



Chartered
Governance
Institute of
Southern Africa

ARTIFICIAL INTELLIGENCE AND THE COMPANY SECRETARY

CGISA Best Practice Guide



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Foreword

It is with great pleasure that I write the foreword to this best practice guide, which provides in-depth insight on the role of the company secretary and artificial intelligence ("AI"). This best practice guide presents a monumental shift for the Chartered Governance Institute of Southern Africa ("CGISA") in addressing AI and its impact on company secretaries. In an age where AI is prevalent and promises vast economic advantages for companies, it is important that the company secretary and governance professional stays informed of its impact on their role. And this is what this best practice guide seeks to do.

Company secretaries are senior officers of the company, tasked with advising directors on their duties and responsibilities. They also hold a strategic position, whereby they advise the board on governance matters, risk and compliance within legal and regulatory frameworks. AI as an emerging technology is proving to be a game changer and is moving much faster than anticipated. Not only can it grow the profits and productivity of companies, but it promises to solve problems that once defied solutions. Further, we see AI's impact in the boardroom, where numerous boards are now using AI to extract important insights and generate summaries from board packs to ensure directors stay ahead of the curve and are sufficiently informed.

However, AI does not come without its risks and challenges. As stipulated in this best practice guide, we see that sometimes it gets things wrong, exhibits biases, and hallucinates. We also see it in the propensity to cause significant adverse privacy and security risks. Company secretaries must be able to identify these challenges, particularly the ethical and legal implications. Further, the responsible

and ethical use of AI is imperative. Human oversight over AI outputs, especially in the boardroom, cannot be overemphasised.

This best practice guide is segmented into five chapters, each with a focus on how AI impacts the company secretary. The first chapter tries to distil the fundamentals of AI, what it is and its potential risks and challenges. The second chapter analyses the various ways AI could assist the company secretary in preparing for board meetings and how it could be used in the boardroom. The third chapter focuses on minute-taking, the importance of board papers and the use of AI in preparing board minutes. In the fourth chapter, AI and the regulatory framework is discussed in relation to directors' duties and the company secretary as they relate to the Companies Act 71 of 2008 and corporate governance codes. The soft and cognitive skills needed by company secretaries to compete in the age of AI is unpacked in the final chapter.

I would like to thank our technical manager, Siphosihle Nongogo, for producing this best practice guide and the Technical Committee for their valuable input. This best practice guide follows from earlier publications, each reflecting the Institute's commitment to thought leadership and excellence. It is my hope that you find this best practice guide informative and insightful in navigating the immense challenges of AI.

Stephen Sadie
(MBA, M.Ed.)
Chief Executive Officer

18 September 2026





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Introduction

AI

Artificial intelligence ("AI") is advancing at an unprecedented pace. It is no longer confined to the realm of technology companies; AI has become embedded in the daily operations of organisations across industries. Increasingly, it is recognised not just as an operational tool, but as a strategic asset capable of enhancing governance, strengthening compliance, and unlocking competitive advantage.

For the company secretary, the gains are evident, increased productivity and the circumvention of manual, time-intensive work. Further, AI is proving to be a game changer in corporate governance by offering new tools for boards of directors that support efficiency, decision-making and data analysis.¹ AI may support administrative and analytical processes, however all outputs must be subject to human oversight, professional judgement, and verification in line with statutory and fiduciary obligations.

While the efficiency of AI is evident it stands to determine whether there is a risk in its use in the boardroom for company secretaries and directors alike.

Today's boards operate under an environment of information overload, filled with complexity. It is argued by many that AI can help boards by producing professional reports and analysing and providing insights on data. Company secretaries of leading companies are constantly viewing these trends and are seeing the competitive advantages in governance and strategy that come with using AI. In fact, many hold the view that neglecting the use of AI may be seen as a lapse in diligence. And there is a growing consensus that company secretaries who lack AI literacy should be treated as a capability gap addressed through training and governance controls.

The current regulatory framework has not kept pace with the rapid evolution of AI. With little effective regulation, boards and senior management must determine how to lawfully, ethically and responsibly use AI technologies. South African legislation obliges companies to keep minutes of meetings of the board and its committees, and once signed by the chair, are *prima facie* proof of the proceedings of that meeting.² Minute-taking is generally performed by the company secretary of a company, a human being, trained in corporate governance practices. However, the dilemma lies in whether new technologies, such as AI, may take minutes and summarise board packs.

This best practice guide aims to distil the fundamentals of AI, highlighting its core concepts as well as the risks associated with its use, development, and deployment. The efficiencies AI can provide company secretaries and boards will also be explored considering the latest tools and developing trends. Also, the fundamentals of minute-taking will be considered as well as the impact for company secretaries of using AI to assist with taking minutes of board meetings. Some of the legal consequences of using AI in preparation for and during board meetings, as well as South Africa's legal stance on the use of AI will be considered. Further, the European Union Artificial Intelligence Act ("EU AI Act") and its classification of risk for AI systems will be discussed. Finally, how company secretaries can upskill and be competitive in the age of AI will be considered. At its core this best practice guide seeks to argue that AI is meant to increase the efficiency of human effort and not replace it.

1 Haklai, B. (2025) 'Generative AI in the Boardroom: Transforming Directors' Roles,' *LinkedIn*, 3 July, Available at: [Generative AI in the Boardroom: Transforming Directors' Roles](#) (Accessed: 25 August 2025).

2 Baldwin, K. (2026) *Company Secretarial Practice*. 3rd edn. Johannesburg: The Chartered Governance Institute of Southern Africa.



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Chapter One

The fundamentals of AI

Introduction

AI has the potential to exponentially increase the efficiencies of companies and increase the economic growth of countries. It has been reported that AI can double South Africa's growth rate and increase profitability by an average of 38% by 2035.³ Further, in the South African context, AI shows potential to assist in overcoming development challenges that were insurmountable in decades passed.⁴ AI is technology that completes tasks ordinarily requiring human intelligence, something thought of as unimaginable in previous decades. Given these developments, the fundamentals of AI, and the challenges and risks for businesses and company secretaries in its implementation will be discussed. Further, prompt engineering will also be considered as a mechanism to get the best outcome from AI. The aim of this chapter is to get a better understanding of AI as it relates to company secretaries as the technology increasingly disrupts the role in the years to come.

³ Marwala, T., (2022) 'Resetting South Africa's economy on a course for the future entails harnessing AI, big data and the 4IR,' *Daily Maverick*, 3 November. Available at: Setting SA's economy for the future entails harnessing AI, the 4IR (Accessed: 23 February 2026).

What is AI?

Artificial intelligence is a technology that allows computers and machines to simulate human learning, decision-making, problem-solving, autonomy and creativity.⁵ AI models, much like the human brain, consist of interconnected digital neurons, called neural networks. Applications and technologies equipped with AI can identify objects, recognise and respond to speech, and act with varying levels of autonomy but still require human oversight and governance controls.⁶ They can also make detailed recommendations to users. The field of AI research was founded in 1956 in a workshop held in Dartmouth College.⁷ Many attendees of the workshop become leaders in AI for decades. AI can be broadly categorised into 'narrow AI' or 'general AI'. Narrow AI is AI that can carry out relatively simple tasks, such as browsing the internet, piloting a vehicle or providing the chatbot function in a website.⁸ It also includes generative AI and algorithmic systems that analyse data and produce solutions. General AI are technologies that can complete complex reasoning tasks like that of human beings.

Since 2024, more AI researchers, fast-growing AI investments and enterprise adoption have been focused on generative AI which is able to produce text, videos, images, audio and other content. Generative AI is predicated on machine learning and deep learning. Machine learning refers to machines that can learn based on historical data and deep learning refers to machines that mimic human brain functions. Because deep learning doesn't require intervention from a human it can enable machine learning at an enormous scale. Generative AI can be described as deep learning models that create original outcomes.⁹

- ⁴ The World Bank (2026) *World Development Report: The Promise of Artificial Intelligence*. Washington: The World Bank.
- ⁵ Stryker, C., & Kavlakoglu, E., (2024) 'What is artificial intelligence (AI)?' IBM, 9 August. Available at: What Is Artificial Intelligence (AI)? | IBM (Accessed: 13 August 2026).
- ⁶ Caballar, R.D., (undated) '10 AI dangers and risks and how to manage them', IBM, Available at: 10 AI dangers and risks and how to manage them | IBM (Accessed: 25 August 2025).
- ⁷ Naidoo, R., (2025) *Corporate Governance*. 4th edn. Johannesburg: LexisNexis.
- ⁸ Chartered Governance Institute of UK and Ireland. (2023) *Artificial intelligence and the governance professional*. London: The Chartered Governance Institute UK & Ireland. Available at: artificial-intelligence-and-the-governance-professional.pdf (Accessed: 1 July 2026).
- ⁹ Caballar, *op. cit.*



Further, there also exists AI agents and agentic AI. Generative AI, AI agents and agentic AI perform different functions. Generative AI is the creative powerhouse.¹⁰ Generative AI uses existing data to create new and original results that mimic human creativity. Tools like ChatGPT, Copilot, DALL•E, and Midjourney are stunning examples of generative AI. This is contrasted to an AI agent which is an autonomous AI programme that can complete tasks without human intervention, by designing its own workflow or using available resources. Further, agentic AI is a system of collective AI agents that can perform more complex tasks than a single AI agent can perform. Agentic AI doesn't just create outputs, but it makes decisions, takes actions, exhibits goal-driven behaviours and adapts to changing environments. Further, agentic AI systems can run full workflow systems on their own, working alongside humans rather than needing to be closely supervised at every step. Agentic AI is fully or semi-autonomous with the ability to perceive, reason and act on its own the same way a human can. Think of autonomous vehicles, robotic process automation or smart assistants.¹¹ While generative AI creates content off learned data, agents use that data to interact with each other and make decisions and function autonomously. A recent study done by McKinsey across Asia, Europe and North America found that of the 200 C-suite executives interviewed from various industries, 80% were already conducting pilots on agentic AI.¹²

The creation of AI agents is the focus of most technology companies as they race to incorporate it into their products. In May 2025, Satya Nadell, the CEO of Microsoft, encapsulated this view by stating that 'in 2026 and beyond we imagine a future where everyone will have a personal agent and every brand will have an agent also that is an expert in their product offerings' (Naidoo, 2025, p. 459).¹³ The era of agentic AI where autonomous AI agents work alongside humans is being entered, moulding the

productivity for the coming decade.¹⁴ In this new era, it is important that autonomous decision-making and increased productivity are balanced against privacy policies, security protocols and ethical guidelines. Boards must ensure that they are able to apply appropriate governance frameworks for the accelerating change over the systems falling within their care.¹⁵

In addition to generative AI, AI agents and agentic AI, organisations also utilise traditional AI systems, which automate and optimise specific tasks. Because it relies on machine learning models that have predetermined rules and algorithms, it is commonly used in industries that involve the completion of repetitive tasks such as manufacturing and data processing. There is also predictive AI which forecasts certain outcomes based on historical data. Predictive AI looks at past behaviours, detects patterns and forecasts future outcomes with elevated accuracy. Finally, there is also conversational AI, which forms the bedrock of chatbots and virtual assistants. It allows for natural language interactions between humans and machines through text or voice dashboards.¹⁶ Predictive AI and conversational AI are also part of traditional AI.

