
Governance Leadership in Times of Disruption:

The Evolving Role of the Board Risk Committee



ABOUT THE AUTHOR

Hadi El-Assaad

is a corporate governance expert and board advisor with more than 40 years of leadership experience in banking, finance and governance. He serves as Managing Director of the Institute for Finance and Governance (IFG) at ESA Business School and previously chaired risk oversight committee for that board at First National Bank - Lebanon. A certified independent director, he regularly speaks at international conferences on governance, risk and financial sector leadership.

> HADI EL-ASSAAD



In recent years, corporate governance has entered a period of profound transformation. Geopolitical instability, technological acceleration, cyber threats, climate-related pressures, regulatory fragmentation and rapidly shifting stakeholder expectations have combined to create an environment where uncertainty is no longer episodic – it has become structural.

In this new context, the traditional architecture of board governance is being tested. Among the governance structures undergoing the most significant evolution is the **board risk committee**. Once primarily associated with compliance oversight and financial risk monitoring, the risk committee is increasingly expected to play a broader strategic role: anticipating disruption, strengthening institutional resilience and helping boards navigate complex, interconnected uncertainties.

The challenge facing boards today is not merely how to identify risks, but how to govern in an era where risks evolve faster than traditional governance models can adapt. This evolution requires a fundamental reconsideration of the mission, composition and leadership responsibilities of the board risk committee.

From Periodic Oversight to Continuous Strategic Vigilance

Historically, many board risk committees operated within relatively stable environments. Their role was often centred on reviewing risk reports, monitoring regulatory compliance and ensuring that management maintained appropriate internal controls. Risk itself was generally perceived through identifiable categories: financial, operational, legal or reputational.

Today, however, disruption rarely respects such boundaries.

Cybersecurity incidents can rapidly evolve into reputational crises. Geopolitical tensions can destabilise supply chain overnight. Artificial intelligence introduces not only operational opportunities, but also ethical, legal and societal risks. Climate-related events increasingly affect financial performance, insurance costs, investor confidence and long-term business viability simultaneously.

Risks have become interconnected, systemic and sometimes existential.

As a result, the modern board risk committee can no longer limit itself to retrospective analysis or static risk dashboards. Its role must evolve toward continuous strategic vigilance – an ability to identify emerging vulnerabilities before they fully materialise and to help boards develop institutional resilience in uncertain environments.

This transition represents a profound cultural shift in governance thinking: moving from a defensive approach to risk toward a strategic understanding of uncertainty.

The Limits of Traditional Risk Governance

Many governance structures remain insufficiently adapted to the realities of contemporary disruption. In practice, several weaknesses continue to appear across organisations and sectors.

First, **risk governance often remains excessively compliance-driven**. Regulatory adherence is essential, but compliance alone does not guarantee resilience. Some institutions mistakenly equate regulatory conformity with effective governance, despite evidence that major crises frequently occur within formally compliant organisations.

Second, **risk management frameworks are often fragmented across silos**. Financial risks, cyber risks, ESG risks, operational risks and reputational risks may be assessed separately without sufficient integration into a coherent strategic view. Yet modern disruptions rarely emerge in isolated forms.

Third, **many boards continue to dedicate insufficient time to forward-looking discussions**. Agendas remain heavily weighted toward reporting and historical performance review, leaving limited space for scenario planning, stress testing or strategic anticipation.

Finally, **expertise gaps are becoming increasingly visible**. Emerging risks linked to digital transformation, artificial intelligence, cybersecurity or climate transition require competencies that many traditional boards were not originally designed to possess.

The consequence is not necessarily governance failure in the traditional sense, but rather governance inertia – *an inability to adapt rapidly enough to evolving realities*.

The Risk Committee's Strategic Evolution

The most effective risk committees are now redefining their role around three core elements: anticipation, resilience and strategic integration.

Anticipation

Modern governance increasingly requires boards to ask difficult, forward-looking questions:

- What developments could fundamentally disrupt our business model?
- Which risks are underestimated because they fall outside traditional metrics?
- Where are our structural vulnerabilities?
- What assumptions underpin our strategy and how resilient are they?

This approach moves the committee beyond monitoring known risks toward identifying emerging uncertainties.

Scenario planning and stress testing are becoming essential governance tools. Rather than attempting to predict the future with precision, boards must prepare institutions for multiple plausible futures. The objective is less about forecasting and more about organisational preparedness.

Resilience

If previous governance models focused primarily on efficiency and optimisation, current realities now emphasise resilience and adaptability.

Organisations operate in environments where disruption may be recurrent rather than exceptional. Consequently, the role of the risk committee includes assessing whether the organisation possesses the capacity to absorb shocks, maintain continuity and recover effectively from crises.

This includes

- operational resilience,
- cyber resilience,
- financial resilience,
- leadership continuity, and
- reputational resilience.

Importantly, resilience is not solely a technical or operational matter; it is also cultural.

