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NRC oversight in the age of AI: Talent, governance, and transition

August 2026

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AI is now firmly on board's agenda- but clarity is still evolving

AI has become a regular feature on board agendas across industries. However, while discussions have intensified, organisational clarity on its application and implications is still developing.

Most companies remain in an early, exploratory phase; piloting use cases in areas such as operations, supply chain, and customer service, often supported by external partners given internal capability gaps. Adoption tends to be pocketed rather than enterprise-wide, and structured impact assessment is still emerging.

In many cases, understanding of AI remains conceptual rather than experience-led, shaped more by available literature and external narratives than by scaled internal deployment. As a result, while awareness is high, organisations are still building conviction on where AI creates sustainable value and how risks should be managed.

This is further complicated by the breadth of options available—from large and small language models to automation and embedded AI applications—making prioritisation a challenge. Without a clear articulation of which business problems AI is intended to solve, there is a risk of fragmented adoption without strategic alignment.

For Nomination and Remuneration Committees (NRCs), the immediate task is not to accelerate adoption indiscriminately, but to anchor AI initiatives in clear use cases, organisational priorities, and long-term capability building.

Nearly 40 per cent of global jobs exposed to AI-driven change.[1]

The deeper shift: AI is not a technology upgrade, it is a workforce redesign

AI is not just changing how work is done—it is reshaping how organisations learn, decide, and build leadership pipelines. This is where the NRC mandate begins to expand fundamentally.

Historically, leadership capability has been built through experience, managerial layers, and progressive responsibility. AI is beginning to disrupt this architecture. As automation and AI-driven decision tools take over analytical and coordination tasks, the traditional 'middle layer' that develops judgement and institutional knowledge risks erosion.

At the same time, workforce expectations and realities are diverging:

- AI is emerging as a powerful personal productivity tool, democratising access to capability
- Yet, it is also creating 'work slop', outputs that are polished but lack substance
- Talent requirements are shifting faster than hiring and training systems can respond
- Organisations are struggling to even define roles (e.g., advanced AI engineers), let alone evaluate candidates.

The implications are structural. This is not about reskilling alone, it is about redefining what capability means at every level of the organisation, including the board itself.

NRCs are therefore no longer just custodians of talent pipelines. They are becoming architects of workforce transition. As AI reshapes organisations, some redefining of the NRC's charter itself may be required to encompass broader workforce implications and strategic challenges facing the organisation.

59 per cent of global workforce require training or reskilling by 2030, driven by changing skills demand. [2]

1. New Skills and AI Are Reshaping the Future of Work, International Monetary Fund (IMF), January 2026
2. The Future of Jobs Report 2025, World Economic Forum (WEF), January 2025.

The trust deficit: When output outpaces understanding

One of the more subtle, but critical, risks emerging in boardrooms is the erosion of trust in information itself.

AI-generated outputs are increasingly sophisticated, often indistinguishable from human work. Board materials are becoming denser, more polished, and more technical, yet harder to interrogate. The concern is not just accuracy; it is authenticity.

- What portion of a report is machine-generated versus human judgement?
- Are conclusions being challenged, or merely presented more convincingly?
- Is the board evaluating substance, or reacting to presentation?

This creates a new kind of governance risk: decision-making based on outputs that cannot be fully interrogated. AI, if unguided, can shift judgement from the committee to the model itself. Hallucinations, bias, and over-polished outputs can distort decision-making far more subtly than traditional errors. Trust, therefore, becomes central—not just trust in technology, but trust in data integrity, human oversight, and organisational transparency. Without this, AI does not strengthen governance—it weakens it.

This places greater emphasis on 'human-in-the-loop' oversight, where critical decisions remain anchored in accountable human judgement, even as AI supports analysis and recommendation. The objective is not to limit AI use, but to ensure that responsibility, interpretation, and final decision rights remain clearly defined and exercised.

66 per cent of people use AI regularly, yet only 46 per cent are willing to trust AI systems. [3]

The unintended consequences: Social, environmental, and structural risks

Board discussions on AI often focus on productivity gains and cost efficiencies. Yet, a wider set of second-order implications is emerging, many of which sit squarely within NRC oversight.