AI provides several benefits that can lead to increased efficiencies. These include the automation of repetitive tasks, amplifying decision-making, reducing human errors and ensuring round-the-clock availability and consistency. AI also decreases the risk of physical harm by automating dangerous work such as the handling of dangerous explosives or animal control. More of these benefits and how they relate to the company secretary will be discussed in a later chapter. In the interim, the challenges and risks of the use of AI will now be explored.

10 Marr, B., (2025) 'Generative AI Vs. Agentic AI: The Key Differences Everyone Needs to Know,' *Forbes*, 3 February. Available at: <https://www.forbes.com/sites/bernardmarr/2025/02/03/generative-ai-vs-agentic-ai-the-key-differences-everyone-needs-to-know/> (Accessed: 23 February 2026).

11 Ibid.

12 Kadyan, A. et al. (2025) 'Reimagining the value proposition of tech services for agentic AI,' *McKinsey & Company*, 17 December. Available at: *Transforming tech services for agentic AI* | McKinsey (Accessed: 22 June 2026).

13 Naidoo, *op. cit.*

14 Ibid.

15 Ibid.

16 Microsoft (undated) *Generative AI vs. other AI types*. Available at: *Generative AI versus Different Types of AI* | Microsoft AI (Accessed: 23 February 2026).

What are some of the concerns you have with AI?

"Accuracy is a key concern. AI can produce outputs that appear credible but are factually incorrect or incomplete. In a governance environment, this could result in incorrect board minutes, flawed reports, or misinterpretation of regulatory requirements, which in turn could expose the organisation to compliance breaches or reputational damage.

Confidentiality is another major risk. Governance work involves highly sensitive information, and the use of AI tools— particularly those not approved or secured by the organisation – could result in unintended data exposure or breaches of privacy obligations.

There is also a concern around over-reliance. If professionals begin to depend too heavily on AI without applying critical judgment, it could weaken the overall quality of governance and decision-making. This could ultimately lead to poor oversight, increased risk exposure, and accountability failures."

Sabrina Paxton, Senior Client Success Manager, Lumi Global

The potential risks of using AI

While AI represents a significant technological advancement, it is not without its flaws. One such flaw is hallucinations. Hallucinations refer to AI models producing conclusions that are nonsensical or fabricated.¹⁷ This occurs where a large language model ("LLM"), often a generative AI chatbot or computer vision tool, produces an outcome that is non-existent, or indiscernible to humans that results in outcomes that are inaccurate or non-sensical.¹⁸ Generally, when users make a request from generative AI, they expect an answer that correlates with the prompt. However, sometimes AI models will produce outcomes that do not follow an identifiable pattern. In other words, 'hallucinates' the response.

AI hallucinations have several implications for real-world scenarios. AI hallucinations may lead to the spread of misinformation. Further, reliance on hallucinations may also have negative legal repercussions. One such example is the case of *Mavundla v MEC: Department of Co-Operative Government and Traditional Affairs KwaZulu-Natal and Others (7940/2024P) [2025] ZAKZPHC 2; 2025 (3) SA 534 (KZP)* (8 January 2025), where a Pietermaritzburg law firm was found to have included legal citations in its court papers that did not exist. Only two out of the nine case citations were found to exist. The law firm was subsequently ordered to pay its own costs, and the court urged the Legal Practice Council to investigate the matter further and institute possible disciplinary action against the legal practitioners.¹⁹

In the case of AI agents, external facing AI agents can increase the likelihood of liability for misleading, or deceptive conduct caused by AI hallucinations and other errors.²⁰

Further, AI is also still prone to making simple errors.²¹ One of the reasons for this is that generative AI is eager to please and provide an answer even if it is not capable of giving one that is factual or sensible. An example is with ChatGPT and Bard which fill in

¹⁷ IBM (undated) 'What are AI Hallucinations?' Available at: What Are AI Hallucinations? | IBM (Accessed: 25 August 2025).

¹⁸ Ibid.

¹⁹ Pinto, T., (2025) 'Mavundla v MEC: Department of Co-Operative Government and Traditional Affairs KwaZulu-Natal | GenAI,' *Michalsons*, 31 March. Available at: Mavundla v MEC: Department of Co-Operative Government and Traditional Affairs KwaZulu-Natal | GenAI - Michalsons (Accessed: 24 February 2026).

²⁰ Governance Institute of Australia (2026) 'Governance in the age of agentic AI' Sydney: Governance Institute of Australia. Available at: 2026-Agentic-AI-paper-FINAL2.pdf (Accessed: 22 June 2026).

²¹ Leighton, N., (2023) 'The Importance of AI Policies: Laying the Foundation for the AI Revolution,' *Forbes*, 3 May, Available at: The Importance of AI Policies: Laying the Foundation For The AI Revolution (Accessed: 25 August 2025).

the gap even when not having enough information in its data set to answer a question by providing an answer that sounds like it could be correct according to its algorithm but is not. This can be problematic for companies using the technology to make big business decisions.

Externally facing AI agents can also raise several issues under contract law. The autonomy afforded to these agents can allow them to enter into transactions and contractual agreements not intended by the deployers.²² Furthermore, the deployment of AI agents in the physical world can carry legal risks related to property damage, personal injury or death. Companies need to carefully consider these risks in their deployment. Further, organisations should be careful about AI agents that communicate externally through emails, lodging forms or other means. This ability can increase the risk of data breaches and unintended ill-considered communications with third parties.²³

Another key risk with autonomous agents is the deletion or alteration of data due to improper task execution or poor judgment. Data manipulation may be perpetuated by malicious actors through cyber incursions that are easily accessible through a fragmented agentic system.²⁴ Further, a siloed AI agent may be coerced into extracting sensitive information or assist in a cyber-attack. This reinforces the need for appropriate security measures to be put into place for cyber and data.

AI can also be out of date. The training data AI is trained on has a cutoff date, and new data cannot be fed into the system piecemeal. Further, to update AI systems is a mammoth task that has to be done from scratch each time. Without updates, and with the ever-evolving nature of information, AI risks becoming obsolete.²⁵

Another key risk is that of intellectual property infringement. AI models are fed large amounts of data from the internet for training purposes; this often includes copyrighted works. It has been argued that where AI generates content based on this data in the style of the original creator, this constitutes copyright infringement. Further, this is compounded by the fact that computers can't create original thought but piece together content to create an output.²⁶

Fourthly, the use of AI comes with its confidentiality and cybersecurity risks. Board packs as well as discussions at board meetings contain highly confidential information. Information obtained from board meetings or board packs may be used by AI providers to train AI models and thus breach confidentiality.²⁷ If strong security measures are not in place, company data could be accessed by third parties, and cybersecurity threats may ensue, exposing the company to potential litigation.²⁸ It is important that the company ensures that these risks are mitigated by the AI provider before directors share confidential information with AI models. Furthermore, in the case of board packs containing personal information, the responsible party needs to ensure that the eight principles of the Protection of Personal Information Act 4 of 2013 ("POPIA") are adhered to.²⁹ This includes ensuring that the appropriate safeguards are in place to ensure the integrity and confidentiality of personal information, as well as taking appropriate steps to prevent the loss, damage or unlawful access to personal information.³⁰

The other risk associated with AI is the lack of accountability.³¹ One of the foundational universal principles of corporate governance is accountability – being able to be answerable for one's actions. It is important to determine who is held accountable when AI is wrong or does harm.³² It is imperative to determine whether the engineers that made the model are held liable, or the developers who built the app or the end user is the liable party. It is argued that businesses that treat accountability as a side

22 Governance Institute of Australia, op cit.

23 Ibid.

24 Ibid.

25 Savicky, R., (2025) 'LLM Data Cutoff Dates: Why They Matter for AI Content,' *Medium*, 5 February, Available at: LLM Data Cutoff Dates: Why They Matter for AI Content | by Randy Savicky | Writing For Humans™ | Medium (Accessed: 23 April 2026).

26 Caballar, op. cit.

27 Chandrasekhar, C. et al., (2025) 'AI Can Draft Board Minutes – But Should It? Considerations for Public Companies' *Harvard Law School Forum on Corporate Governance*, 23 June. Available at: AI Can Draft Board Minutes—But Should It? Considerations for Public Companies (Accessed: 25 August 2025).

28 Ibid.

29 De Wet, PR. And Fourie, J., (2023) 'South Africa: AI and data privacy regulations – the complexities of AI technologies and processing personal information,' *VDT Attorneys Inc*, 6 October, Available at: South Africa: AI and data privacy regulations – the complexities of AI technologies and processing personal information | VDT Attorneys Inc. (Accessed: 22 August 2025).

30 Ibid.

31 IBM, op. cit.

32 Ibid.

note rather than the main fixture risk eroding trust, ruining their reputation and facing unfavourable consequences. With the incidence of hallucinations and AI making simple mistakes, the problem becomes more pronounced. An example of this was with Galactica, an AI model developed by Meta, which sought to summarise research papers for scientists. The tool subsequently generated plausible sounding citations to studies that were non-existent. This seriously jeopardised the credibility of scientific research, and by the time Meta had removed the tool and had promised to conduct further investigations, the damage had been done.³³

Finally, AI models sometimes exhibit biases. These are unfair prejudices exhibited by AI that lead to skewed or discriminatory outcomes. Biases are from several sources that display the biases present in the training data or the design of the algorithm. AI models are only as reliable as the data it is fed or the people that build it. Further, it has been shown that AI can perpetuate certain biases based on gender, race or political affiliation. One such example involved Hewlett-Packard cameras struggling to identify black faces but having no problem identifying lighter skinned faces, because the training data used was not diverse enough.³⁴ A 2023 analysis of 5000 images generated by the generative AI tool Stable Diffusion showed that it perpetuated certain stereotypes across genders and races.³⁵ This can be a problem for certain races, who may be profiled by adding biased AI to virtual sketching software, and may face physical harm and prejudice as well as unlawful arrest. It is therefore important that human oversight is used.

The dangers of the use of AI can be seen in South Africa’s Draft National Artificial Intelligence Policy (published 10 April 2026) which was withdrawn on 26 April 2026 after fictitious references were identified. This underscores the importance of human oversight in ensuring that AI outcomes are accurate.

33 Weinstein, B., (2025) ‘AI Accountability: How Doing the Right Thing Builds a Better Business,’ *Forbes*, 29 January, Available at: AI Accountability: How Doing the Right Thing Builds a Better Business (Accessed 23 February 2026).
34 Jensen, K.T., (2023) ‘Yes, Machines Make Mistakes: The 10 Biggest Flaws in Generative AI,’ *PC Mag*, 18 April, Available at: Yes, Machines Make Mistakes: The 10 Biggest Flaws In Generative AI | PCMag (Accessed: 23 February 2026).
35 MIT Sloan Teaching & Learning Technologies (undated) *When AI Gets It Wrong: Addressing AI Hallucinations and Bias*. Available at: When AI Gets It Wrong: Addressing AI Hallucinations and Bias – MIT Sloan Teaching & Learning Technologies (Accessed: 09 December 2025).