Risk Culture: Governance's Invisible Dimension

One of the most underestimated responsibilities of the modern risk committee concerns organisational culture.

Major governance failures rarely occur because risks were entirely invisible. More often, warning signs existed but were minimised, poorly communicated or culturally discouraged from escalating.

An effective risk committee therefore examines not only risk exposure, but also the quality of the institution's risk culture.

Key questions include

- Do employees feel safe escalating concerns?
- Is bad news communicated transparently to leadership?
- Does management encourage constructive challenging of opinions or views?
- Are incentives aligned with long-term sustainability rather than short-term performance?
- Is ethical judgment embedded within decision-making processes?

The tone established by both executive leadership and the board remains fundamental. A sophisticated governance framework cannot compensate for a culture that suppresses transparency or discourages dissent.

In this respect, the board risk committee should, in today's world, act as a guardian of institutional integrity as much as a monitor of institutional exposure.

Technology, Artificial Intelligence and Governance Complexity

No discussion of modern risk governance can ignore the accelerating impact of technology.

Artificial intelligence alone has reshaped governance agendas. While AI creates extraordinary opportunities for innovation and productivity, it simultaneously raises significant questions regarding accountability, bias, transparency, cybersecurity, data protection and regulatory responsibility.

Boards are therefore confronted with a difficult reality: they are expected to oversee technologies whose complexity often exceeds traditional governance expertise.

This does not imply that every director must become a technologist. However, it does require boards and risk committees to develop sufficient technological literacy to ask informed questions and exercise meaningful oversight.

Increasingly, effective committees take the following step to boost their tech oversight capacity:

- integrating external expertise,
- investing in continuing board education,
- strengthening cyber governance, and
- establishing clearer frameworks for AI monitoring and digital ethics.

The challenge is not simply technological adaptation, but governance adaptation.

The Need for Integrated Governance

Another important evolution concerns the relationship between the risk committee and other board committees. In many organisations, governance responsibilities have become increasingly

fragmented among audit committees, ESG committees, strategy committees, compliance committees and remuneration committees. While specialisation brings expertise, it can also create governance blind spots. These can include, for example:

- executive compensation structures may unintentionally encourage excessive risk-taking;
- ESG risks may not be adequately integrated into enterprise risk assessments;
- strategic initiatives may advance without sufficient consideration of operational vulnerabilities.

Effective governance therefore requires stronger coordination between committees and clearer integration between strategy, risk, sustainability and oversight. Plus, risk governance should not function as a separate governance compartment. It must become an integral dimension of board decision-making itself.

Leadership Expectations for the Modern Risk Committee

The effectiveness of a board risk committee ultimately depends less on formal structures than on the quality of leadership around the table. Several characteristics increasingly distinguish high-performing committees:

- intellectual independence,
- diversity of expertise and perspectives,
- willingness to challenge assumptions,
- strategic curiosity, and
- disciplined focus on long-term resilience.

Equally important is the role of the committee chair. The chair of the risk committee is no longer merely a coordinator of meetings or reviewer of reports. Increasingly, the role requires strategic judgement, the ability to synthesise complex information and the courage to raise uncomfortable, but necessary, questions.

In periods of disruption, governance leadership often depends on the capacity to maintain clarity during periods of uncertainty and composure when under pressure. This leadership dimension is particularly critical during crises, when boards must balance urgency with prudence and immediate pressures with long-term institutional interests.

Lessons from Fragile and Volatile Environments

Organisations operating in politically or economically fragile environments often provide important governance lessons for the broader international community.

In regions exposed to chronic instability, governance cannot rely solely on assumptions of institutional predictability. Boards and leadership teams develop heightened sensitivity to resilience, contingency planning, liquidity management, stakeholder trust and operational adaptability.

Recent years have demonstrated that instability is no longer confined to traditionally volatile regions. The succession of global disruptions – pandemics, wars, inflationary shocks, banking

instability, cyber threats and geopolitical fragmentation – has exposed the fragility of many governance assumptions in organisations previously considered stable.

In this context, governance systems shaped in more volatile environments may offer valuable insights into adaptive leadership and resilience-oriented governance.

Conclusion: Governance as a Resilience Discipline

The future of governance will likely depend less on the ability to eliminate uncertainty than on the capacity to navigate uncertainty intelligently, strategically and responsibly.

This evolution places the board risk committee at the centre of modern governance architecture. No longer confined to technical oversight, the committee is becoming a strategic actor in safeguarding institutional resilience, sustainability and long-term value creation.

The organisations that will succeed in the coming decade are unlikely to be those that avoid disruption altogether. Rather, they will be those whose governance structures are agile, informed and courageous enough to adapt effectively when disruption occurs.

In that sense, the evolving role of the board risk committee reflects a broader transformation in governance itself: *from a model focused primarily on control toward one increasingly centred on resilience, anticipation and responsible leadership in an unpredictable world.*