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EXECUTIVE BRIEF

A Briefing for Boards of Directors

Governing in the age of digital fragmentation and AI autonomy

Boards are confronting an environment where cyber risk, AI autonomy, and geopolitical fragmentation are converging. The Internet underpins every industry, yet it is under unprecedented stress: in the past year alone, an average of 209 billion threats were blocked daily, nearly half of global traffic is automated or AI-driven, and government-imposed Internet restrictions have surged.

These are not technical side issues. They go directly to fiduciary duty: safeguarding shareholder value, protecting reputation, and ensuring long-term competitiveness. Regulators are also raising expectations — from the SEC's cyber disclosure rules in the U.S. to the EU's AI Act and DORA requirements.

At stake is more than risk management. Oversight of AI, cyber resilience, and digital sovereignty will determine which organizations can capture growth, build trust, and remain credible in a fractured global environment.

Three shifts reshaping the oversight landscape

The rise of agentic AI – from prediction to autonomous action

AI is no longer just forecasting demand or flagging anomalies; it is beginning to act independently in critical systems — trading energy in real time, rerouting supply chains, and engaging customers directly. With over 40% of global Internet traffic already generated by bots and AI-driven activity, machines are becoming decisive actors in the digital economy.

For boards, the challenge is not performance alone but the governance of autonomy — ensuring accountability, transparency, and safeguards as AI systems act with increasing independence.

Questions boards might ask:

- Who is accountable when AI agents make binding decisions on behalf of the company?i
- How are those decisions explained to regulators, investors, and stakeholders?
- What safeguards exist to prevent manipulation, bias, or misuse of AI autonomy?

The battle for digital value – content, control, and compensation

Generative AI platforms are increasingly absorbing corporate knowledge — research reports, product documentation, and customer-facing material — without attribution, consent, or compensation. Internally, the risk compounds: two-thirds of enterprises report "shadow AI" use, where employees adopt unsanctioned tools that may expose sensitive data.

This is not simply a matter of IP management; it is a question of economic sovereignty. Boards must ensure the organization's intellectual capital is both protected and monetized.

Questions boards might ask:

- Are our knowledge assets being monetized by others without our consent?
- Do we have clear policies to both protect and capture the value of our digital content?
- How are we monitoring and managing "shadow AI" use within the enterprise?

Fragmented futures – geopolitics and the fracturing of the internet

The Internet is splintering under the pressure of digital sovereignty: data residency mandates, regional AI regulations, and v-controlled network access. In the past 18 months alone, state-mandated Internet shutdowns have sharply increased, cutting businesses off from markets in an instant.

For companies, this creates systemic risk: markets can fragment overnight, supply chains can splinter without warning, and customer access can disappear with the flip of a regulatory switch. Boards must treat resilience as enterprise strategy, not IT hygiene.

Questions boards might ask:

- Are we resilient if the Internet fractures further, with local clouds or regional data silos?
- Have we mapped our digital and supply chain dependencies across jurisdictions?
- Do we regularly test crisis playbooks at the board level, including scenarios where market access is abruptly disrupted?

Stewardship amid unprecedented change

Effective oversight in this environment means combining probing questions with credible action. Each area of inquiry maps directly to a board-level responsibility: protecting value, anticipating disruption, and positioning the organization for advantage.

- **AI Guardrails – How do we govern autonomous AI agents?**
  Embedding AI governance may involve requesting regular reporting on monitoring, accountability, and explainability.
- **Workforce Futures – What frameworks guide human–machine collaboration?**
  Elevating trust and ethics could mean mandating standards for workforce transitions, safety, and culture.
- **Digital Sovereignty – Are we prepared for Internet fragmentation?**
  Resilience can be reframed as strategy by testing crisis playbooks at the board level and modeling regional disruption.
- **Trust as Capital – Can we prove transparency and safety to stakeholders?**
  Making trust a differentiator might involve seeking visibility into how explainability and accountability are embedded into digital systems.
- **Quantum Readiness – Are we ready for encryption to break?**
  Anticipating disruptive technologies may include requesting updates on post-quantum preparedness and supporting early pilots.

Where boards can lead today

Oversight cannot remain backward-looking. Boards can take immediate steps to strengthen their stewardship role, Boards that act decisively now will not only mitigate downside risk.

- Anchor oversight in measurable outcomes – Ask for progress metrics (e.g., % of systems tested for AI explainability, frequency of board-level resilience exercises, readiness indicators for PQC).
- Integrate digital expertise into the boardroom – Ensure directors have access to cyber and AI expertise, either on the board or through external advisors.
- Expand committee mandates – Consider extending risk or audit committee charters to explicitly cover AI, digital sovereignty, and cyber resilience.
- Balance risk with opportunity – Explore how resilience, trust, and digital ethics can be positioned as competitive differentiators in markets and with investors.
- Link oversight to global context – Stay attuned to divergent regulatory regimes, investor expectations on trust and safety, and the geopolitical environment shaping digital markets.

Today, trust, resilience, and sovereignty define competitive advantage. Directors have a unique opportunity to shape how technology and governance evolve together — ensuring their organizations don't just survive disruption, but lead through it.

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