Why is AI flawed?

AI can produce inaccurate or biased outputs for the following reasons:

- | | |
|---|--|
| 1 | Inherent biases and inaccuracies in the training data: Because AI is trained on online sources and does not discriminate between sources, it is prone to exhibit the biases, stereotypes and inaccuracies in such sources. |
| 2 | Generative AI models have limitations: AI models exhibit inherent limitations because they are designed to pick up patterns in data and autocomplete. As a result, when it provides an outcome, it is based on probability based on the patterns it has observed. As a result, even accurate outcomes are coincidence. It is because of this pattern-based outlook that an AI model might produce a reasonably sounding answer that is inaccurate. |
| 3 | AI has design challenges: AI is not designed to differentiate between the truth and falsehood, so even if it were to only be fed accurate data it would still produce novel and potentially inaccurate outcomes based on joining patterns in unexpected means. ³⁶ |

36 Ibid.

Prompt engineering

To get the best response out of generative AI, it is important to input the best information, sentences or questions into the tool. This has a major influence on the quality of the response the user will get. AI will generate a response based on the pattern it has learnt through its training data. Prompt engineering refers to the process of creating text to communicate with LLMs. LLMs are a subset of deep learning models that are capable of understanding and generating natural language to perform a variety of tasks.³⁷

In the business setting, prompt engineering is important for company secretaries because, if done properly, it helps the company secretary to become more efficient, producing the best possible work outcome.

³⁷ Harvard University (2023) *Getting started with prompts for text-based Generative AI tools*. Available at: [Getting started with prompts for text-based Generative AI tools](#) | Harvard University Information Technology (Accessed: 23 February 2026).

³⁸ Ibid.

Here are some guidelines to improve prompts.

1. Provide clear details

It follows that providing generic prompts will produce a generic response. Adding some context in addition to being specific, clear and concise will produce the best results. Also providing specificity can reduce the chances of producing an inaccurate response.

2. Role play

Asking AI to role play or act as if it were a particular person, process or object can provide much needed context and therefore better outcomes. An example is that simply listing ingredients and asking AI to create a recipe would create general recipe ideas. But asking it to act as if it were a personal trainer and then listing the ingredients would provide a more useful response.

3. Dictate how one wants the output to look

Generative AI can produce several outcomes, being specific about the type of output desired results in better outcomes. After describing what is wanted, try adding 'present this in the form of...' and one's preferred outcome.

4. Use "do" and "don't"

Telling AI what is wanted or not wanted will save time and produce better outputs.

5. Use examples

Using examples of the output desired provides better outputs from AI. However, one must be careful not to upload copyrighted material and ask AI to reproduce similar work.

6. Build on previous prompts

It is preferable to build on a previous prompt to reach a desired outcome. This involves asking a simple initial question and adding more context and tone with the succeeding prompts.

7. Review inaccuracies and offer guidance for improvement

One should chat with AI as if it were a colleague or team member. Provide areas where it could improve and where the output worked.

8. Invite it to draft prompts and outline what further input is necessary

Users of AI may get better results from AI if one asks it to draft prompts. One could simply ask 'What do you need from me to draft a resolution' and asking it what else it needs to do will provide better outcomes.³⁸



Conclusion

From the above chapter, a comprehensive definition of AI was given, and the different types of AI and their various functions were also discussed. There are various challenges organisations face in the use of AI. These include hallucinations, the making of simple errors, intellectual property infringement, issues around accountability, confidentiality and cybersecurity risks, among others. What prompt engineering is and how to effectively draft prompts to get the desired outcome was also discussed. In light of the above, it has been argued that while AI increases the efficiencies of companies it must be accompanied by the appropriate safeguards, controls and necessary human oversight. The next chapter will explore how AI can augment the company secretary's role.



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Chapter Two

AI augmenting
the company
secretary's role

Introduction

Along with the risks and dangers of AI discussed in the previous chapter, AI use garners existential threats and concerns. One of these is job displacements. According to the World Economic Forum's Future of Jobs Report 2025 (the "Report"), in the five years following the Report, new job creation and displacements due to structural labour-market change, will total 22% of today's jobs.³⁹ On a more granular level, 170 million jobs will be created globally, but this will be offset by the displacement of 92 million current jobs.⁴⁰ In the South African context, 36% of workers' core skills will change by 2030.⁴¹

While low-skill jobs were once considered most vulnerable to displacement, it has become clear that the impact of AI on the job market is far more complex, with even highly skilled roles now at risk. Considering AI can assist with complex and specialised tasks such as minute-taking and the preparation of agendas, company secretaries are now confronted with the integration of this technology into their daily routines. However, it must be acknowledged that while AI can assist in the drafting of minutes and agendas for management meetings, minutes and agendas which have legal consequences cannot be drafted by AI alone and need human oversight precisely because AI is not always accurate. Further, neither minute-taking nor agenda drafting are routine, but key items which will either support board decisions and business judgment rule considerations in a court of law. While company secretaries do this every day, so it becomes routine, in the hands of a novice, and drafted incorrectly, this could result in personal liability for directors and in some instances jail time.

In the following chapter, it will be discussed how AI can augment the company secretary's role in light of the duties placed on the company secretary by the Companies Act 71 of 2008 (the "Companies Act") and other governance frameworks.

³⁹ World Economic Forum. (2025). Future of Jobs Report 2025. Geneva: World Economic Forum.

⁴⁰ Ibid.

⁴¹ Ibid.

How AI can augment the company secretary's role

Company Secretaries are often required to interpret large amounts of information within limited time frames. AI can support the company secretary by rapidly gathering, filtering and interpreting large amounts of data from external and internal sources.

AI can also complete regulatory forms and filings and analyse information to extract key trends and warning signs for boards. Further, AI can collect and summarise information into understandable insights. For instance, it can summarise internal reports, and legal information into plain language documents, and highlight any incongruities in financials. This can have enormous benefits that improve discussions, such as moving focus from raw information to facilitating more productive discussions, based on insights generated by AI. Additionally, intelligent analytics and accurate precisions can improve human

⁴² Lopez, M., (2025) 'How AI-powered tools transform board meeting management,' *Diligent*, 10 October. Available at: Message from Diligent Baseline (Accessed 23 February 2026).



decision-making.⁴² For instance, JP Morgan Chase uses AI to retrieve information on potential future investments, quickening their decision-making time. Further, IBM is using AI to assist doctors in analysing patient information to suggest personalised treatment options, bettering the overall patient experience.⁴³

AI can also streamline many essential board meeting processes, such as drafting briefs and recording meetings. AI can create first drafts of committee charters, agendas and policies saving time on time-consuming work. Not only is AI assisting individuals to create better presentations, but it can also create a first draft of board resolutions for review by the company secretary. The time saved on previously time-consuming tasks can be redirected toward more strategic and value-adding governance work. AI could assist with knowledge management of board information. With access to past minutes and reports AI can be utilised to provide insights into the board's institutional memory.

However, it is submitted that in all instances, AI tools should be used as the starting point rather than the final word.⁴⁴ Having human oversight over the use of AI is an important precautionary step to mitigate the risks and dangers of AI. In particular, while AI may assist with the preparation of minutes and agendas, the company secretary remains the ultimate custodian and accountable party for their accuracy and completeness.

How would you explain your present knowledge of AI tools and their importance in the work of a company secretary?

"My present knowledge of AI tools (from using Microsoft Copilot) revolves around reducing manual drafting time i.e. it definitely acts as a "smart assistant" as it is generally referred to.

AI frees up the company secretary to concentrate on more strategic, governance-based responsibilities."

Elizabeth Defillo, FCG, Company Secretary, Hilton College

⁴³ Haklai, B. *op. cit.*

⁴⁴ *Ibid.*

How to use AI for board meetings

It is predicted that in the coming years, AI will not only fundamentally change how board meetings are conducted but redefine the purpose of board meetings. Board meetings are where critical, strategic decisions are made, risk is assessed, a company's performance is reviewed, and the governance of an organisation is overseen. To facilitate a successful board meeting significant preparation, distribution of documents and administration is required, all of which is the responsibility of the company secretary. Drafting an agenda, publishing the pre-reading, obtaining the requisite approvals and capturing minutes of a meeting, all require intensive and most often manual, time-consuming efforts. Within these processes, inefficiencies can slow down decision-making and increase exposure to compliance risks. AI tools could free up company secretarial teams from performing burdensome manual tasks to focus more on high value work.⁴⁵

Risk management is one of the areas where AI can provide immense benefits for company secretaries. AI could assist by predicting geopolitical shifts, market and supply chain disruptions as well as resultant regulatory requirements, all of which would provide boards with valuable insight for decision-making.⁴⁶

Building an agenda is an important exercise for board preparation but building it from scratch can be time-consuming. AI-powered board management tools allow for agenda-building tools that allow meeting participants to edit agendas in real time. Further, these tools allow company secretaries to copy previous meeting structures and track discussion points.

Furthermore, creating board pre-reading can be error-prone and manually burdensome, requiring the consolidation of documents, spreadsheets and presentations. Adding to this complexity is the frequency of meetings and, in some organisations, dealing with multi-jurisdictional operations. AI tools can assist with this by synthesising documents, spreadsheets and presentations into one document for final review. Built-in formatting and templating allow teams to create board pre-reading that align with corporate branding guidelines.

After agenda building and the preparation of board pre-reading, company secretaries must distribute these documents. However, with competing board commitments, directors might not be able to consume the bulky material found in board packs. AI tools can assist by summarising large amounts of documents and giving concise summaries that capture key insights. These tools may assist directors, but do not substitute their obligation to review full board materials and apply their judgement. This information can then be consumed anywhere, through text to speech functionality.⁴⁷

Further, collaboration between directors may be needed before meetings. AI-enabled tools allow directors to collaborate in secure and encrypted virtual data rooms without the risk of breaching confidentiality or regulatory scrutiny.

Board meetings are for discussion, risk management, strategy formulation and long-term planning. However, directors may struggle to extract key insights due to the lengthy documentation. As a result, meetings may lose focus and data-driven direction. AI tools can help by turning pre-reading content into pointed questions that are categorised by subject and provide consolidated views on enterprise-wide risks and opportunities.

⁴⁵ Lopez, *op. cit.*

⁴⁶ Campbell, R., (2025) 'AI Adoption in the Boardroom,' *Directors & Boards*, 8 April. Available at: AI Adoption in the Boardroom – Directors & Boards (Accessed 23 February 2026).

⁴⁷ Lopez, *op. cit.*

Chapter Two: AI augmenting the company secretary's role (continued)

AI can provide valuable insights into competitors on issues such as cyber risk and environmental, social and governance metrics to support strategy planning. It provides insights into industry trends and intelligent benchmarking against industry peers on risk, governance and strategic initiatives.

