# Institute of Corporate Directors
# Podcast Transcript: **Be It Resolved: Boards are having the wrong conversation about AI.**



**Rahul Bhardwaj (0:06 - 1:05):** Welcome to Be It Resolved, Season 2, the podcast where bold ideas meet courageous leadership. I'm Rahul Bhardwaj, President and CEO of the Institute of Corporate Directors in Canada. In each episode, I speak with experts to delve into pressing issues impacting directors and decision-making in the boardroom.

My guest today is Duncan Sinclair, the Chair of Deloitte Canada and Chile. For more than 35 years, Duncan has served clients across the globe, in the mining, telecommunication, consumer business, manufacturing, real estate and construction sectors, as well as national and regional governments with an impressive array of board work. Now, today's resolution is Be It Resolved, Boards are having the wrong conversation about AI.

Today, I'll be talking with Duncan about what's the right conversation. Welcome, Duncan.

**Duncan Sinclair** (1:06 - 1:08): Well, thank you very much, Rahul. It's great to be here with you.

**Rahul Bhardwaj** (1:08 - 1:41) Super. So, we're going to look forward to exploring how boards are approaching artificial intelligence. Now, many of you will know the boardrooms are still focused on risk and regulation, while employees are already adopting AI tools in their day-to-day work.

But the question is, are boards asking the right questions or missing the bigger picture and potentially the bigger opportunity? And Duncan, just to start off, Amazon has been in the news recently with some significant layoffs. And what was remarkable about this is they said this isn't a cost-cutting measure, but this is actually a culture shift.

**Duncan Sinclair (1:41 - 3:35):** Yeah. And it's an interesting way that different people are thinking about when you put AI into a sentence, how does that sort of hype up the interest in any particular story? And the reason I say that rule is, is Amazon came out and said, we're going to be looking to reduce two or three percent of our workforce on the basis of rebalancing and creating a more nimble and entrepreneurial culture.

I don't know it would have had the same level of interest that up to 30,000 jobs to be lost due to AI, which was what the original headline sounded like. And I think this is where boards have to be careful about not only what AI is and isn't in terms of their organization, but the holistic view of how the world is thinking about AI, both in terms of countries and customers and the implications of it. Because the initial backlash that Amazon got was pretty strong on various social media channels and a lot of questions of what point does a board cross the line from making a hard decision, being heartless in the way in which you think about the people who live and work in the communities that you serve and who work for you as employees.

And I think it's a really great example of how boards have to think really holistically, not only about how AI is helping their business, but how AI is viewed within our societies. Look, there was some really great work done at McGill that looked at 49 different countries within the OECD. And Canada is almost at the bottom of the list.

I think we're like fifth from the bottom in terms of citizen confidence in the way in which AI is being adopted. And a lot of that has to do with how people perceive government is and isn't able to actually regulate what AI is and bluntly, the level of trust that people have in how well organizations are going to think about AI as a benefit to people, as opposed to, as you said, it's about a way of driving up shareholder return. And these are, I think, all great examples of the kinds of challenging questions that directors have to think about in this day and age.

**Rahul Bhardwaj (3:35 - 3:55):** There's a lot to unpack there. And boards are looking at AI more than just as a tool but having oversight of strategy of a company that's now in an AI world. So, let's start to unpack that a little bit.

And I know that there was a Deloitte global survey in 2025 that looked into where is AI on board agendas. And maybe you want to talk a little bit about that.

**Duncan Sinclair (3:56 - 4:57):** Yeah, there's no question that perhaps not all that surprising for people that are sitting in the director community, but still our survey results showed that more than 30 percent of respondents out of 695 respondents from a variety of countries around the world said, yeah, we have no discussion of AI at all, which is in some respects mind

boggling, but it's a fact. And then of those that are talking about it, two thirds would say it's pretty light in terms of what we're talking about. We're hearing about a technology, we're hearing about an initiative, but we're not really capable as a board based on our composition, based on the nature of the discussions that we're holding, able to really do much with it.