1. **Social and workforce disruption:** AI is beginning to reshape employment structures, with pressures emerging on human-centric roles and parts of the social sector, alongside growing workforce anxiety and trust considerations. It also raises important questions around the balance between efficiency and preserving human judgement, empathy, and connection in areas such as customer engagement.
2. **Environmental and resource pressures:** The increasing energy, water, and infrastructure footprint of AI—particularly data centres—is raising questions around sustainability, land use, and alignment with ESG commitments.
3. **Capability asymmetry:** Demand for AI talent is outpacing supply, creating skill gaps, premium hiring costs, and growing reliance on external expertise, with limited internal ability to assess or build capability.
4. **Cyber and data vulnerability:** AI is expanding the surface area for cyber risk, while also raising concerns around confidentiality of information and how organisations govern the sharing of information on public LLMs.
5. **Changing employment models:** AI is challenging traditional employment models, potentially leading to a much bigger mix of internal and external talent alongside changes in organisational structures.

Individually manageable, these risks collectively underscore a broader reality: AI is not neutral—it reshapes organisational and societal dynamics. For NRCs, the priority is to balance value creation with responsible

3. Trust, Attitudes and Use of Artificial Intelligence: A Global Study 2025, KPMG International, 2025

From experimentation to discipline: The emerging governance imperative

Despite the uncertainty, one reality is becoming clear: AI adoption is not optional. Competitive pressure alone may ensure continued investment—if one company hesitates, another might move ahead. However, the next phase of adoption is likely to separate experimentation from discipline.

Organisations that succeed may not necessarily be those who adopt AI fastest, but those:

- Define clear use cases linked to business value
- Prioritise productivity and decision support over blind automation
- Invest in structured talent and capability building
- Establish guardrails before scaling usage

The economics of AI adoption is also coming into sharper focus. Token-based pricing models, compute costs, and infrastructure investments can scale rapidly, making it critical for organisations to anchor deployment in clearly defined, value-accretive use cases. Successful AI adoption requires both a clear value case and ongoing cost-benefit evaluation to ensure investments remain aligned with business outcomes and organisational priorities. This requires a shift from opportunistic adoption to institutional capability. And critically, this shift cannot sit within technology or operations alone.
It must be anchored in governance, particularly within the NRC, which owns the levers of talent, leadership, incentives, and culture.

A note of caution: It is important to recognise that many organisations are still in the early stages of their AI journey. Only through sustained real-world application across industries, a more complete understanding of AI's workforce, governance, and operational implications emerge. Organisations should therefore remain flexible and prepared to revisit and refine their AI strategies, governance models, and talent plans as practical experience accumulates.

Key considerations for NRCs

As AI begins to reshape organisations, NRCs need to recalibrate their mandate in tangible ways:

Define the organisation's AI talent blueprint

Map future skill requirements—not just at leadership levels, but across the workforce—and align hiring, training, and partnerships accordingly.

Invest in board and leadership capability

AI literacy cannot remain superficial. NRCs must define what it means for directors and executives to be 'AI-competent' and ensure structured upskilling.

Establish guardrails before adoption scales

Clarify principles on data usage, model validation, human oversight, data privacy and security, and accountability—before embedding AI into decision-making processes.

Re-evaluate leadership pipelines and succession frameworks

Assess whether traditional pathways for leadership development remain valid in an AI-altered organisational structure.

Reassess the NRC Charter

Reassess whether the NRC's charter remains fit for purpose as AI reshapes workforce models, talent governance, and organisational structures.

Ensure trust and transparency in AI-enabled decision-making

Require visibility into how outputs are generated and reinforce the role of human judgement in critical decisions.

Balance productivity gains with societal and environmental impact

Integrate considerations of workforce displacement, sustainability, and community impact into AI strategy discussions.

Drive ecosystem collaboration

Engage with industry bodies, academia, and institutions to address capability gaps and broader societal implications.

Closing perspective

AI is often framed as a technology shift. In reality, it is a governance shift.

It challenges how organisations define capability, how leaders make decisions, and how boards exercise judgement. It compresses the distance between efficiency and risk, productivity and vulnerability.

For NRCs, the implication is profound. The mandate is no longer limited to overseeing talent and remuneration. It is about ensuring that the organisation remains capable, credible, and coherent in an AI-shaped future.

Because the question is no longer whether AI will transform organisations.

It is whether organisations—and their boards—are prepared to transform themselves in response.

Thankyou note

We would like to thank our Nomination and Remuneration Committee members for their time in providing us with their valuable insights and perspectives that have contributed to building this point of view documents.

Special thanks to:
Ms. Anita Ramachandran; Mr. Vimal Bhandari

KPMG in India contacts

Ritesh Tiwari
Partner
Board Leadership Centre
E: riteshtiwari@kpmg.Com

Sunit Sinha
Partner and Head - Human Capital Advisory Solutions
Business Consulting
E: sunitsinha@kpmg.com

kpmg.com/in

Follow us on:

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