AI-enabled governance tools allow for real-time voting and decision capture complete with audit trails. Functionalities include live Q&A management which allow directors to submit questions digitally during presentations without disrupting the proceedings of the meeting. Furthermore, directors can highlight key insights, include private notes and flag items in a board pack within a meeting.

The work of a company secretary does not end once the meeting concludes. Follow-ups, approvals and decisions must be captured to meet regulatory requirements and provide an audit trail. While it has already been highlighted that intelligent AI platforms can assist in drafting minutes – capturing key discussions, decisions and action plans, are subject to detailed human review and verification.

Even after the minutes are recorded, acquiring approval may be a challenge. Because manual signoffs may result in delays and confusion about who reviewed and approved what, AI may assist by routing reviews and signoffs to the relevant parties sequentially and sending reminders to the same parties. Intelligent version control tracks changes made across the document, provides a complete audit trail and prevents the confusion that occurs when multiple people edit one document. Furthermore, editors' views can be consolidated to provide the pervading insights and helps governance professionals address concerns systematically. Final certification of the minutes is provided with an immutable version of the minutes and metadata that captures the whole approval process. This simplified and automated process allows completing the process in days what would have normally taken weeks to complete manually.

Board meetings are only effective if there is follow through on action items. However, execution of action items requires structure and tracking. AI can assist in this regard by sending post-meeting tasks to the relevant parties with clear deadlines and ownership. Progress updates and reminders keep key stakeholders informed of impending tasks. Further, integrated compliance tracking allows for boards to align with governance obligations.⁴⁸

How do you currently use AI tools in your role as a company secretary?

"I use AI tools to generate board pack summaries and to assist with my minute-taking by providing a transcription of the meeting. While the transcriptions are full of errors, they do assist the minute-taking process as you do not need to listen to a recording."

Chris Wilson, FCG, Managing Director, Kilgetty Statutory Services

⁴⁸ Lopez, *op. cit.*

AI and the company secretary

Company secretaries are the custodians of governance, compliance and legal integrity.⁴⁹ The duties of the company secretary are mandated by the Companies Act. Under section 88(2) of the Companies Act, the duties of a company secretary include the following:

1	Advising the directors, whether individually or collectively, of their duties, powers and responsibilities.
2	Making the company aware of any laws affecting the company.
3	Reporting to the company's board when the company or any director has failed to comply with the company's Memorandum of Incorporation, the Companies Act or the rules of the company.
4	Ensuring that the minutes of all board meetings, shareholder meetings, and all the board committees are properly recorded in line with the Companies Act.
5	Certifying whether the company has filed all annual returns and notices and that they are correct.
6	Ensuring that the annual financial statements are sent to all those entitled to them.
7	Fulfilling the functions of a person designated under section 33(3) of the Companies Act.

The duties of a company secretary are quite extensive and require human oversight. The IoDSA King V Code on Corporate Governance for South Africa 2025 ("King V") notes that the role is empowered and carries the necessary authority and independence. It is hard to imagine a machine being able to fit this criterion. Furthermore, King V states that the individual who occupies this position should have the necessary gravitas and objectivity to fulfil this role, and that a formal evaluation will be conducted by the chairperson. It is worth noting that there is no mention of AI or any other technology fulfilling this role in either the Companies Act or King V.

While the statutory duties envisioned under section 88 of the Companies Act may be assigned to a juristic person, AI is not classified as a juristic person. Company secretaries need to exercise complex judgment and interpretation of laws and regulations. This exercise requires nuanced judgment, contextual understanding and moral judgment, which AI can assist with but is unable to discharge independently, even in the case of agentic AI.

The company secretary should provide strategic guidance to the board. While AI systems can provide data and analytics, they cannot provide the advisory, strategic and relational functions which hinge on trust and professional credibility. Lastly, governance involves decision-making, conflict resolution and balancing stakeholder interests. AI lacks the moral agency to be able to fulfil this function.

However, it is important that company secretaries keep up with the change. AI is helping shift company secretaries' roles from manual and reactive to strategic and predictive.⁵⁰ Lynelle Bagwandeem, FCG, speaking at the Chartered Governance Institute of Southern Africa's 15th Premier Corporate Governance Conference, emphasised the emergence of agentic AI as a major focus of interest and experimentation in enterprise and consumer technology. Bagwandeem highlighted that to keep up with change, company secretaries must upskill. This means understanding AI fundamentals, and its relevance to their work. Moreover, company secretaries are expected to prepare documents to maximise AI effectiveness and minimise risk. Finally, company secretaries

49 Ibid.

50 Tanwar, I.S., (2025) 'AI and Secretarial Work: A New Era for the Company Secretary,' *LinkedIn*, 13 July, Available at: AI and Secretarial Work: A New Era for the Company Secretary (Accessed: 21 October 2025).

Chapter Two: AI augmenting the company secretary's role (continued)

are expected to understand prompt engineering to get the most out of the tool and analyse AI outputs so as to ensure its accuracy. While company secretaries have the guardrails of the Companies Act, governance codes and the listing exchange rule, anticipation of change is paramount, and AI should be viewed as an opportunity. As OpenAI CEO, Sam Altman, shared: 'AI won't replace humans. But humans who use AI will replace those who don't.'⁵¹

How company secretaries can navigate AI's flaws

To successfully navigate the pitfalls that come with AI, company secretaries should consider the following strategies:

- 1** Critically analyse AI outcomes: Because AI is unable to discern and reflect, it is important that company secretaries critically evaluate its outcomes with human judgment and a critical eye.
- 2** Look at different sources: It is important for company secretaries to double-check AI outputs by looking at other sources to verify its outcomes. This could be through consulting an expert or consulting other authoritative sources.
- 3** Make use of retrieval-based tools: Some generative AI tools are built in Retrieval-Augmented Generation designs. These designs allow for the AI tool to retrieve information from reliable sources, such as board packs or research articles. Company secretaries can make use of these tools.
- 4** Structure your prompts well: Prompt engineering is an important aspect of getting the right outcome out of AI. Clear and well-drafted prompts can bring better AI outcomes than vague prompts. Further, company secretaries can use Chain-of-Thought-Prompting to ask the AI to explain how it got to its conclusion. This provides better clarity and accuracy in completing complex tasks.
- 5** Lower the temperature of the tool: Temperature affects AI's outputs. Lower temperatures tend to produce more focused, consistent and accurate outputs. Higher temperatures are best for imaginative and diverse responses suitable for things like storytelling and brainstorming.⁵²



Conclusion

As can be deduced from the above discussion, AI offers the company secretary several efficiencies in the execution of their role. This includes compiling board pre-reading, agendas, predicting geopolitical shifts, market and supply chain disruptions, resultant regulatory requirements and tracking discussion points. However, it has also been established that the role of company secretary is a nuanced one that requires highly specialised skills and ethical judgement which is not possible while using AI alone. The duties of a company secretary were also stipulated which are quite extensive and were envisioned for humans and juristic persons. However, in the coming age it was also emphasised that company secretary should upskill and work along AI technologies to improve their functions, as the technology gets integrated into organisations' daily operations.

⁵¹ Tech Desk (2026) "AI won't replace humans, but humans who use AI will replace those who..." claims Open AI CEO Sam Altman,' *Financial Express*, 3 February, Available at: 'AI won't replace humans, but humans who use AI will replace those who...', claims OpenAI CEO Sam Altman - Technology News | The Financial Express (Accessed: 29 June 2026).

⁵² MIT Sloan Teaching & Learning Technologies, *op. cit.*



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Chapter Three

Minute-taking

Introduction

Minutes of a board or board committee meeting should be captured by the company secretary. Minutes are the internal record of the business transacted at a meeting and should be impartial and balanced. They are also considered the board's institutional memory, used to guide directors in planning and making strategic decisions. They include the agenda and details of the meeting, resolutions, decisions, and compliance and governance issues.⁵³ Generative AI is transforming how businesses produce board and board committee minutes. AI can interpret human speech into text, deduce action points and provide summaries. In this chapter, the impact of AI on minute-taking for company secretaries will be unpacked.

53 Pantelides, M., (2025) 'Board meeting minutes: what is best practice and how can AI help,' Board Intelligence, 15 October. Available at: Board meeting minutes: what is best practice and how can AI help? (Accessed: 22 May 2025).

The fundamentals of minute-taking

Preparing minutes is a skill. While, minute-taking is not capturing every discussion and contribution made by directors at the meeting, it should capture key discussion points. Minutes should be concise but with sufficient detail to allow a new director to understand the decision and how the board arrived at it. While too much detail is not required by law, goes against best practice and would stifle healthy boardroom debate, lack of detail can result in confusion and lack of clarity.⁵⁴ It is also important to consider the business judgment rule when drafting minutes and assenting to them. If directors are considering and balancing several considerations in their decision-making it is important to capture these deliberations adequately as well as succinctly. Further, minutes and board papers complement each other. A well-written board paper will require little explanation of why a decision was taken. Minutes should refer to content found in board papers without repeating it. The following are essential features which should be found in all minutes:

- | | |
|---|---|
| 1 | The name and registration number of the company; |
| 2 | The venue where the meeting was held; |
| 3 | Day and date of the meeting; |
| 4 | The persons present and those absent; |
| 5 | Any declarations of conflicts of interest; |
| 6 | The record of the proceedings; and |
| 7 | The chair's signature, verifying that the minutes are a true reflection of the proceedings. ⁵⁵ |

54 Australian Institute of Company Directors and Governance Institute of Australia (2025) 'Effective Board Minutes and the Use of AI: A Joint Statement.' Available at: Effective Board Minutes and the Use of AI: A Joint Statement (Accessed: 25 June 2026).

55 Baldwin, *op. cit.*



There is no prohibition on businesses using AI to support the preparation of minutes. Using AI to record meetings, or using board papers, meeting notes or recorded transcripts to draft minutes may improve productivity. There are, however, risks and challenges which companies need to understand in contrast to the benefits of using AI. Further, listed companies would need to adopt a more cautious approach to using AI for minute-taking than smaller private companies, due to their high-risk profile.⁵⁶ Where a company chooses to use AI in preparing minutes, adequate governance controls and human oversight must be exercised to ensure the integrity and quality of such minutes. A critical review by the company secretary, chair and even the board is required.