And so given how potentially transformational and beneficial AI could be to us, boards have a lot of work to do in terms of helping themselves get better informed and think about how do we have better conversations with our management teams and the broader societies in which we live and work to understand what AI can do for us and what are the risks that we have to oversee and manage.

**Rahul Bhardwaj (4:57 - 5:36):** So, it's been a theme in corporate governance over the last decade that can be said that boards have been traditionally over-indexing on let's say compliance. So, in this case, perhaps AI is a tool, but that the real value out of boards and the real lens to bring to boards in this modern world is from a strategic lens. So, as we build our conversation towards what does that actually mean, I was struck by the notion that two thirds of directors have limited or no literacy in AI.

So, let's talk a little bit about what literacy in AI at the board does look like and what it could look like and how we get there.

**Duncan Sinclair** (5:35 - 6:58): Well, I appreciate the question, Rahul, because again, I think it's important that I'm certainly not going to advocate that everybody has to become a technologist because I'm certainly not. I have a 26-year-old who is deeply immersed in the world of technology, works for one of the major tech firms, and I'm sort of constantly reminded of how little I know compared to the things he'll come and talk to me about, but that's not the role of the board. I'm not there to write code.

My job is to think about as a board member, what are the implications and opportunities that this new platform of technologies can create to help us in terms of our strategy, help us in terms of accomplishing our purpose and what does it overall mean to our brand? And I think as boards and as chairs of boards thinking about agendas, look at how do we help our boards know enough about what something is and what it isn't to avoid believing that it can be more than what it is today, but also understand how these investments are designed to actually enhance our brand, enhance our employee experience, enhance our relationship to customers. I think these become the questions that directors have to get educated about.



So, what does AI mean in terms of those more important, as you say, broader strategic issues that boards have always had to worry about? And I think that's where honest conversations between directors and their chair and then looking to the resources around them to help them becomes a very important part of the conversation.

**Rahul Bhardwaj** (6:59 - 7:24): So, let's talk just a little bit about some of those resources. If we bring this down to the practical level and say, you're the chair of a board and you recognize that AI is going to play a greater role, both as an opportunity and potentially a risk for the company, and you want to increase the competency of the board in that area. Well, how does one go about doing that?

Including how do you do that without overwhelming management and putting it on their shoulders?

**Duncan Sinclair** (7:24 - 9:52): So, one of the boards that I sit on, the chair actually arranged that everybody had an 'AI buddy'. And it's a young person within the organization that is heavily immersed in the way that AI is being adopted into different parts of the business. And we have a regular set of conversations over a 90-day window to just better learn and understand.

And each conversation focuses on, here's a few new tools for you to experiment with, here's some things to understand about what this does, as well as just updating me on how are we looking to implement some of this? What's it going to mean? What have been some of the new things we've discovered?

What are some of the challenges we're finding? As just a way to, I think, do two things. One, it gives you a better understanding of, so what does this stuff actually do?

Like practically, what does it mean to have this? But it also, I think, reveals in every one of these initiatives, human beings are still at the center of it. And I think one of the things that I was struck with was a conversation I had last week at a global board meeting where the discussion topic was, well, people aren't perfect, so societies aren't perfect, so why would we think imperfect people could build perfect machines?

Because they can't. And as a result, it's all about how you allow these new platforms that are evolving based on human information to grow and evolve and expand. And then what are the things about that that we want to make sure we put safeguards around?



And this, again, I think is another very important discussion of how boards bring in different people with different perspectives to help you to understand the implications of AI. I was fascinated by a discussion last week where one of the people presenting to us said, we took away some of the safeguards to try to broaden the capability of an AI tool, but in doing so, we realized that a lot of bias and prejudice that this platform had learned was creeping back into its responses and starting to suggest things that ethically we would never be comfortable with. And so, we then had to go back and reinsert protections around how this AI was thinking about enabling and supporting the business.

And so I think the more that boards can be made aware of and introduced to the practical challenges of using AI in the business and how it helps the business, as opposed to this particular large language model that's coded in a particular language on a particular platform and people's eyes just glaze over as opposed to here's what it means. And I think challenging on this, what does it mean is a great way for directors to keep learning about what is this going to mean for their business.

