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Ira, a Wharton alumna, is a global leader in AI, technology innovation, and board governance with 25+ years of impactful leadership. She is the Founder of EmergeAI Technologies, spearheading AI-driven digital transformation, and the force behind AIM Elevate Ventures—an award-winning platform empowering micro and women-led enterprises through funding, mentorship, and digital enablement. She also serves as an Independent Director at ITCONS e-Solutions Ltd (BSE-listed) and strategic advisor to multiple high-growth ventures.

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# THE BOARD'S MANDATE ETHICAL AI GOVERNANCE IN A DATA-DRIVEN ERA



**A**rtificial intelligence is no longer a futuristic concept—it is the engine driving transformation across every sector. In 2025, the global AI market is projected to reach between USD 190 billion and USD 250 billion, with a compound annual growth rate (CAGR) of 33–40% since 2020. Over 80% of leading enterprises have embedded AI into their core operations, fundamentally altering how decisions are made in finance, healthcare, logistics, marketing, and beyond. For tech-savvy board members, these statistics are not just milestones—they are a call to action. AI's unprecedented reach comes with equally significant ethical, regulatory, and reputational risks. The Board's role as the ultimate steward of organisational integrity has never been more critical.

### AI's Business Impact: Scale, Speed, and Strategic Value

AI is now a strategic co-pilot in business

decision-making. According to McKinsey, 80% of leading companies use AI to inform key decisions, and generative AI tool adoption has surged by 175% in the last year alone. AI's integration is not just about efficiency; it's about competitive advantage. Accenture estimates that AI can increase business profitability by up to 38% when integrated across the board. In practice, AI algorithms are optimising sales forecasts, personalising marketing, automating supply chains, and even driving product innovation.

This exponential growth is reflected in the workforce: as many as 97 million people are expected to work in the AI sector by the end of 2025. The technology is also fundamentally reshaping workflows, with 78% of organisations using AI in at least one business function and most deploying it in multiple areas. The business case is clear—AI is not a siloed tool but a foundational asset.

## The Governance Gap: Risks Outpacing Controls

Yet, as AI adoption accelerates, governance is struggling to keep pace. A recent GAN Integrity survey found that while 40% of organisations assign AI governance to IT, only 13% place it under the Board's purview. This is a red flag: regulators and stakeholders increasingly expect AI oversight to be an executive and board-level priority. Only 8% of organisations report having a mature, structured AI governance program, while 39% have yet to implement any form of AI governance at all.

The risks are not theoretical. High-profile failures—from biased facial recognition systems to discriminatory hiring algorithms—have led to regulatory crackdowns. The EU AI Act, effective from 2024, imposes strict risk-based requirements on AI applications, with non-compliance penalties reaching up to 6% of global revenue. In the US, the NIST AI Risk Management Framework and new executive orders are pushing for transparency, explainability, and accountability in AI systems. By 2026, half of all governments worldwide are expected to enforce responsible AI regulations.

## Why Boards Must Lead on Ethical AI

For tech-savvy Boards, the message is clear: AI governance is not just a compliance issue; it is a strategic imperative. The Board is uniquely positioned to set the tone for responsible AI adoption, ensuring that innovation aligns with organisational values and societal expectations. This means moving beyond technical oversight and embedding ethical AI into the core of governance frameworks.

Effective Board engagement starts with articulating a clear vision for AI use, grounded in fairness, transparency, and accountability. Policies must require regular audits for algorithmic bias, mandate explainability for AI-driven decisions, and establish clear channels for recourse when harm occurs. Boards should insist on robust risk assessments, not only for internally developed AI but also for third-party tools embedded in business processes.

## Building Boardroom AI Literacy

Technical literacy is now a baseline expectation for board members. Directors must be able to interrogate AI strategy,



challenge assumptions, and understand the implications of AI-driven decisions. This may involve recruiting Directors with AI expertise, forming dedicated technology or ethics committees, or leveraging external advisors. The goal is not to turn every board member into a data scientist but to ensure the Board as a whole can provide informed, independent oversight.

CII's recent guidebook for Board leaders reflects the need for structured frameworks that align AI strategy with corporate objectives, recognise risks, and establish clear accountability. Boards must also ensure that investment in AI governance keeps pace with AI adoption, yet 30% of organisations report having no dedicated funding for AI governance at all.

## The Virtuous Cycle: Culture, Trust, and Long-Term Value

When Boards lead on ethical AI, they catalyse a culture of responsibility throughout the organisation. Ethical leadership at the top empowers responsible innovation below, creating a virtuous cycle that strengthens trust with customers, employees, and partners. Organisations that are seen as exemplars of responsible AI are better positioned to attract top

talent, forge partnerships, and build lasting reputational capital.

In moments of crisis, when AI systems fail or ethical dilemmas arise, it is the Board's strong commitment to ethical AI that provides the compass for navigating uncertainty. Stakeholders look to the Board not just for answers but for assurance that the organisation's actions are guided by conscience as well as code.

## Conclusion: Boardroom Stewardship for the AI Era

AI's transformative power is undeniable, but so are its risks. For board members, the era of passive oversight is over. The Board must be the architect of ethical AI governance, ensuring that the organisation not only survives but leads in a world increasingly shaped by intelligent systems. This is not just about regulatory compliance; it is about safeguarding legitimacy, resilience, and long-term value creation. As AI continues to evolve, Board leadership will determine whether technology amplifies humanity's best qualities or exposes its greatest vulnerabilities. The challenge is immense, but for those willing to lead, the rewards—measured in trust, innovation, and enduring impact—are nothing less than transformative.