



2025 Board Committee Priorities

JANUARY 22, 2025

Learning Objectives

Upon completion of this session, participants will be able to:

- ▶ Recognize trending risks and strategies under each committees' purview
- ▶ Explain best practices in oversight responsibilities for each committee
- ▶ Identify questions directors should be asking in support of their oversight responsibilities
- ▶ Discuss trending responsibility allocation to committees together with best practices in committee communications and reporting



Actively participate throughout the session and be in attendance for at least 50 minutes for each CPE credit hour. If you need to leave mid-session, please visit the registration desk prior to leaving.

With You Today



MARK BLAUFUSS
Managing Director,
Green & White Advisory
Operating Executive,
The Carlyle Group

mblaufuss@gmail.com



STEVEN KATZ
President,
Steven Katz &
Associates, Inc.

steve@skatz.com



AMY ROJIK
National Managing
Principal,
Corporate Governance,
BDO USA

arojik@bdo.com

Renewed Interest in ERM

Specific governance activities to oversee execution of corporate objectives and goals



**Boards Balance
Innovation and Risk**
2024 BDO BOARD SURVEY

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Strengthening Board Governance



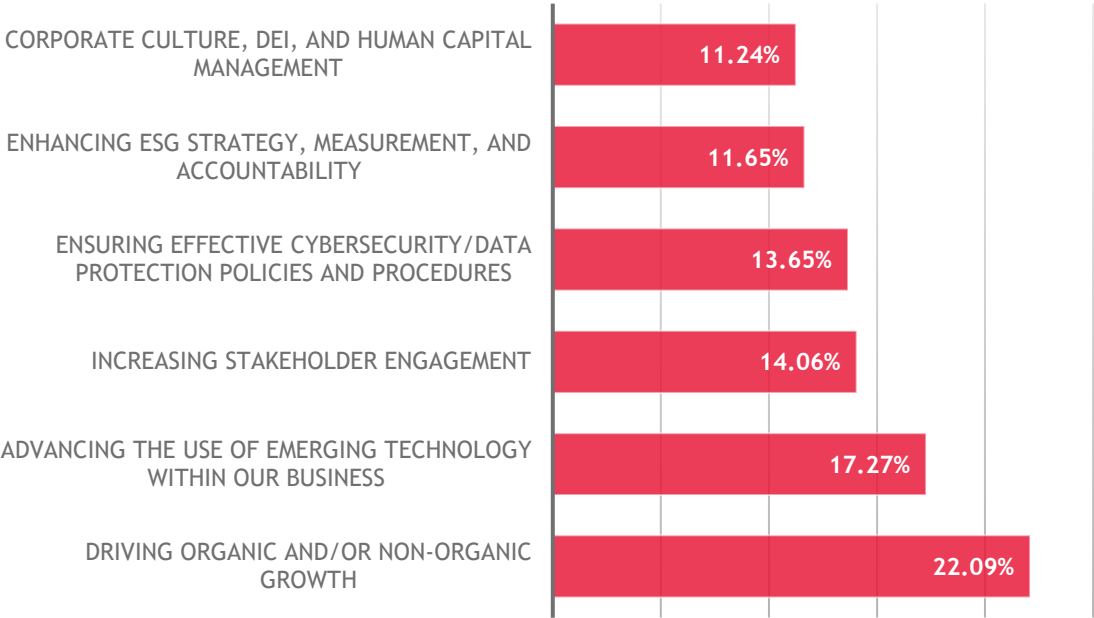
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Specific governance activities to strengthen both management and the board