**Rahul Bhardwaj** (9:53 - 10:27): So, we're going to come back to this innovation topic that you're sort of leaning into a touch. But I want to go back to the ‘buddies’ concept. This is really intriguing because I think many of the listeners might be, have served on boards where they've had a ‘board buddy’, not unusual for a new director to be paired up with an experienced director to understand more about the business and about some of the processes, but a ‘buddy’ specifically around AI, I'm curious to know whose idea was that in your context and where were these ‘buddies’, was this from management or was this from outside the organization?

And lastly, how's that working?

**Duncan Sinclair** (10:27 - 12:05): The idea of the ‘board buddy’ evolved out of some discussions that board members were having with the chair about, well, what are some of the different ways that we can learn about this part of the business? The analogy was when we go to different locations, we'll go and we'll visit operations, or we'll go look at a factory,

depending on what the industry that you're in. And so, the idea is, well, why don't we just start talking to the people that actually do this?

So, it wasn't sort of someone from the CIO's office. It was actually my particular case. This is somebody who's under 30, who's just doing this every day in their job.



They've got a particular background and training and skillset. They were hired to kind of work on developing some AI models. And now a part of their day is spent talking to somebody who's, as he just sort of jokingly said, this is like talking to my dad.

And I'm like, well, thank you. But the reality of it is, I'm in a very safe space to ask a lot of honest questions of just how little I perhaps understand relative to his understanding. But in turn, then get a really good understanding and appreciation.

And by the way, try this tool, try that tool, see what this will do for you. And I'm amazed at how valuable that can be when it's used in the right way. That was sort of how it adopts.

And again, I think as long as people who sit on boards are able to sort of get past the awkwardness of all that I don't know and just start asking open questions, you get a lot of insight out of it in a relatively short period of time. And by the way, he asked really interesting questions too. Like, so what's a board and why do companies have them?

And what do you guys actually do? I'm glad that there's mutuality in this. Absolutely.

And in that sense, I think it's a wonderful sharing of perspectives about the organization that they're a part of and what are some of the bigger things that we think about.

**Rahul Bhardwaj** (12:05 - 12:42): And as I guess, congratulations to your board and the organization, you know, there's some intergenerational bridge building here and some knowledge sharing and skills that's fantastic to hear. And we're going to explore this another time a little bit more, but let's move this on just a touch. Now that you've raised the level of competency on the board or at least literacy around AI.

Now you want to pivot off of oversight of just a tool, and you want to get it into the enterprise strategy and more than just mitigating the risk but starting to look at the opportunities. Can you walk us through a little bit about perhaps even a success story or the thinking around that?



**Duncan Sinclair** (12:41 - 14:17): Yeah, I would say that the more you understand as a director about what the potential of a new idea can be, whether it's a new market, it's a new technology, it's a new product offering, your innate curiosity and your experience, I think that's where directors can really be a value to management because there's the old sort of cliche that I'm so busy working in the business, I don't have time to work on the business.

And that's one of the 'value adds' that you really hope a board can bring is not interfering in the day-to-day of it but just asking questions and being curious. And a great example would be my 'board buddy' was telling me about this and this and these other technologies. I'm really curious, how are our competition working with this versus us? As an example.
Or, if we're getting a lot of negative feedback about this, the way in which we're adopting this particular AI tool with respect to our customers, what's the real benefit of this model continuing to learn versus doing a smaller pilot and at the same time hiring a few more people back to answer the phone so that our customers aren't aggravated with five minutes of talking to an AI that can't answer any of its questions, and then it finally allows you to go talk to a person to get the answer that you want. So, I think these become the business discussions that directors can help to a management team to think about and have, but also, I think to support the idea that it won't be perfect and there's a lot we're going to have to learn, but we can't avoid it, we can't ignore it. And again, I think this comes back to your resolution of to the boards aren't even talking about it at all.

That's probably the greatest risk as opposed to the awkwardness of we're learning as we go.

