AI IN THE BOARDROOM: 
LET THE LAW BE IN THE DRIVING SEAT

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Abstract
This paper discusses the introduction of artificial intelligence (AI) to the boardroom and the importance of law and regulation in doing so. We argue that AI should be utilised in the boardroom to address the current shortcomings in the corporate governance – corporate short-termism. AI can assist boards as they consider societal interests as it can process data in a manner and at a speed that is beyond the capability of manual systems. With well-designed algorithmic steps, AI can provide guidance that is independent of subjective judgements biased by shareholder short-termism and board opportunism. Company law should be revised to support AI-assisted corporate development by mitigating the legal risks of boards and by encouraging directors to use AI to achieve the ESG goals of the company.

Research Questions
This paper examines the possibilities and limitations of AI in UK corporate governance by evaluating both currently available AI and the ‘AI of the future’.

The questions posed by the paper are therefore:
1) What are the problems AI can remedy?
2) In what capacity can AI provide this remedy?
3) How can law facilitate the remedy proposed?

Findings
AI allows for more voices to be considered when included in the boardroom decision-making process, enhancing the decision-making process, of the collective board. The addition of stakeholder focused ESG can enhance corporate sustainability and reverse the focus of short-term decision-making.

AI as a tool can address failings of corporate governance by
- Enhancing governance of shareholder democracy
- Enhancing sustainability and inclusion through ESG

Conclusion
Two main problems within corporate governance
1) Short-termism
2) Shareholder centered approach

AI can be utilised as a tool to address these problems. The AI introduction requires a regulatory framework to allow for adoption, as such the law must be in the driving seat when implementing such change.

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Law Facilitating AI
There are two principal ways in which company law can facilitate AI and the use of AI to augment the skills of directors’ decision making in the boardroom. We submit two proposals.

1. Directors Duties to be amended to allow for the use of AI in discharging their duties.
2. Introduction of a specialist director – ‘The Technology director’

In addition, the design and implementation should be regulated. There is a need for the introduction of regulation of the AI systems themselves. This could be in the form of industrial best practice or in the form of a code much like the UK Corporate Governance Code.

AI Autonomous Director?
A fundamental reason which prevents an AI being appointed director is the requirements for appointment and the subsequent duties. Challenges also exist over capacity and the juridical nature of autonomous directors.

Non-executive artificial intelligence is equally challenging due to the role of supervision. AI supervision of natural directors is neither feasible nor practical.