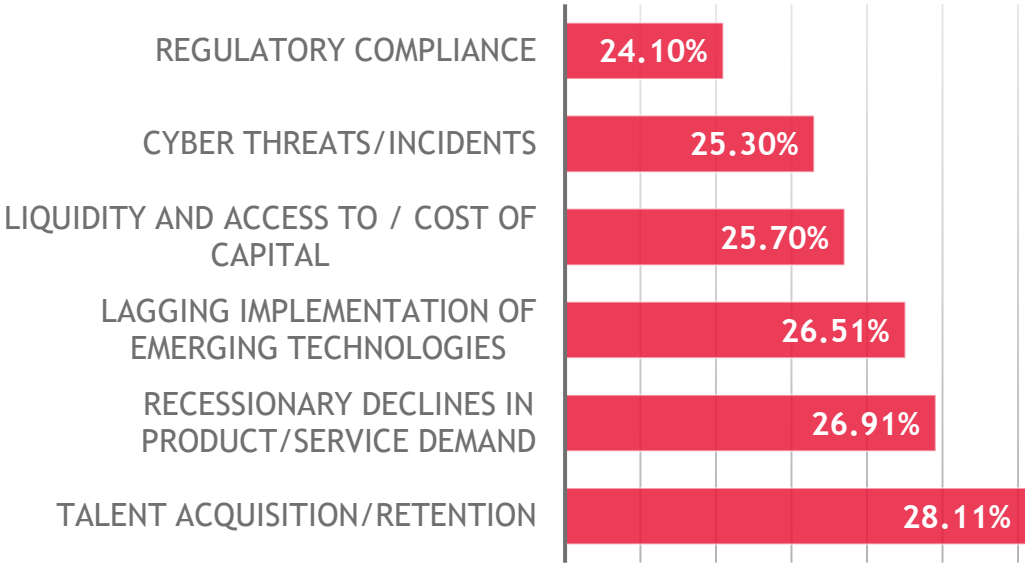


Balancing Risk & Strategy

What, if anything, is your board's top strategic priority for the next 12 months?



What, if anything, do you anticipate being the most significant risks to your business for the next 12 months?
(Select up to three)



Emerging Technology: Oversight & Strategy

The integration of generative AI presents both opportunities and challenges for organizations. As such, the role of board oversight in guiding responsible and strategic deployment of Gen AI becomes increasingly important involving:

Establishing monitoring and compliance systems to pay ongoing attention to technology adoption. This could involve a committee or sub-committee of the board responsible for evaluating technology-related risks and opportunities.



Evaluating how generative AI may be used to enhance a company's oversight systems and processes, e.g., automating reports, creating monitoring or analysis tools to spot potential deficiencies, firmwide education and communication, etc.



Ensuring that the board and the organization have adequate education and training on generative AI and its potential benefits and risks. This could include inviting external experts, engaging with internal stakeholders, and participating in relevant workshops or courses.



Documenting the duties of the board related to oversight and monitoring of risk management activities of generative AI.



Confirming comprehensive change management and communication plans exist to address the impact of generative AI on the company's strategy, culture, operations, and governance.



Ensuring that a clear tone is set by management and communicated with respect to company developed policies and protocols regarding appropriate and ethical use of generative AI in all aspects of the business.



Questions for the board to consider:

- Are we thinking about how GenAI will impact our strategy?
- Do we understand the organization's digital assets?
- Is the use of AI enterprise-ready? What does this mean?
- Are there appropriate barriers in place to protect proprietary and sensitive data?
- Do we have a robust data management and governance framework established?
- Are we actively assessing and addressing potential cybersecurity vulnerabilities and threats specific to our AI systems?
- Is there standardization being applied - e.g., questions asked around ethics/biases/data/legal and how is the lifecycle of any of our AI models being managed?
- Are we able to prioritize the highest ROI use cases, associate risk, and allocate resources?
- Do we have appropriate benchmarks for safe deployment of advanced technology and the cross-functional knowledge to answer this question?

The Board's Take on Cybersecurity



25% of directors point to **cyberthreats and incidents** as the most significant risk to their business over the next year



27% say **cybersecurity** is one of the most in-demand board skillsets



41% of directors will **increase investment in cybersecurity, data privacy and governance** over the next year

PRIORITIZING CYBERSECURITY IMPROVEMENT

45%



Pursuing an external assessment, such as a systems and organization control (SOC) for cybersecurity report or a maturity/gap assessment, to further aid in preparedness and program maturity

41%



Creating internal processes and improving communication channels to report on cyber risk management and occurrences of cyber incidents

37%



Changing the treatment of cyber risk from an "IT responsibility" to a "company-wide responsibility"

35%



Determining what company-specific factors may constitute a material cyber incident to enable timely and compliant reporting

33%



Allocating additional resources to expand detection and response capabilities

32%



Benchmarking and monitoring cybersecurity disclosures and cyber breach reporting by competitors

25%



Holding tabletop exercises to enhance response and preparedness for cyber occurrences

The CrowdStrike outage significantly affected many companies, highlighting need for strong contingency plans, oversight of critical 3rd parties, and mechanisms to assess operational and financial impacts.

