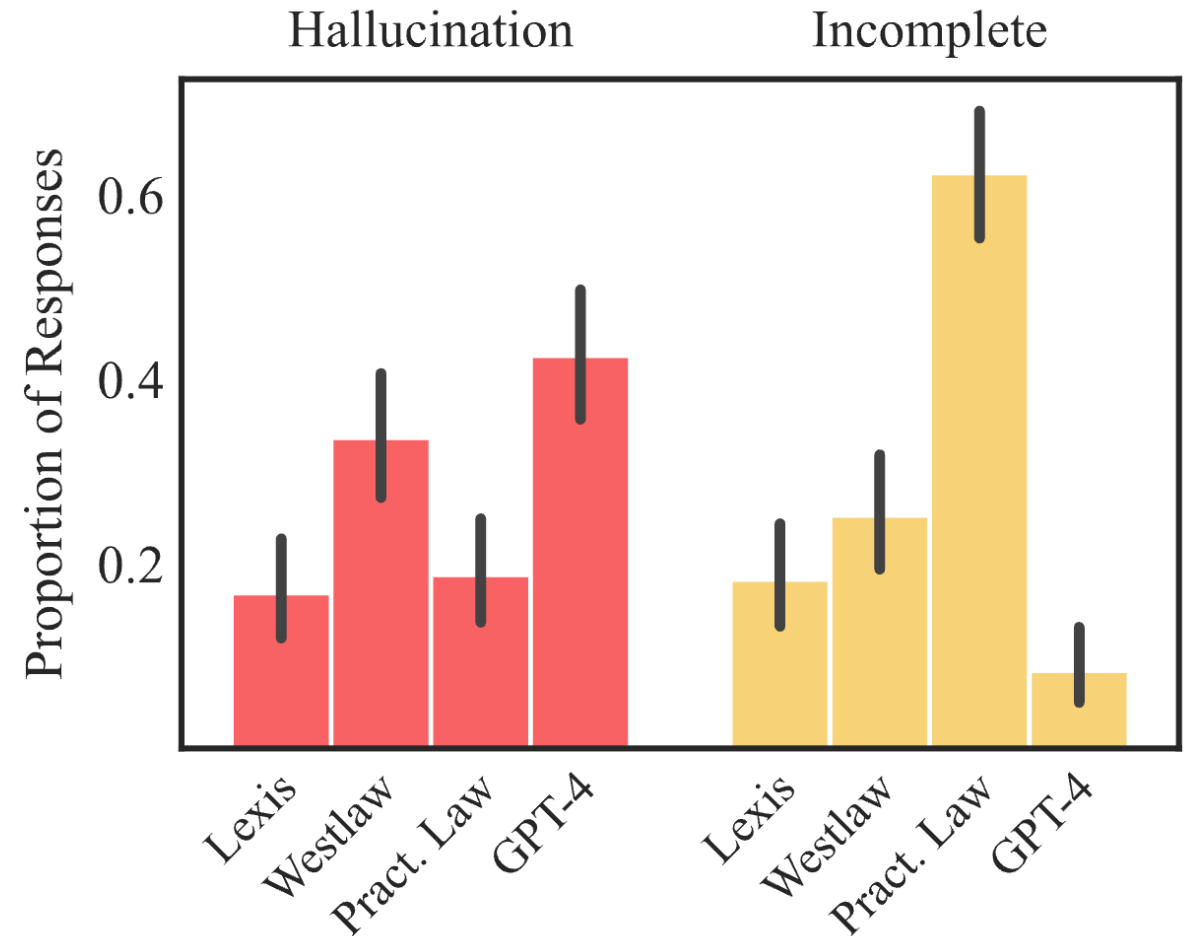
Broader implication: ruling sets a precedent tightening cross-border data governance, reinforcing accountability for fintechs in global platform partnerships and consent transparency.



AI and Hallucination

A Stanford Human-Centered AI study tested purpose-built legal AI tools and found Lexis+ AI and Ask Practical Law AI produced incorrect information more than 17% of the time. Westlaw's AI-Assisted Research hallucinated more than 34% of the time.

These are tools specifically marketed for legal accuracy. The hallucination rate didn't go to zero just because the vendor's pitch said it should.



Trusted AI: Pillars, Risks & Controls

Each pillar mapped to its key risks and the controls that mitigate them. Based on KPMG's Illustrative AI Risk & Controls Guide, aligned to ISO 42001, the NIST AI RMF, and the EU AI Act.

Value-led

Human-centric

Trustworthy

WHAT'S INSIDE

01 Transparency

02 Data Integrity

03 **Explainability**

04 Reliability

05 Accountability

06 Sustainability

07 **Privacy**

08 Safety

09 Security

10 Fairness

Trusted AI Pillars - Board's Focus

Pillar	Key risks	How to apply (illustrative controls)
01 Transparency <i>Responsible disclosure across the AI lifecycle.</i>	- Human- vs. AI-generated content is indistinguishable - Opaque AI and data usage erodes trust	- Label or watermark AI-generated content (e.g., C2PA) - Warn users of possible inaccuracies; advise review - Notify users of data collection, with an opt-out - Document test sets & metrics (TEVV)
02 Data Integrity <i>Data acquired lawfully; assessed for accuracy & quality.</i>	- Weak data governance → biased or unreliable outputs - Uncontrolled data transfers risk corruption or loss	- Set data policies: collection, labelling, storage, filtration - Run quality checks & data gap analysis - Re-validate training/test data on every change
03 Explainability <i>Answer how and why a conclusion was drawn.</i>	- Explainability not designed in from the start - Insufficient human review of AI outputs	- Maintain model cards: narratives, flowcharts, data flows - Log & monitor AI activity for audit trails - Train staff for effective human oversight - Document override and pause scenarios

