

Webinar

Governing AI in the Boardrooms

A webinar on AI governance, liability and disclosure

AI is now a boardroom liability issue, not just a tech one. Watch highlights from Resolüt Partners' webinar on AI governance, liability and disclosure. In this clip: shadow AI and confidentiality risks, legal privilege and discovery exposure for AI records, liability for AI mistakes (hiring tools, chatbots, bias), vendor contract red flags, SEBI/DPDP/SEC AI-washing disclosure rules, and AI exclusions creeping into D&O and E&O insurance.

Relevant Research:

[*Governing AI in boardrooms: 10 things board of directors must avoid to stay ahead and stay protected*](#)

Webinar Highlights:

[*Highlights - Governing AI in the Boardrooms*](#)

Full Webinar Recording:

[*Full Webinar - Governing AI in the Boardrooms*](#)

Speakers

Mohammad Kamran: Partner – International Disputes & Investigations, Resolüt Partners

Prashant Khurana: Counsel, Resolüt Partners

Pallavi Chopra: HR Leader, Shell

Transcript

Q: What is Shadow AI?

Kamran: So in 2023, Samsung allows its employees to use AI. One engineer, he wanted to speed up the debugging, so he put the source code into the system just to you know speed up the debugging process, and it was fed into some generic AI. Second incident again at Samsung, which happened was this employee, he was in a meeting, he recorded the meeting, the entire recording of that meeting was put into the AI.

For summarizing the meeting, because they were put on a generic platform, suddenly the confidentiality around those source codes around the meeting was lost because it became part of public generic AI.

Q: What are the challenges of using Shadow AI in HR functions?

Pallavi: The challenge comes when the organizations have not any approved equivalent to these public AI, but at the same time, people tend to think that these platforms they are like any intelligent search engine, which they are not. They are much beyond it. They don't appreciate the fact that when they are pasting any information in this, they are giving confidential or personal data outside the organization's controlled environment.

So when we say from an HR perspective, I won't say that don't use AI. I would say that if we tell employees not to use it within some kind of a safe alternative, they will continue using ChatGPT. So that safe alternative is something which we really need to define.

Q: What are the confidentiality and privilege issues with AI?

Prashant: I think with confidentiality also, what you also end up losing is your protections.

You know, copyright is no longer copyright. You may no longer be protected by legal privilege. Somebody could use your information in the way that they want to. So it's not. Just an abstract idea that oh there is some computer program that now knows what I was thinking. It's also to do with what that thinking would have resulted in may no longer belong to you. So it's an ownership question. It's a question of safeguarding your own rights, etc.

Q: What happened in case of US v. Heppner (2026) case?

Kamran Bradley Heppner was this individual who was charged with making fraudulent statements in in some records. FBI arrested him. FBI also got a search warrant.

They basically seized some electronic devices which. Led to the discovery of almost 31 documents containing exchanges between Mr. Heppner and Claude. Mr. Heppner had received some input inputs from his counsel, so he used those inputs and used them in a way to generate certain reports outlining his legal defense strategy from Claude.

And once that report was generated, Mr. Heppner forwarded that report to his lawyers, saying that, „Could you please take a look into it? This is my case,“ and which in turn influenced the counsel's strategy also ultimately in the court. Now, Mr. Hefner obviously argued that this this type of documents should be should remain protected by a legal professional privilege, and should not be disclosed or be admissible as evidence in the court of law.

However, the court decides against it. Court first says that first of all, legal professional privilege exists only between attorney and clients. Claude is not an attorney, and therefore, on this ground itself, the question of privilege should die. So, what does this mean? That guy had typed in Claude that oh I actually committed this crime now help me get out.

That confession becomes an admission in court, and so that can become a basis for any judge to take a view that he's done it. That that becomes your exhibit A is what the court is trying to say. And the second second thing that court says is that there is no reasonable expectation of confidentiality when you insert something on a public AIM platform.