As companies recover from cyber incidents and conduct post-mortem reviews, they must address various questions to mitigate the risk of future occurrences:

- How did this happen?
- How do we perform a comprehensive post-mortem review?
- How do we prevent this from happening again?
- How should this affect oversight of 3rd software providers?
- How do we protect ourselves from bad actors attempting to exploit the situation?
- How do we measure the business operational impact and/or financial damages of the outage?

Read the full article [here](#)

Stakeholder Engagement

71% of boards have taken action with respect to shareholder activism in 2024

57% of boards have not discussed company stances on social issues

Source: [PwC Annual Corporate Directors Survey](#)



5 Tips to Improve Stakeholder Engagement

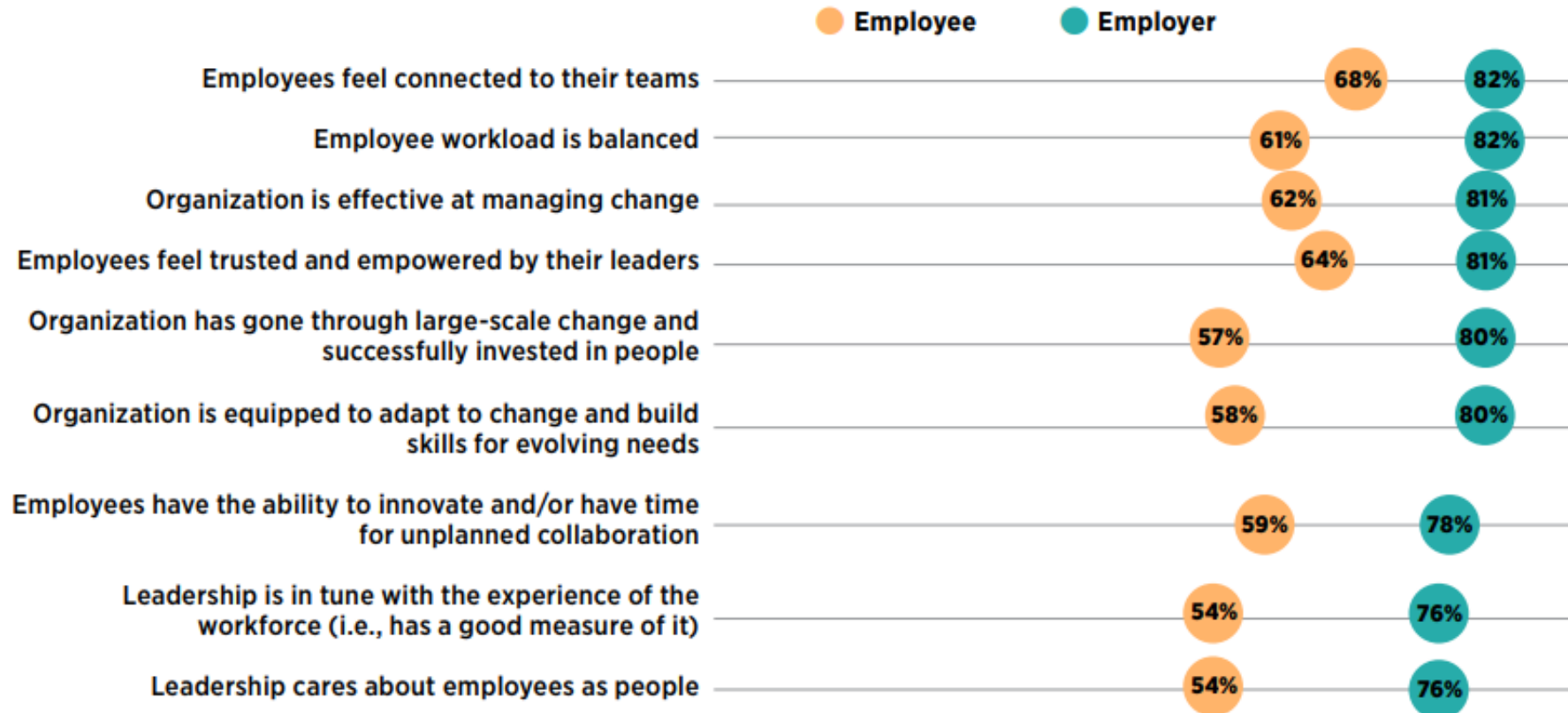
1. Create a stakeholders map for board decisions and responsibilities
2. Find ways to bring the voices of different stakeholders into the boardroom
3. Look outside the boardroom for potential improvements
4. Measure stakeholder needs and solicit continual feedback
5. Adapt and evolve as needed