Trusted AI Pillars - Board's Focus

Pillar	Key risks	How to apply (illustrative controls)
04 Reliability <i>Operate consistently to purpose, scope & precision.</i>	• Inadequate support/maintenance degrades performance • Poorly understood architecture undermines robustness	• Monitor performance against thresholds; recalibrate • Build automated fallback / stop mechanisms • Ensure failover, backup & resiliency by design • Run UAT, SIT & regression test plans
05 Accountability <i>Embed human oversight across the AI lifecycle.</i>	• Performance erodes without monitoring • Shadow AI bypasses governance • No ownership → drift from strategy	• Maintain a complete AI system inventory • Stand up a governance framework & committee • Risk-tier AI systems at intake • Define a RACI accountability matrix
06 Sustainability <i>Design AI to be energy efficient & low-impact.</i>	• Impact ignored in design → inefficient systems • No monitoring misaligns with ESG commitments	• Set sustainability goals in strategy & design • Embed environmental impact indicators across lifecycle • Monitor energy use & emissions in real time

Trusted AI Pillars - Board's Focus

Pillar	Key risks	How to apply (illustrative controls)
07 Privacy <i>Comply with privacy & data-protection laws.</i>	- Non-compliant processing → penalties & lost trust - Breaches expose personal & confidential data	- Review input, training & output data for compliance - Enable data-subject access rights & awareness - Run ethical reviews, audits & impact assessments - Apply differential privacy to sensitive data
08 Safety <i>Safeguard against harm to people & property.</i>	- Slow response to AI-generated safety threats - Harmful or hallucinated content; no intervention	- Deploy anomaly detection (injection, poisoning) - Use feedback loops to catch harmful output - Disclose manipulated content (e.g., deep fakes) - Route misuse reports to human moderators
09 Security <i>Defend AI against bad actors & adverse events.</i>	- Adversarial attacks & data poisoning - Unsafe prompt engineering / prompt injection	- Run penetration tests & Red Team exercises - Embed security-by-design; segregate architecture - Adopt zero-trust: ACLs, RBAC, secure API gateway - Protect IP with a secured repository & audits
10 Fairness <i>Reduce or eliminate bias against groups.</i>	- Harmful bias → discriminatory outcomes & lost trust - Unrepresentative data excludes user groups	- Run periodic fairness & bias assessments - Test with diverse users for accessibility - Evaluate datasets for inclusivity; remediate gaps - Monitor outputs for bias post-deployment

Human-Directed AI – **PEOPLE LENS**



Opening Question

In your opinion, which one is more challenging?

- A. **Developing AI-savvy junior staff** into domain experts (e.g. in processes or industry knowledge)
- B. **Training domain experts** to become proficient and enthusiastic users of AI



2026 Layoffs and Anticipation Effects

- **7,714 AI-linked layoffs** announced in the first five months of 2026; **22% of** all announced cuts.
- **38,579 AI-linked layoffs** in May alone, equal to **40% of** that month's announced job cuts.
- **AI-linked layoffs in 2026** have already exceeded all of 2025 (87,714 vs. 54,836)
- **Meta** has cut about 8,000 jobs ($\approx 10\%$ of staff) while forcibly reassigning roughly 7,000 existing employees into new AI-focused roles as part of its **2026 restructuring**.
- **Shopee**: In June 2026 announced to cut 8% of its developer workforce while the Group set up an AI Centre of Excellence in Singapore
- **Singapore's National AI Impact Programme** aims to train 100,000 workers to be fluent in applying AI at work to counter against job displacement



AI and people: 5 takeaways for the board

What the people dimension of AI means for board oversight — with signals to track.

1

Put people first to capture ROI

Tools alone don't transform; people and new ways of working do.

62%

cite skills gaps as a barrier to ROI

2

Upskilling is now mission-critical

Strategy is pivoting to enablement; adaptability outranks technical skill.

87%

prioritise workforce upskilling

3

Shift to human-directed AI

Accountability, judgment and oversight as agents embed in teams.

57%

expect people to direct AI agents

4

Effective AI use is teachable

Sophisticated, high-impact use can be defined, trained and scaled.

~5%

currently use AI at high impact

5

Back managers — the linchpin

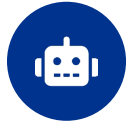
They carry adoption, well-being and development through the change.

8 in 10

managers own team well-being

RECAP

Recap and Key Takeaways



AI Value Chain / Ecosystem (Strategic Lens) – Understand your company's strategic stance and align it with all layers of ecosystem



AI-Enabled Business Transformation (Operational Lens) – the success is when the Company treat this as operating model change not technology bolt on – align process, people, and data around business objectives



AI ROI (Financials and Beyond) – The outcome has to be measured beyond financials – the real value show up in capability, faster cycles, higher quality and more positive impacts from customers' point of view.



Trusted AI (Risk and Compliance Lens) – This comes from transparent system, accountable human, and model that prove themselves reliable over time in real use



AI & People Development (People Lens) – The real power of AI comes from people and AI working as super teams– human provide judgment and creativity whilst AI provide speed and scale, and together they outperform either working alone.

Q&A