Minutes should exhibit that directors applied themselves to a particular matter under consideration and should record the resolutions of the board. Typically, minutes should not record the individual votes of directors. Further, contributions on voting at the meeting may affect the liability of a director, depending on the circumstances. This is why minutes must be drafted cautiously and with careful consideration, with the view of capturing any dissenting views or significant contributions made by directors.⁵⁷

Many discussions in a board meeting may include untried ideas or general thoughts on a topic. These are important part of the process of coming to a decision but, generally, should not be included in the minutes. It is also not good practice to include the amount of time directors spent discussing a particular agenda item in the minutes.⁵⁸

In terms of section 73(8) of the Companies Act, once signed by the chair, minutes are *prima facie* evidence of the proceedings of the relevant meeting. Section 73(7) of the Companies Act also requires board resolutions to be sequentially numbered and dated. When a director leaves or enters a meeting this should be captured in the minutes. The law is the same whether meetings are held in person, electronically or both. The board acts as a collective decision-making body, attribution to a single director of a robust discussion should not happen. Discussions should be attributed to the collective.⁵⁹

The importance of board papers

Board papers are a key component for writing accurate minutes. The company secretary, working with management, should ensure that board papers accurately reflect what the board is being tasked to deliberate or action and ensure the accuracy of the board papers. It is not necessary to repeat what is contained in the board papers in the minutes. Instead, reference can be made to the content of the board papers unless there are key issues not mentioned in the board papers that were pivotal in helping the board come to a decision.⁶⁰

Board papers can also be important in ensuring that directors have discharged their duties. Thus, it is important that directors ensure their accuracy and that they have sufficient details to base their decisions on.

Board papers should support the decisions made in the board meeting. Where the board reaches a different decision to that recommended in the board papers or not canvassed in the board papers, sufficient details should be provided in the minutes as to provide the rational for this decision.

⁵⁶ Australian Institute of Company Directors and Governance Institute of Australia, *op. cit.*

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

⁵⁹ *Ibid.*

⁶⁰ *Ibid.*

Document management and retention policy

Once signed by the chair of the meeting, the minutes should be the sole and permanent record of the meeting. Any notes taken by directors, company secretaries or others taken during the meeting can undermine the integrity of the minutes as the authoritative record of the meeting. Draft minutes must be prepared as soon as possible after the meeting as taken from the notes, while they are still fresh in the company secretary's mind. Depending on the board policy, directors and company secretaries can take notes at board meetings on questions they seek to ask, any clarification points or matters considered. Further, while these notes can be discoverable in court as evidence, they do not form part of the minutes. However, taking notes can carry risk if they are incoherent, incomplete or ambiguous when viewed considering the board minutes.⁶¹

Companies should consider having a document management and retention policy that contemplates AI-generated outputs such as transcripts, draft minutes and recordings. That document should stipulate what documents must be retained, in what format and when documents should be destroyed. The policy should also address the standing of draft minutes, handwritten notes, meeting transcripts, board summaries generated by AI, and electronic annotations in board materials stored in a board management platform. It is also advised that boards consider seeking legal advice to ensure uniformity with duties to preserve evidence for actual or possible legal proceedings.⁶²

Legal privilege

It is a general rule of law that communication between lawyer and client for the purposes of providing legal advice is privileged and not discoverable. A board will often consider advice received from lawyers for the company. Privilege is not usually lost by the board of directors receiving this legal advice. However, one needs to be careful in the preparation of minutes in how much of privileged information (if any) to include in the minutes. It may be necessary to simply state that the board considered relevant legal advice without disclosing what advice was received. Any privileged information should be clearly identified and preferably included in an appendix or attachment to the minutes. It would also be recommended that boards obtain legal advice in this regard. Where minutes refer to privileged advice, they should not be provided to third parties without first obtaining legal advice as the disclosure of the substance of the information may cause a loss of its privilege.⁶³

⁶¹ Ibid.
⁶² Ibid.

⁶³ Ibid.

The use of AI in board minutes

Increasingly AI is being used to complete mundane administrative tasks. Companies should assess the risks associated and provide safeguards before adopting AI technologies. Fundamentally the board should have confidence in the minute-taking process and trust that the minute-taker will canvass the key points discussed at board meetings, without bias. This requires certain safeguards to be put into place, and the use of AI may not suit every board meeting.⁶⁴

With the advent of virtual meeting platforms, company secretaries and governance professionals are beginning to contemplate or have already adopted new practices, such as:

- Using AI to record and produce a transcript of board meetings: Tools such as Zoom, Microsoft Teams and Google Meet can record meetings and generate transcripts or summaries of discussion. Microsoft CoPilot can then analyse these summaries to extract action items from them, and/or⁶⁵
- Using AI to prepare draft minutes, using meeting notes, a recorded transcript or board papers as the foundation: For example, by using AI technologies offered in board management platforms or open AI tools, such as ChatGPT and Gemini. Some board management platforms can compile a first draft of minutes based on meeting notes, recorded transcripts and/or board papers. Also, some companies offer inhouse AI solutions that perform similar functions.⁶⁶

When considering using AI in this context, companies should conduct a risk assessment as an organisational wide approach to AI adoption and to ensure that the minutes process aligns with the overall data governance framework. The objective should be to arrive at a final set of minutes rather than a collection of contradictory documents in minute-taking. This should involve weighing the benefits and risks of using AI against the following:

- The sensitivity and confidentiality of matters before the board and its committees;
- The permission provided by the board and their comfort level;
- The security, storage and retention policy applied to recordings and transcripts of board meetings;
- The location of documents and the flow of data during the minute-taking process, including when using AI, as well as the data inputs and outputs;
- The type of AI being used and whether data will be used for training in the future;
- The risk of exposing confidential information to third party AI providers—including the potential loss of privilege for legal advice included in or attached to board papers; and
- The regulatory obligations of the company.⁶⁷

The risks inherent in AI can be easily mitigated in smaller private companies. In contrast the risks are amplified in listed companies, and intensely regulated companies found in the financial services sector. Greater caution in using AI to draft minutes in these companies may be recommended. However, this should not prohibit company secretaries and governance professionals from utilising AI in internal governance functions that do not involve the board, subject to a risk assessment.⁶⁸

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

It should be borne in mind that AI is evolving at a rapid pace and the limitations and risks prevalent today might not be in existence or be as prevalent even in the short term. Regular reviews and risk assessments of AI tools must be conducted to ensure that there are safeguards around its use without limiting its benefits and the opportunities it offers.

If boards choose to use AI in drafting minutes, the role of human-oversight must be emphasised. Company secretaries, governance professionals, the CEO and directors must rigorously review minutes for their accuracy considering their recollection of board meetings and their discussions. Further, when AI is made use of to record the meeting, it is prudent for company secretaries to draft their own notes at such meetings to have their own reference when drafting the formal board minutes.

Measures to safeguard the integrity of minutes where AI is used:

1. Institute clear policies and processes for using AI to draft minutes, including:
 - using trusted AI tools to draft minutes and being clear in your policies on what can or cannot be uploaded onto AI technologies;
 - ensuring accountabilities within the organisation for thorough reviews, corrections and verifications;
 - ensuring chains of approval and review by the chair or board;
 - establishing how legal privileged information will be handled where AI records meetings or produces a transcript or drafts minutes;
 - establishing what contingency plans are in place in case of AI system breakdowns; and
 - determining how AI outputs (such as recordings, transcripts and draft minutes) will be stored in line with document retention policies.
2. When AI is used to record meetings or produce transcripts of board deliberations:
 - comprehend what information AI can use as input and whether external sources are used;
 - disable AI recordings for certain portions of the meeting – such as where legal advice or privileged information is being considered;
 - limit or disable automatic distribution of the summary or transcript to all members of the board after the meeting;
 - a company secretary or governance professional should always review the draft minutes or AI inputs in the first instance.
3. Where AI outputs are stored by third party AI providers understand the security measures in place to secure such data, who has access to them, where they are stored and whether any third parties have the ability to make use of the data in the near future.
4. Training on AI use, risks and oversight – this includes ensuring that participants are made aware of how information will be collected and retained, how directors can assist in AI minute-taking by effective communication and chairing and how company secretaries and governance professionals can instruct AI to focus on key points in the meeting.
5. Regular review, audit and testing of AI tools, including whether they conform to regulatory and legal requirements.⁶⁹

⁶⁹ Ibid.



Conclusion

The above chapter unpacked the fundamentals of minute-taking. It also explored how board papers are important components of minute-taking and how they should support the decisions taken at board meetings. It was also discussed how companies should consider having a document management and retention policy that contemplates AI generated outputs. How to make use of AI in board meetings and how to safeguard the integrity of minutes once AI is used was delved into. In the next chapter, the legal framework in the South African context regarding AI use in and outside the boardroom will be explored.

Chapter Four

AI and the regulatory framework

Introduction

The legislative framework for AI remains largely fragmented, evolving with no global standard. While some regions, such as the European Union ("EU"), have implemented legislation governing risk mitigation, addressing privacy concerns and setting ethical guardrails – most notably, the EU, has implemented the EU AI Act – some regions, such as the United States of America ("USA"), have adopted a more flexible approach, such as the removal of barriers, the promotion of innovation and allowing voluntary guidelines. Further, in the USA, federal and state-level initiatives have developed independently, with no centralised system. China on the other hand, has adopted a centrally coordinated approach that prioritises societal alignment, national security and rapid technological advancement.⁷⁰ Boards need to develop frameworks for the responsible application and implementation of AI, in anticipation of more comprehensive AI legislation in the future.

In this chapter, the legislative framework for the adoption of AI will be considered. Firstly, the domestic legal framework as it relates to AI will be examined. Thereafter, international recommendations regarding the use, development and deployment of AI will be considered, such as the OECD AI Principles and the EU AI Act. Directors' duties as they relate to using AI in preparation for board meetings will be distilled, in particular, the summarisation of board packs in preparation for board meetings. The ethical considerations surrounding AI development, deployment and use will also be considered in accordance with the determinations set out in the Companies Act and King V. The aim of this chapter is to highlight the legislative and ethical landscape as it relates to AI, directors and company secretaries.

⁷⁰ Naidoo, *op. cit.*

South Africa's legal approach to AI

While South Africa does not yet have legislation specifically dedicated to artificial intelligence, several existing laws regulate aspects of its use, development, and deployment. These laws govern the privacy, fairness, discrimination, liability, safety, cybersecurity and commercial conduct – forming the legal framework for trustworthy AI. Organisations must comply with global best practices for fairness, transparency, governance, human oversight and safety training when rolling out AI.

Of primacy is the Constitution of the Republic of South Africa, 1996 which protects the right to privacy under section 14. The Constitutional Court has recognised this right by stating the following:

'The right to privacy accordingly recognises that we all have a right to a sphere of private intimacy and autonomy without interference from the outside community. The right to privacy represents the arena into which society is not entitled to intrude. It includes the right of the individual to make autonomous decisions, particularly in respect of controversial topics. It is, of course, a limited sphere.'⁷¹

⁷¹ Botha v Smuts and Another (CCT 40/22) [2024] ZACC 22; 2024 (12) BCLR 1477 (CC); 2025 (1) SA 581 (CC) (9 October 2024) at para 84



The unfettered use of AI has the potential to impact this right significantly. Further, section 9 of the Constitution (the right to equality) is also an overarching value that ensures AI does not infringe on fundamental human rights.⁷² In July 2021, POPIA came into effect. POPIA gave life and substance to the right to privacy and put in systems on how data controllers must process humans' and juristic person's data. While it does not explicitly mention AI, in section 71 it prohibits decision-making solely on an automated basis that may have legal consequences for data subjects.⁷³

Under POPIA, the Information Regulator has authority to issue administrative fines of up to R10 million for contraventions of POPIA. Further, in more serious cases, such as obstruction of the regulator or breach of confidentiality, imprisonment of up to 10 years may be imposed.