So and the reason why they get into it is because they look at the privacy policy of Claude. Privacy policy of court says that look, whatever inputs and outputs you generate from the platform, we have the ability to train our platform using those inputs and outputs, and we also reserve the right to disclose such inputs and outputs to a host of third parties, like including government for claims, disputes, litigations, et cetera, whatever, so on and so forth.

Q: What issues arise from the reasoning taken in Heppner (2026) case?

Kamran: The court in this case has treated the AI platform as a non-attorney human, as opposed to treating the platform as a tool, and this is what the AI companies argue that we are no more than a Microsoft Outlook or a Gmail. You know, a client uses his Gmail account to send information to his attorneys.

The the privacy policy that probably you sign with Gmail or an Outlook is the same. It carries the same same content saying that we reserve the right to disclose your information if requested by any governmental authority in a in relation to a claim dispute or litigation. So, how is it any difference? Something that we need to now improve upon, having had the experience of using AI for so many years, is to now start treating AI as a tool.

Q: How should HR assess the credibility of AI onboarding platforms?

Pallavi: I keep on getting those. the emails or on the Facebook or LinkedIn that okay I this is a new AI tool helping you reduce reduce the recruitment time accelerate the hiring quality of hire and all those things. I think that that is one place where AI has to be really washed out.

System can help you shortlist 100 profiles but is it telling you that what are the 100 profiles it has rejected? There is a situation that where a bias can come up. It can be a bias for a location, for an organization, or for the age. It can be demographic bias or anything of such nature. Which can really put the organization at risk, or first of all, might not before the risk might not match with the philosophy of the organization.

Most of the organizations do declare that we do not make any discrimination basis any any fact any background as such where the candidates are coming from. But if your AI-based recruitment tool is making that discrimination on its own in a biased way, then definitely A it's not binding with your policy.

B you are losing on the talent without thinking about it. Accountability around any of these decisions being made by the tools. cannot be outsourced. So someone is making a tall claim. That claim has to be backed. And I will not, even if it is, the claim comes out to be true that yes, AI is doing most of the things and it's extremely efficient.

I would definitely keep my watch through these reportings or analytics to see that what kind of results it is generating.

Q: What are the liabilities when AI makes mistakes, and who bears them?

Kamran: This was an AI bot that the customer was dealing with, and the AI bot tells the customer that as per company policy, you can pay the full amount right now, but claim a discount later, which was actually not the correct policy.

And ultimately, the customer came back to the company asking for the discount. The company refused, saying this is against our policy. Here is our policy. They in fact signed a very big, long policy document to the customer. Customer ultimately takes them to court, and the court says that sorry, if this AI bot was operating under your logo, it should have correctly known about your policies and interpreted the policies correctly.

And if there is a mistake by this bot in that sense, then obviously the company is liable, and the company the court in fact holds the company liable. In a sense, it treated the AI chatbot as an agent of the company. It is becoming increasingly important for all the companies which may want to use AI for doing their customer care after sale service to thoroughly audit their bots, whether they know about the policies or not, whether there is any bias which is corrected in the in those bots or not.

All of this should be checked before they are finally made public facing.

Q: What is AI-Washing?

Prashant: So there were those cases that I referred to in the US Telfia and one of the financial firms. Where they were basically making claims, and these are more akin to false advertising also in a sense, where they were making claims about how well they use AI in their day-to-day businesses, in picking up stocks, in the other company was doing drive-through delivery management, so how well they are doing the drive-through delivery management, but at the back end, these all people turned out to be human beings who were actually doing the work, and that was dressed up as AI.

So those became like false advertising claims.

Q: Can individuals or small enterprises contract independently with Anthropic?

Prashant: Even if you're doing it for a smaller organization, Anthropic just refuses to. Work with the owner and this is not just a drop-in, it's everybody. If it's an organization below a certain size, less than 50 employees, less than 100 employees, they won't even ask you to look at the the negotiated contract.

They'll just direct you to a turnkey enterprise contract that they have. Those will be the terms, take it or leave it.

Conclusion

Prashant: Thank you everybody for joining us. I hope you found this insightful and surprisingly, we have done quite well to finish on time.