Survey highlights

• Directors recognize the business potential of Gen AI—primarily to drive greater efficiencies—but few say their companies have adopted Gen AI at scale and integrated it into strategy.

• The adoption of Gen AI currently involves a broad range of C-suite functions—from CEO to Controller—with the CIO/CTO taking the lead (and the chief data/AI officer role still emerging).

• Directors say the top Gen AI-related disruptions facing their companies are talent and workforce transformations; the top risks are inaccuracy of underlying data and results, and cybersecurity.

• The full Board and Audit Committee currently have the most significant responsibilities overseeing Gen AI (followed by Risk Committees and Technology Committees).

• Board education on Gen AI today is primarily ad-hoc/self-education by individual directors, followed by management presentations and third-party training. Few boards have, or are actively recruiting for, Gen AI expertise.

• Despite the promise of Gen AI, directors have significant concerns about the implications for the functioning of business and society.
Business implications
What is the state of your company’s adoption of generative AI? (select all that apply)

- Proof of concept/piloting generative AI selectively: 51%
- Ad hoc use by employees: 45%
- Responsible generative AI usage guidelines published and communicated: 25%
- Starting to scale generative AI: 19%
- Generative AI is integrated into the company's strategy: 14%
- Generative AI is core to the business and being used robustly: 14%
- Formal partnerships/alliances planned or in place: 14%
- Processes are in place to measure generative AI bias/drift: 8%
- Generative AI adoption is paused pending greater clarity on regulatory developments in the US and internationally: 3%
- Unclear: 6%
- Other: 4%
In your view, what is the top benefit to the company of adopting/leveraging generative AI? (select one)

- Optimized operations – efficiency, productivity, cost savings: 69%
- Development of new products, services, or new line(s) of business: 13%
- Increased revenue from existing products and services: 9%
- Unclear: 6%
- Other: 3%

Responses may not equal 100% due to rounding.
In your view, what are the most significant disruptions facing the company in its adoption of generative AI? (select up to two)

- New skills and talent required: 57%
- Workforce transformation--retraining and/or reductions: 41%
- Cultural change: 26%
- Transformation of the business model: 25%
- Reallocation of capital to fund new generative AI initiatives: 23%
- Other: 3%
- Unclear: 2%
As a business leader, which of the following macro issues are you most concerned about in terms of generative AI’s implications for the functioning of business and society? (select all that apply)

- Disinformation and loss of trust/confidence: 79%
- Inability to effectively regulate generative AI: 62%
- Impact on jobs and the workforce: 46%
- Overall, the benefits of generative AI to business and society will significantly outweigh the risks: 39%
- Political polarization/social unrest: 33%
- Geopolitical tensions/conflict: 19%
- Other: 4%
Risk and regulatory considerations
Which of the following risks posed by the company’s adoption of generative AI are of greatest concern? (select up to three)

<table>
<thead>
<tr>
<th>Risk</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inaccuracy of underlying information/data</td>
<td>55%</td>
</tr>
<tr>
<td>Inaccuracy of results—including hallucinations</td>
<td>45%</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>44%</td>
</tr>
<tr>
<td>Algorithmic bias</td>
<td>26%</td>
</tr>
<tr>
<td>Data privacy</td>
<td>26%</td>
</tr>
<tr>
<td>Reliance on external generative AI services provider</td>
<td>22%</td>
</tr>
<tr>
<td>IP infringement</td>
<td>15%</td>
</tr>
<tr>
<td>Regulatory compliance</td>
<td>15%</td>
</tr>
<tr>
<td>Reputational</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>
Guardrails and governance
Which C-suite functions have significant responsibility/accountability for various aspects of generative AI? (select all that apply)

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTO/CIO</td>
<td>76%</td>
</tr>
<tr>
<td>CEO</td>
<td>66%</td>
</tr>
<tr>
<td>General Counsel</td>
<td>39%</td>
</tr>
<tr>
<td>CFO</td>
<td>37%</td>
</tr>
<tr>
<td>CRO</td>
<td>34%</td>
</tr>
<tr>
<td>COO</td>
<td>31%</td>
</tr>
<tr>
<td>CDO (AI Officer)</td>
<td>29%</td>
</tr>
<tr>
<td>CCO</td>
<td>22%</td>
</tr>
<tr>
<td>CHRO</td>
<td>20%</td>
</tr>
<tr>
<td>CAE</td>
<td>20%</td>
</tr>
<tr>
<td>Controller</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
<tr>
<td>Unclear</td>
<td>5%</td>
</tr>
</tbody>
</table>
Aside from the CEO, who in the C-suite is the point person with ultimate responsibility/accountability for generative AI? (select one)
Board oversight
Where on the board do significant responsibilities for oversight of various aspects of generative AI currently reside? (select all that apply)

- Full board: 62%
- Audit committee: 37%
- Risk committee: 25%
- Technology committee: 21%
- Generative AI is not yet being discussed at the board or committee level: 10%
- Nominating & governance committee: 4%
- Unclear: 7%
- Other: 2%
In terms of specific generative AI-related knowledge, skills, and experience, which of the following apply to the board currently? (select all that apply)

- The board includes general technology/data skills: 55%
- The board is tapping external generative AI expertise: 29%
- The board has a formal plan for generative AI-related training for board members: 14%
- The board is actively recruiting for deeper technology/generative AI expertise: 10%
- The board includes generative AI expertise: 10%
- Unclear: 14%
- Other: 1%
What are the primary ways the board is educating itself about generative AI? (select all that apply)

- **Ad hoc/self-education by individual directors – no formal board training in place**: 73%
- **Management presentations**: 50%
- **Training by third-party experts/external sources for board members**: 36%
- **Other**: 2%
Survey
demographics
Results are based on a survey of 106 US board members, nonexecutive chairs, and lead directors, conducted January 30–February 29, 2024.

Please indicate your role/title for which you are responding to this survey: (select one)

- Board member: 87%
- Nonexecutive chair or lead director: 13%

What is the type of company/organization for which you are answering the survey? (select one)

- Public company: 52%
- Private company: 37%
- Not-for-profit: 10%
- Other: 1%

Responses may not equal 100% due to rounding.
What is the annual revenue of the largest company for which you serve as a director? (select one)

- $10B or more: 22%
- Less than $500M: 34%
- $500M to less than $1.5B: 15%
- $1.5B to less than $5B: 18%
- 5B to less than $10B: 11%

What is the type of company/organization for which you are answering the survey? (select one)

- Banking/Financial services/Insurance: 22%
- Retail/Consumer goods: 14%
- Technology/Software: 11%
- Industrial manufacturing/Chemicals: 10%
- Healthcare: 10%
- Energy/Natural resources: 6%
- Communications/Media: 5%
- Higher education: 2%
- Pharmaceuticals: 2%
- Real estate: 2%
- Building/Construction: 1%
- Transportation: 1%
- Other: 14%

Responses may not equal 100% due to rounding.
About the KPMG Board Leadership Center

The KPMG Board Leadership Center (BLC) champions outstanding corporate governance to drive long-term value and enhance stakeholder confidence. Through an array of insights, perspectives, and programs, the BLC—which includes the KPMG Audit Committee Institute and close collaboration with other leading director organizations—promotes continuous education and improvement of public and private company governance. BLC engages with directors and business leaders on the critical issues driving board agendas—from strategy, risk, talent, and ESG to data governance, audit quality, proxy trends, and more. Learn more at kpmg.com/us/blc.