**Rahul Bhardwaj** (14:18 - 14:53): And it's tough to generalize, but I do want to come back to the type of questions directors might be asking management. And I know it's highly contextual, but there's the issue of asymmetry of information to begin with that we've always been trying to reconcile. And in short, management's there for thousands of hours of year deep into the weeds of the organization and directors aren't, and there's a gap in terms of knowledge, so boards have to rely on the management teams to bring forward information, but you want to make

sure you've got the right information, which means you've got to be asking the right questions.

So, can you walk us through that just a little bit at a high level?



**Duncan Sinclair** (14:54 - 17:16): Well, sure. So, one of the first questions that I would ask, or I think other directors I've seen ask is, you know, can we just get an understanding of what are the actual parts of the business where we're looking to implement AI? And what is it doing?

People use the expression use cases. Well, what are the ones that we're using this thing for? And what is the status of those?

And what kind of feedback are we getting as we go? Because if we're just implementing something without getting feedback on it, that's an incredibly risky venture as opposed to how are we using these as pilots? There's always the risk of does the board overwhelm management with its expectations?

And so again, I think asking questions about how do we risk assess these relative areas of implementation? If this is something that's completely internal, it largely doesn't touch many employees. It's just an efficiency gain in a particular part of the business.

Well, then maybe that's a much lighter touch by the board because the risks to the rewards are a certain level. If it's pervasive and impacting a significant number of our customers, then I think it's completely legitimated for the board to want to ask a number of questions about what scenarios did we run? What kind of feedback are we getting?

The kinds of questions that you would expect a good group of directors to ask about any initiative that you implemented. And so, I think that perhaps is a couple of different ways to think about it. The other one would be to say, who in the organization is actually responsible for all of these AI initiatives?

And if the answer is, well, the person responsible for technology is like, really? As opposed to, well, no, it's actually a leadership team issue because it's impacting the breadth of the organization in the same way that some boards have different committees that are looking at different elements of AI, a finance committee worries about the dollars invested in a risk committee worries about risks around implementation, but it's



ultimately a board issue because it's touching every aspect of the business at some level. And so again, understanding how you break that down is important. Along with, I think we're all asking questions about what's the broader implications to our brand if we continue to do this, and this brings us back to your original question about Amazon, which is, okay, maybe in the grand scheme of things, there was a well thought out idea.



It wasn't well communicated. It wasn't well understood in the market, and it did not go down well in the way in which it impacted their brand.

**Rahul Bhardwaj** (17:17 - 17:52): The notion of innovation and oversight, getting that balance right, which is something, a lot of those questions that you've put on the table are sort of pointing towards to say, how do we utilize it in a responsible way? How do we recognize that we're living in an AI world, so we can't ignore this. And you want to be able to innovate, but you want to make sure that you've also got oversight.

Now, usually a board would interpret that as saying, okay, what are our frameworks? What are our guiding principles? And at the end of the day, it often leads to what are our policies around that.

How are you seeing that journey evolve?

**Duncan Sinclair** (17:52 - 19:22): I think it's a mixed answer based on first and foremost, how the board is thinking about what AI is. And therefore, what's the way in which you're thinking about how to put that into the agenda? And in what ways is the chair working with their committee chairs and the broader director group, and quite frankly, the executive, to get the right conversations there.

So for example, do we have a portfolio of AI experiments going on inside the organization and is it being managed within the executive team and therefore how is that being reported to the board versus say this tongue in cheek, somebody saw something cool and said, Hey, let's give this one a try and see what it means to us. And would you really allow any other part of your business to just sort of operate that way? Again, if you're doing it within a controlled environment, sure.

That's maybe why you have some of the innovation centers that you do, if that's how you're structured. But the notion of smaller experiments, prove the concept, implement it, roll it out to a larger scale are just as relevant in a, in the world of AI as they are to anything else. And I do think,

again, this whole notion of the board being very clear about some guiding principles around what is our purpose, what is our brand mean to not only our customers, but our people, to the communities in which we live and work.