In August 2024, South Africa's Department of Communications and Digital Technologies rolled out a draft National AI Policy Framework for public comment. The framework seeks to set the foundation for a national AI policy, by establishing framing principles that will guide the final AI policy. The document puts a strong focus on AI ethics, emphasising that the South African strategy on AI should promote inclusion, human rights and address the risks and dangers associated with AI.⁷⁴ The Draft South African National Artificial Intelligence Policy was subsequently published on 10 April 2026 for public comment, and was subsequently withdrawn due to fake, AI-hallucinated citations found in its reference list.

South Africa's stance towards AI governance has been characterised by a move from high-level strategic planning to a more structured, risk-based, policy approach. This groundwork was laid by the Presidential Commission on the Fourth Industrial Revolution ("PC4IR"), which seeks to address past socio-economic inequalities while acknowledging the risks AI poses to privacy, transparency and constitutional rights. The current legislative framework is a combination of binding 'hard laws' and 'soft law' policies used to guide future legislation. The current philosophy is human-centric and focused on development. And while other jurisdictions are focused on market-led innovation, South Africa is oriented towards 'inclusive-innovation' by seeking to ensure that AI does not exacerbate present inequalities and lead to unfair discrimination. This is evidenced in the 2024 National Artificial Intelligence Policy Framework which places AI strategy within the framework of the National Development Plan.⁷⁵

⁷² Thomson Reuters Foundation (2025) *AI governance in South Africa*. Available at: AI governance in South Africa - Thomson Reuters Foundation (Accessed: 23 February 2026).

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Regulations.ai (2026) *South Africa - AI Regulation Overview*. Available: South Africa AI Regulation Overview - South Africa | Regulations.AI - The Site on AI Laws and Regulations | Regulations.ai (Accessed: 25 February 2026).

Further, the Department of Communications and Digital Technologies has hinted that the current policy framework will most likely lead to a formal white paper which will lead to a dedicated AI Act or a number of sectoral amendments. The government also focuses on a 'co-regulation' framework where industries are encouraged to develop codes that align with national AI ethics principles. Further, the Report of the Presidential Commission on the Fourth Industrial Revolution (2020) provided the foundational strategic document that recommended the forming of the AI Institute of South Africa and allowed for the alignment of legislative frameworks with Fourth Industrial Revolution technologies.⁷⁶

Can you share examples of tasks or processes where AI has been most helpful or least effective?

"I have found AI to be most helpful in areas requiring interpretation and simplification of complex information, as well as collaborating on the drafting of structured documents. Collaborating on drafting complex reports, policies and governance documents, by improving structure, flow, and clarity, and helping to identify gaps and inconsistencies in content.

However, I have found AI to be less effective in minute-taking, which I consider to be a highly judgement-intensive and context-driven task. Effective minute-taking requires an understanding of nuance, tone and board dynamics; the ability to distinguish between what is discussed and what must be formally recorded; careful judgement on how to accurately and appropriately reflect deliberations and decisions. The preparation of final board minutes remains a human-centred responsibility, requiring review, discretion, and accountability to ensure an accurate record."

Timothy Ramokoka, ACG, Assistant Company Secretary, Bid Corporation Limited

⁷⁶ Ibid.

The Companies Act

Under section 76 of the Companies Act directors are required to act with the reasonable skill, care and diligence that would be undertaken by a person carrying out the same functions to that of a director and with the same general skill, knowledge and experience that the director has. Section 76 therefore envisages both a subjective and an objective test in determining the standard of care and skill expected of a director.⁷⁷

It is important to consider pivotal foreign case law on the subject, as under section 5(2) of the Companies Act, courts may consider foreign company law when interpreting or applying the Companies Act. In *Sub Nom Secretary of State for Trade and Industry v Bake (No 5)* [1999] 1 BCLC 433 (Ch), which was decided under the UK Directors Disqualification Act 1986, the court held that directors, collectively and individually, must familiarise themselves with the affairs of the business so as to be able to fulfil their functions. Directors must therefore have a basic understanding of the company's operations. In the Australian case of *ASIC v Healey* [2011] FCA 717, the Federal Court judge upheld the Australian Securities and Investments Commission's claim that the Centro Companies directors breached sections 180(1), 344(1) and 601(F) of the Corporations Act 50 of 2001 in approving the financial statements of the listed entities Centro Properties Limited, Centro Property Trust and Centro Retail Trust at a board meeting attended by the directors. It was held that directors were under a duty to read and understand the company's financial statements before approving them to ensure that the information contained therein was accurate.⁷⁸ As with reliance on human advice, reliance on AI does not absolve the director from his or her fiduciary duties. Further, while the director's duty of care and skill has not been tested in the courts as it relates to AI, it is argued that it is unlikely that the business judgment rule would protect a director who cannot show that they paused, reflected and at least consulted an AI assistant for additional insight before acting or not acting.⁷⁹

While the use of AI to summarise board packs may be convenient, this comes with the risk of the AI-generated summaries missing some key points in the board packs. Therefore, AI tools should not be used as a substitute for the board's full and critical review of board packs. What is apparent from the case of *Sub Nom Secretary of State for Trade and Industry v Bake*, and the Australian case of *ASIC v Healey*, is that directors must not only be aware of the affairs of the business, as contained in board packs, but must read the company's financial statements before approving them. It remains incumbent therefore on directors to ensure that they read and understand the board packs before approving items found therein to circumvent any legal liability for incorrect documents. Further, with the incidence of hallucinations being a real possibility, critical review of board packs becomes even more important.⁸⁰

77 Cassim, F. et al. (2021) Contemporary Company Law 3rd edn. Cape Town: Juta and Company (Pty) Ltd.

78 Ibid.

79 Naidoo, *op. cit.*

80 Australian Institute of Company Directors & Governance Institute of Australia, *op. cit.*

King V

In terms of Principle 10 of King V, the board of directors of a company must govern data, information and technology in a way that allows for the company to sustain and optimise its objectives and strategy. This includes ensuring that the board sets the strategic direction and is liable for the ethical use and development of technology within the organisation. In terms of King V the board should ensure that laws and regulations are complied with in the implementation and execution of policies and standards that result in realising the benefits from the organisation's technology strategies, investments and products and services. Regarding AI, King V envisages human centrality in its use, development and distribution. Furthermore, human oversight is envisioned as important in ensuring accountability for decisions, actions and outcomes.

King V recognises that AI oversight is part of the board's accountability for sustainable value creation and creating an ethical culture. In terms of King V, directors must ensure that they practice oversight over AI models that ensure that the board is able to not only set and meet its objectives, but that AI is ethically and responsibly used. Therefore, the unethical use of AI to circumvent directors' duties should not be permitted.⁸¹

Technological advancement should not be considered a peripheral consideration but has the potential to change a company's operations, the expectations of shareholders and governance itself. Technology has the potential to strengthen companies' competitive edge and introduce them to new markets. However, AI is a risk too few boards understand and an opportunity only the minority take advantage of. AI should not be subrogated to management or the IT department, but the board should exercise full oversight. Further, the management of technology should be handled with the same rigour as finance, compliance and operations.⁸²

AI systems are changing board composition. Boards need to seriously consider having directors who are both competent in governance and strategy as well as in technology and analysing digital trends in their board composition. Perspectives from AI ethicists or professionals should be sought in creating strategy and board workshops. This allows for boards to anticipate risks and take advantage of new opportunities. The above underscores the proposition that basic digital and AI literacy is not optional but is an imperative for governance and leadership.⁸³

⁸¹ Ibid.

⁸² Ibid.

⁸³ Naidoo, *op. cit.*

OECD AI principles

The OECD AI Principles were first adopted in 2019 and updated in 2024. They represent the first intergovernmental standard on AI. They promote innovative but trustworthy AI, that respects democratic values and human rights. They are composed of five value-based principles and five recommendations that provide useful guidance to governments and AI actors. As of April 2026, there were 49 adherents to the OECD AI Principles.

The first values-based principle of the OECD AI Principles is inclusive growth, sustainable development and well-being. This principle is aimed at ensuring that AI adoption is beneficial for humans and the planet. This encompasses enhancing creativity, increasing the inclusion of underrepresented groups and reducing economic, social, gender and other inequalities. The principle also encompasses advancing environmental sustainability and well-being.

The second principle is human rights and democratic values, including fairness and privacy. It requires AI actors to respect the rule of law, human rights and democratic and human-centred values throughout the lifecycle of the AI system. Further, it is necessary to implement certain mechanisms and safeguards, such as allowing for human agency and oversight, including addressing certain risks such as intentional misuse or unintentional misuse.

The third principle is transparency and explainability. The principle requires AI actors to ensure transparency and disclosure regarding AI systems. This includes providing meaningful information about the limitations and capabilities of AI. It further allows for those negatively affected by AI to challenge the outcome, and make stakeholders aware of their interaction with AI, including in the workplace.

The fourth principle is robustness, security and safety. This ensures that AI systems are safe, robust and secure during their entire lifecycle and they do not cause unreasonable safety and/or security risks. Where AI systems may cause harm, they may be overridden, decommissioned or repaired safely as needed. This also ensures having systems in place to improve information integrity while ensuring respect for freedom of expression.

The final principle is accountability. This ensures that AI actors must be held accountable for the proper functioning of AI systems. In this endeavour, AI actors must ensure traceability, to ensure the analysis of AI's outputs and responses to inquiry. Further, AI actors should apply a systemic risk management approach to AI systems' lifecycles and undergo responsible business practices to address the risks associated with AI systems.⁸⁴

⁸⁴ Organisation for Economic Co-operation and Development (undated) *AI Principles*. Available at: [AI principles | OECD](#) (Accessed: 24 February 2026).