Source: [NASDAQ Article](#)

Human Capital - The Broader Boardroom Mandate

Employees and employers have divergent views on talent, culture and leadership

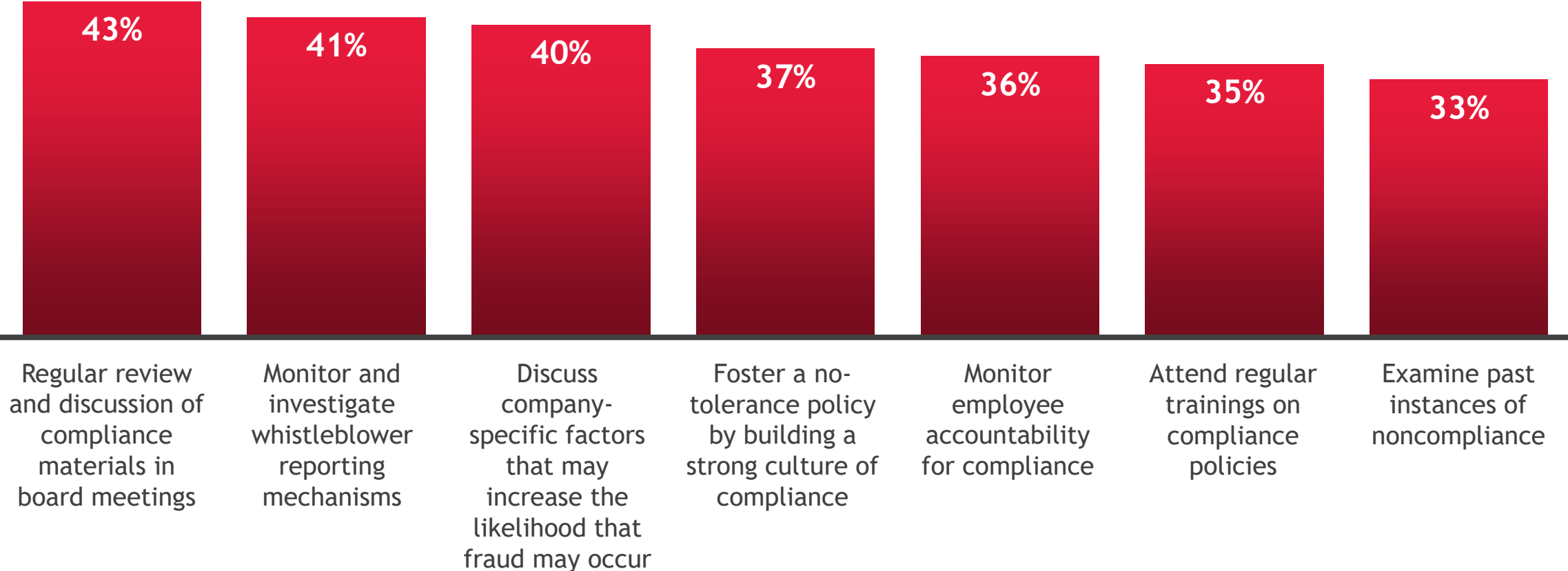
(Percentage who agree with each statement)



Source: [How Boards Can Champion a Resilient Talent Strategy](#), A Corporate Board Member and EY Research Report

Compliance in an Increasingly Complex Environment

Boards' Actions to Prevent and Detect Fraud



Resources



Governing Data and Cyber Risk



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2024 BDO Fall Board Survey	October 30, 2024
Q3 2024 IFRS Quarterly Update	October 16, 2024
Quarterly Technical Update Q3 2024	October 9, 2024
The Board's Oversight of ERM	September 25, 2024
Q2 2024 IFRS Quarterly Update	July 17, 2024
Quarterly Technical Update Q2 2024	July 10, 2024
The Board's Oversight of Artificial Intelligence	May 22, 2024
Q1 2024 IFRS Quarterly Update	April 17, 2024

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