I mean, if you said that you had an organization in Canada, say 50,000 people and you could downsize by 30%, would you have the same kind of social license in the communities in which you operated if you just suddenly went ahead and did that?

**Rahul Bhardwaj** (19:22 - 19:49): Important questions. You've got a really wide lens on global business writ large. I'd be curious to get a sense from you on who's doing it right from your perspective, those that are utilizing AI and have the right governance.

Now you might want to point at some particular organizations. We already talked a little bit about Amazon and how maybe they could have done a little bit better, but you might be able to point to some organizations or some best practices that you think have been really good.

**Duncan Sinclair** (19:50 - 21:13): I would say that there's examples that sort of come to my mind of organizations that I would say saw technology broadly as a way of really differentiating their business model. And as a way of really saying, how are we going to change the nature of our relationship to customers and therefore change the nature of our relationship within our industry by doing that. And if you look at organizations and say in the insurance space that were very aggressive in the way that they sort of re-imagined their business platforms around technology, as opposed to a much more traditional model of how the insurance industry worked in the past, it would be an example of then how those boards looked at AI as just another example of the way in which we could think differently about our relationship to customers, the way in which we would work within our regulatory environment, and they took very much a business lens to that conversation, as opposed to other organizations that were not as thoughtful, not as progressive, or quite frankly, had a business model that said things are working well for us, why would we feel the need to change?

And they get caught to lagging compared to others. And so, I would say that the other big issue that you, that we face is certainly as Canada becomes much more global and needing to be much more global in the way in which our businesses think about opening up broader markets is

the difference in the regulatory environment, depending upon where you are in the world.

**Rahul Bhardwaj** (21:13): Right.



**Duncan Sinclair]** (21:14 - 22:29): And the whole notion of how Europe and European organizations and European regulators think about individual privacy and data protection versus how you might see it in Asia Pacific, which can be much more open-ended in terms of what people are allowed to do. And this, again, I think is an area that as governments tend to be running from behind, trying to catch up with what the technology is capable of doing, being very clear about what you can do in Canada, you may not be able to do in the EU and conversely, what you're allowed to do in your business in Asia Pacific, you may not be able to do anywhere else. And then of course, you've got the whole geopolitical challenges right now that are existing between different countries in the world.

And some global organizations I know actually have to build completely different platforms, for example, in how they do business in China versus how they're doing business in the US because of some of the restrictions that exist between those two countries as an example. And so again, it's not up to the boards to solve those issues, but it's to understand enough about how the world is working in these areas to then be able to go and ask the right questions of management to say, and how are we and how will we, and what does that mean to investment and what does that mean to our brand as we look at having to do these things differently.

**Rahul Bhardwaj** (22:30 - 22:40): Well, that'll be a conversation for another day to talk about responsible frameworks, making sure that they're not a break on innovation and that's a hot topic globally right now.

**Duncan Sinclair** (22:41): Absolutely.

**Rahul Bhardwaj** (22:41 - 22:52): And Duncan has been a pleasure speaking with you today. And to our listeners, I'd say we've got a resolution that says: Boards are Having the wrong conversation about AI. Which way would you vote?

**Duncan Sinclair** (22:52 - 23:16): So, Rahul, I will be a typical Canadian and I'll look to try to find the compromise, which says this. I Be it Resolved that all boards need to put AI directly on the agenda of the board so that boards can work together to figure out what are the conversations we



need to have with our executives and the broader stakeholders that we've got in our organization for AI to be a part of our future success and not something that holds us back or gets in our way.

**Rahul Bhardwaj** (23:16 - 23:48): Thanks Duncan. That's a great answer. And it might also be the longest resolution I've ever heard, but I'm sure AI can help us narrow that down a bit now to our listeners.

I hope you enjoyed today's episode of Be It Resolved and that you've deepened your boardroom insights to stay ahead of emerging trends. If you found today's discussion thought provoking, we encourage you to subscribe and leave a review on your preferred podcast platform. From the Institute of Corporate Directors in Canada, I'm Rahul Bhardwaj, until next time.