The EU AI Act

The most comprehensive and mature legislation on AI is the EU AI Act. It was approved by European Parliament in March 2024 and came into force in 1 August 2024. The EU AI Act builds on the OECD AI principles and places oversight and requirements for AI systems into different risk classifications. The EU AI Act applies to natural and legal persons, public institutions, agencies and other bodies. And much like the General Data Protection Regulation it applies to entities outside the EU that have their systems used in the EU. The EU AI Act defines what is unacceptable and therefore prohibited AI use and what is considered high-risk versus low-risk AI use. The EU AI Act also sets out requirements for each risk classification and imposes severe penalties for non-compliance. It is important that boards are aware of these risk classifications so as to circumvent and mitigate any risks. To not stifle innovation, the EU AI Act does not apply to AI systems used exclusively for scientific research or for national security purposes.⁸⁵

1	Unacceptable AI use The EU AI Act prohibits AI use that could, among other things, significantly harm human beings, prejudice their fundamental rights and freedoms or infringe on their privacy. This includes manipulative, deceptive or exploitative practices that target vulnerable groups or evaluate or classify individuals based on their social behaviour, economic status or personal characteristics. ⁸⁶
2	High- risk AI use High-risk AI systems are described as AI systems that can significantly affect people's health, safety and basic rights and are subject to strict governance guardrails. Examples of high-risk AI systems include systems used in profiling, essential services, law enforcement and critical infrastructure. In terms of the EU AI Act, continuous and proactive risk management is required in the use of these systems. Among other things, users need to regularly evaluate potential risks associated with the system and keep technical documentation of how the system works. Further, to ensure accountability, AI users of high-risk AI must keep records of their activities and human oversight is important for use of these systems. ⁸⁷
3	Low or limited- risk AI use The EU AI Act makes mention of low-risk AI systems that do not influence the outcomes of decision-making but are purely used for concentrated procedural tasks. Most interactive chatbots and autonomous organisational agents would fall into this category, and most company secretaries and governance professionals typically rely on AI of this type. Such systems require less governance requirements but must adhere to transparency and accountability principles, such as informing users when they interact with these systems that they are interacting with AI systems unless the context makes that obvious. ⁸⁸

While non-compliance with the EU AI Act hinges on several factors, the penalties are designed to be quite severe. Ranging from fines of €15 Million or 3% of turnover for general non-compliance, to up to €35 million or 7% of global annual turnover for prohibited practices.⁸⁹

86 Naidoo, *op. cit.*
87 Ibid.
88 Ibid.
89 Ibid.

85 Ibid.

AI and ethics

AI typically produces outcomes that are ethically debatable rather than evidently unlawful.⁹⁰ However, not all AI tools used in the boardroom are equal. As AI becomes integrated into the infrastructure of businesses, it becomes more important that directors become more aware of their fiduciary duty to ensure that AI utilised in governance is used in an ethical, transparent and accountable way. Directors and company secretaries should consider six themes or principles that limit a company's exposure to the dangers associated with AI.

AI ethics seeks to optimise the benefits of AI while preventing any adversarial or harmful impacts. It hopes to align the development and use of AI with the values of society. There are several ethical themes of AI. These themes emphasise the need to implement ethics in the development of AI, engineering and systems which can be categorised as developing 'trustworthy AI'.⁹¹

The first ethical theme is human agency and oversight. This theme focuses on ensuring that AI advances the psychological, social and environmental well-being of humans. Machines should be deployed for the betterment of humanity and respect for human dignity. Key components of this theme centre on the impact of AI on human agency, whether AI directly or indirectly diminishes the deliberative/rational capacity of humans. Further, it considers whether consent from users has been obtained and whether users have the right to withdraw that consent. It also considers the societal impact of technological advancement, which includes citizen rights as well as economic impact. And the environmental impact is also considered, including issues around sustainability.⁹²

The second ethical theme is safety. This is focused on preventing harm that might threaten the psychological, social and environmental well-being of humans. The measures that should be taken should be preventative by identifying risks and mitigating them. Key themes here include developing systems that are robust enough to withstand adversarial attacks and that there are measures in place to prevent the exploitation of systems. Further, reliability and reproducibility are a key component under safety. Reliability means having the systems working within the outline of which they were deployed, whereas reproducibility means predictability, producing the same outcomes under similar conditions.⁹³

The third ethical theme is privacy. This theme is based on respecting and protecting the personal information of human beings. This entails ensuring that consent is obtained and people are informed and updated on the use of their data. It also entails exercising data stewardship which ensures having the necessary security measures in place to protect personal information. It also entails data minimisation which requires that only the information needed to fulfil a particular function is used and nothing more.⁹⁴

The fourth ethical theme is transparency. This centres around openness which is pivotal for trust and accountability. Transparency can be understood as clarity around the decisions made based on AI outputs and how the tool itself is applied. The former relates to the explainability of automated decision makers and the latter refers to governance. Explainability means being able to explain how AI has come to its decision and making that decision available to various stakeholders. In addition to explicability, there is also a need to communicate the competences and the aims of the system to those directly or indirectly affected.⁹⁵

90 Governance Institute of Australia, *op. cit.*

91 Kazim, E., and Koshiyama, AS., (2021) 'A high-level overview of AI ethics,' *Patterns*, 2(9). Doi: 10.1016/j.patter.2021.100314.

92 Ibid.

93 Ibid.

94 Ibid.

95 Ibid.

The fifth ethical theme is centred around fairness. This seeks to ensure that AI is based on the ethical principle of human equality. There are some concerns about the definition of fairness in this respect as there are mutually exclusive concepts of fairness i.e. such as procedural, substantive, corrective, among others. There are also questions about what context the theme of fairness exists under. Ultimately, this theme centres around discriminatory treatment of certain individuals or groups. Concerns centre around the biases found in historical datasets, the intentional exploitation of persons or the quality of the provision of services. Due to the significant benefits that society and persons will receive from AI, it is important that all persons, to the greatest extent possible, have equal access to these systems. Furthermore, the theme centres around ensuring that communication be facilitated in an accessible and explicable vernacular so that the wider society may exercise meaningful engagement with AI systems.

The final ethical theme is accountability. This encompasses legal liability and how AI impacts human beings. It is suggested that AI models should not be left to their own devices but there should be human oversight in its processes. As a result, there must be robust human oversight mechanisms. This ensures that humans remain the custodians of AI and take ultimate responsibility for its processes. As a result, automated decisions should not occur without human intervention. This aligns with section 71 of POPIA which requires that AI decisions that have legal consequences or significantly impact individuals should not be made without human oversight. Further, in terms of the accountability theme, impact assessments should be made to ascertain how models are affecting social well-being, citizen rights and economic impacts among other dimensions. As one IBM training manual explains: 'A computer can never be held accountable. Therefore, a computer must never make a management decision.'⁹⁶

⁹⁶ Bonderud, D., (undated) *AI decision-making: Where do businesses draw the line?* Available at: AI decision-making: Where do businesses draw the line? | IBM (Accessed: 12 August 2026).

How to implement AI responsibly

Companies must proactively consider how to govern AI to mitigate potential security threats, ethical challenges, and legal or regulatory pitfalls.⁹⁷ However, an approach to the responsible use of AI is not a one-size-fits-all. Banks, hospitals and other regulated entities will need to ensure that AI works well for all groups – cutting across race, and gender. While unregulated entities may be under less risk, taking a responsible approach to AI requires businesses achieving results, without undermining their mission and vision and exposing them to litigation. Thoughtful management is essential to navigate the complex risks AI presents. Should AI make a significant error, the management team will be held responsible.⁹⁸ Addressing these concerns early can safeguard both reputation and operational integrity. Boards should ensure that data is adequately protected. Data should be properly classified, encrypted and managed. Access to AI systems should be tightly controlled, such as through authentication tools and employees' laptops with enhanced security.

Some ways for boards to play a role in AI governance is by organising more frequent briefings, scenario planning and establishing boards dedicated to the governance of technology. Each board member must be informed and keep up with the latest trends and legislative developments in technology. Furthermore, boards and employees should be trained on the ethical and compliant use of AI. This includes training on privacy regulations and issues related to liability. Boards may also benefit from expert advice on the risks associated with AI and how to effectively manage it.⁹⁹

The board of a company should assess where AI sits on the risk register, as well as the likelihood of certain AI-related risks materialising. Before a new tool is adopted an impact assessment of the tool should be conducted along with a robust approval system and due diligence process.

The board should also develop a transparent and robust Responsible Use of AI Policy and board charters should be updated to include provisions on AI to ensure that the company is prepared, and company secretaries can play a pivotal role in establishing

⁹⁷ Leighton, *op. cit.*

⁹⁸ Short, L., (2025) 'Building a Responsible AI Framework: 5 Key Principles for Organizations,' *Harvard Division of Continuing Education*, 26 June. Available at: Building a Responsible AI Framework: 5 Key Principles for Organizations – Professional & Executive Development | Harvard DCE (Accessed: 23 February 2026).

⁹⁹ The Chartered Governance Institute UK and Ireland. (2023). *Governing AI use in your organisation*. London: The Chartered Governance Institute UK and Ireland. Available at: governing-ai-use-in-your-organisation.pdf (Accessed: 1 July 2026).

these mechanisms. With regard to the Responsible Use of AI Policy, striking the right balance between mitigating vulnerability and efficiency concerns, demarcating guidelines for adoption, and ensuring data privacy in one comprehensive document with frequent training would need to be achieved. Furthermore, this would align with King V which requires that boards approve policies which govern the use or development of AI within the organisation.

The oversight of AI directly by the board aligns with corporate governance frameworks that emphasise that the board's responsibility is to ensure that AI aligns with ethical values, transparency and human oversight. The realisation of these principles may require the establishment of an AI advisory panel to advise the board.

While companies must establish frameworks for the ethical usage of AI and best practices for a responsible AI framework, the work does not stop there as high-level principles must be translated into practical guidance.¹⁰⁰ While many companies draft an AI ethics charter, they fail to implement these principles into daily operations. Sometimes AI principles can be abstract, losing enforcement as a result. It is important therefore that companies facilitate alignment between departments and allow for open dialogue, which rests on the governance structure.

Central to the director's responsibilities is the duty of care and skill, which encompasses a duty to act with the diligence a reasonably prudent person would apply in the same circumstances. In the case of AI governance, this duty requires directors to understand how AI affects their role and responsibilities towards the company.¹⁰¹ This does not require that they become experts of the technology but have a basic understanding to mitigate any emergent risks and opportunities. This goes to their very competency of being able to govern and lack of understanding may threaten trust, reputation and even legal standing.

As with any advice, directors must apply their minds and ensure that AI systems do not dictate their decision-making. The duty of care requires that directors interrogate recommendations, comprehend the consequences and ultimately take full responsibility for decisions made. Reliance on AI, like relying on advice from human agents, does not absolve directors from their fiduciary duties.¹⁰²

¹⁰⁰ Wade, M., Yokoi, T., (2024) 'How to Implement AI – Responsibly,' *Harvard Business Review*, 10 May. Available at: How to Implement AI — Responsibly (Accessed: 23 February 2026).

¹⁰¹ Naidoo, *op. cit.*

¹⁰² *Ibid.*



Conclusion

In the preceding chapter South Africa's legislative approach to AI was discussed, with it being noted that South Africa has taken an 'inclusive innovation' approach. Directors' duties, as encapsulated in the Companies Act and King V were distilled, with particular emphasis on the fact that reliance on AI does not take away from directors' fiduciary duties, as well as how a director's duties intersect with board packs and minutes. The internationally acclaimed OECD AI Principles that provide recommendations on the use, development and deployment of AI were delved into. These include inclusive growth, sustainable development and well-being, human rights and democratic values, including fairness and privacy among others. The principles that govern ethical AI were also discussed and how trustworthy AI may be developed. Further, the provisions of the EU AI Act were also discussed as they pertain to the different risk classifications for AI systems, as well as the penalties for non-compliance. Ultimately, boards should ensure ethical and responsible use of AI and company secretaries play a pivotal role in this regard.



Chapter Five

The company secretary's hidden edge

Introduction

This chapter will explore the soft skills that company secretaries can use in the age of AI disruption to gain a competitive advantage. It will be argued that while AI excels in repetitive and data-driven tasks, it cannot supersede humans in relationship-building and strategic thinking. Competencies such as analytical thinking are key soft skills required in the future of work, with it being ranked as the top core skill required by employers today in the Report by the World Economic Forum.¹⁰³ Resilience, flexibility, agility, leadership and social influence are not too far behind on the spectrum of essential skills. Uniquely human traits like emotional intelligence and fostering an ethical culture can be harnessed by company secretaries in an age where AI tools are dominating. In this chapter the specific areas humans excel in as compared to AI will be discussed.

103 World Economic Forum (2025) *Future of Jobs Report 2025*. Geneva: World Economic Forum. Available at: Preface - The Future of Jobs Report 2025 | World Economic Forum (Accessed: 30 June 2026).

Soft skills: The hidden edge for the company secretary

In addition to a basic understanding of AI, company secretaries have several other skills to use to their advantage in an era where digital access is broadening, with soft skills being particularly important. Soft skills are non-technical, interpersonal and behavioural skills that determine how people interact and perform in life and work situations.¹⁰⁴ According to the Report, of the core skills employers consider employees must have today, analytical thinking ranks as the top core skill followed by resilience, flexibility and agility and finally leadership and social influence, among others.¹⁰⁵ This combination emphasises the importance of the partnership of cognitive skills with collaboration and adaptability in thriving in today's workforce. The fourth and fifth core skills required by employers are creative thinking and motivation and self-awareness. The combination of cognitive, self-efficacy and interpersonal skills within the top five skills emphasises the importance employers assign to having an agile, innovative and collaborative workforce where problem-solving and interpersonal resilience are practiced.

In light of its importance, it may be helpful to break down what analytical thinking means. Analytical thinking may be defined as identifying and solving complex problems. This involves looking at a problem from different perspectives, considering all possible solutions and coming up with a conclusion based on evidence. Analytical thinking is important as it allows for individuals to handle complex problems rationally and come up with conclusions based on available facts. These skills become more pivotal when large amounts of data must be analysed or interpreted to come up with the best strategies or solutions. By affording new insights into old challenges, analytical thinking improves efficiency and productivity. It also supports innovation, strategic planning and execution as new perspectives are brought in.¹⁰⁶

104 Kenton, W., (2025) 'What Are Soft Skills? Definition, Importance, and Examples,' *Investopedia*, 17 June. Available at: What Are Soft Skills? Definition, Importance, and Examples (Accessed: 24 February 2026).

105 World Economic Forum, *op. cit.*

106 GoGloby (undated) *What is Analytical Thinking*. Available at: What is Analytical Thinking? | Skills, Importance, and Role in HR (Accessed: 23 February 2026).



Apart from the core skills listed in the Report, a case may be made that emotional intelligence is key to succeeding during the age of AI. Emotional intelligence or emotional quotient ("EQ") refers to the ability to understand and manage your emotions and those of others.¹⁰⁷ EQ has four components, as developed by Daniel Goleman, a Harvard trained psychologist and bestselling author. These components are self-awareness, self-management, social awareness, and relationship management.¹⁰⁸ Emotional intelligence is crucial for success in the workplace and an essential skill for company secretaries. In an age where ethical considerations clash with profit motives, the company secretary is key to embedding ethical standards throughout the organisation.¹⁰⁹ A strong ethical culture is set at the top and the company secretary has a role to play as a beacon of integrity. Company secretaries are the unsung heroes that work behind the scenes to ensure that the organisation navigates both moral and regulatory considerations in pursuit of its objectives.¹¹⁰ It is difficult to imagine AI fulfilling this all-important function.

Fundamentally, one of the company secretary's roles is to manage the relationship between the board and senior management. While AI may be able to complete technical tasks, relationship-building and strategic thinking remain uniquely human-centric tasks. Remaining competitive in the AI era requires mastering technological tools such as AI while also sharpening uniquely human capabilities.¹¹¹

The boardroom is rife with instances of clashes of personalities due to differences of opinions. This is due to the high-stakes environment that board members find themselves in and having to make decisions on contentious issues. This is where the company secretary's ability to keep a cool head and relaxed exterior comes in.

In the area of complex decision-making, AI cannot replace human judgment in understanding context and human insight.¹¹² Company secretaries are required to operate in dynamic environments and interpret sometimes unclear information which AI struggles to do due to its lack of EQ, ethical reasoning and empathy.

While the above skills are not an exhaustive list of skills needed, they provide a good starting point. If company secretaries can leverage these competencies, they can see themselves thriving in an age where efficiency and speed are seen as invaluable. Company secretaries need to upskill to step ahead of the curve and companies need to facilitate that learning. The harnessing of these sometimes human-centric skills allows company secretaries to move from being focused on administration to being the board's trusted advisors.



Conclusion

This chapter has distilled what soft skills company secretaries need in the era of AI. While company secretaries cannot be entirely replaced by AI, it is important that company secretaries upskill and harness their soft skills, especially where their routine tasks will be supplanted by AI systems. These soft skills include being competent in analytical thinking, agility, resilience and EQ among other soft skills. While AI can complete tactical tasks, it lacks EQ to build relationships and resolve conflicts in the boardroom. Further, it lacks the understanding of context, the ability to foster an ethical culture and human insight that many humans inherently have. Finally, AI lacks competency in higher cognitive skills like analytical and refined problem-solving which company secretaries exhibit.

- ¹⁰⁷ Frothingham, M.B., (2026) 'Emotional Intelligence (EQ),' *SimplyPsychology*, 11 May. Available at: Emotional Intelligence (EQ): Components and Examples (Accessed: 1 July 2026).
- ¹⁰⁸ Brenda Eckstein International (2025) *Daniel Goleman's Four Human Domains Model of Emotional Intelligence (EQ)* Available at: Four-Human-Domains-Model.pdf (Accessed: 01 December 2025).
- ¹⁰⁹ Abhishek, S., (2023) 'Guardians of Ethics: How Company Secretaries Uphold Corporate Integrity,' *LinkedIn*, 31 August. Available at: Guardians of Ethics: How Company Secretaries Uphold Corporate Integrity (Accessed: 30 June 2026).
- ¹¹⁰ Ibid.
- ¹¹¹ Marr, B., (2025) 'The Essential Skills That Will Define Success in the AI Era (And They're Not What You Think),' *Forbes*, 24 January. Available at: The Essential Skills That Will Define Success In The AI Era (And They're Not What You Think) (Accessed: 1 December 2025).
- ¹¹² Valle, J.M.D., Nikita, (2025) 'AI is revolutionising decision-making, but it can't replace human leaders,' *The London School of Economics and Political Science*, 3 January. Available at: <https://blogs.lse.ac.uk/businessreview/2025/01/03/ai-is-revolutionising-decision-making-but-it-cant-replace-human-leaders/> (Accessed: 1 December 2025).



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Conclusion



This best practice guide highlighted how AI can deliver significant efficiencies that company secretaries can harness to sharpen their competitive advantage. From a regulatory perspective, AI is not prohibited from producing draft minutes and agendas. However, human oversight is important throughout the process. At the same time, it is important to acknowledge the limitations of AI, which must be carefully managed by organisations aiming to adopt it responsibly. Strategic oversight is essential to ensure its benefits are realised without exposing the business to unnecessary risks. The use of AI to circumvent directors' responsibilities, in particular the duty to acquaint themselves with the company's affairs, may have ethical and legal implications. It remains incumbent on directors to ensure that they exercise the necessary skills, care and diligence required under the Companies Act. And it also remains incumbent on the company secretary to be aware of these risks and advise the board of directors accordingly. Company secretaries play an important role in developing mechanisms for the responsible use, development and deployment of AI in any organisation. Moreover, while company secretaries operate within the guardrails of the Companies Act, governance codes, and listing exchange rules, for them to meet the jobs of the future they will need to continuously upskill, exhibit soft skills, and proactively anticipate change.



Examples of organisational AI policies

Several organisations have published and publicly made available their AI policies. See a list of the policies below.

Health Professions Council of South Africa: ETHICAL-GUIDELINES-USE-OF-AI.pdf

The policy starts off by stating that the Health Professions Council of South Africa (HPCSA) supports innovation that improves the delivery of healthcare while ensuring safety in the health professions. The policy then goes on to state ethical principles for the use of AI and related technology. One of these is ensuring that that, while using AI, the patient's best interests remain the primary concern.

The policy also stipulates the disclosures that must be made to patients by health professionals regarding the use of AI. This includes AI tools being explainable to patients, including the limitations found in the technology and potential risks being indicated upfront. Also, accountability is a key feature in the policy, as it stipulates that health professionals must be guided by healthcare requirements in the use of AI. And such tools should be used to create positive and transparent interactions that embed trust in the healthcare system.

BMW: Seven principles for AI: BMW Group sets out code of ethics for the use of artificial intelligence

In 2020, BMW Group, the car manufacturer, published its policy on AI, which covers the use of AI in over 400 applications in the company's value chain. Developed by an inhouse AI taskforce, the policy covers the following seven principles:

1. Human agency and oversight
2. Technical robustness and safety
3. Privacy and data governance
4. Transparency
5. Diversity, non-discrimination and fairness
6. Environmental and societal well-being
7. Accountability.

University of the Witwatersrand: Wits-CLTD-Guidelines-for-GAI-use-in-Learning-Teaching-Research-Dec2024.pdf

The University of the Witwatersrand published guidelines for the use generative AI in learning, teaching, and research in 2024. The guidelines seek to provide a comprehensive framework for the ethical use of generative AI in higher education settings.

The guidelines state several principles that help ensure that generative AI technologies contribute positively and do not inadvertently cause harm. Among the principles of the ethical use of AI are the following:

1. Transparency
2. Accountability
3. Fairness
4. Privacy

The guidelines also address the biases and inaccuracies in generative AI models which are critical in ensuring the ethical and effective use of AI in education.

Bosch: Presse Information

Engineering and technology company Bosch produced a code of ethics for AI in 2020, which sets out the "red lines" the company will not cross in the responsible and ethical use of AI. In the policy, the company is guided by a number of principles, some of which are:

1. All the company's AI products should reflect the company's particular ethos, which combines a quest for innovation with a sense of social responsibility.
2. AI should be used as a tool, and where it affects human life, should not be made without a human arbiter.
3. Bosch wants to develop safe, reliable and explainable AI products.
4. Bosch wants to develop trustworthy AI.
5. When developing AI products, the company adheres to legal requirements and ethical principles.

Further, the policy goes on to state that Bosch is guided by criteria in the use of AI. These include ensuring that the articles of the Universal Declaration of Human Rights are not violated, that the laws of the country for which the AI product were made are complied with and that AI products should improve quality of life and conserve natural resources.



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