

BOARD AI GOVERNANCE CHARTER

[ORGANIZATION NAME]

PREAMBLE

This Charter establishes the governance framework for the oversight of Artificial Intelligence systems within [Organization Name]. It defines the structures, responsibilities, and processes by which the Board of Directors and its designated committees will provide strategic guidance and oversight of AI initiatives to ensure alignment with organizational values, regulatory requirements, and stakeholder interests.

Effective Date: [DATE] | **Version:** 1.0 | **Approved By:** Board of Directors

Article I: Purpose and Scope

1.1 Purpose. This Charter establishes board-level governance for all Artificial Intelligence and Machine Learning systems developed, deployed, or procured by [Organization Name] ("the Organization"), ensuring:

- a. Alignment of AI initiatives with organizational strategy and values;
- b. Appropriate management of AI-related risks;
- c. Compliance with applicable laws, regulations, and ethical standards;
- d. Transparency and accountability in AI decision-making.

1.2 Scope. This Charter applies to:

- a. All AI/ML systems used in external products and services;
- b. AI systems used in internal operations affecting employees, customers, or stakeholders;
- c. Third-party AI systems procured or integrated by the Organization;
- d. Research and development activities involving AI technologies.

Article II: Governance Structure

2.1 AI Oversight Committee. The Board hereby establishes the AI Oversight Committee ("the Committee") as a standing committee of the Board.

2.2 Composition. The Committee shall consist of:

- a. Minimum three (3) independent directors;
- b. At least one member with demonstrated expertise in technology, data science, or AI;
- c. At least one member with risk management or regulatory compliance experience;
- d. The Committee Chair shall be appointed by the Board.

2.3 Governance Hierarchy.

Level	Body	Primary Responsibility
1	Board of Directors	Ultimate oversight, strategic direction, risk appetite
2	AI Oversight Committee	Detailed AI governance, policy approval, risk monitoring
3	AI Ethics Council	Ethical review, bias assessment, stakeholder impact
4	AI Risk Management Office	Day-to-day risk management, compliance monitoring
5	AI Development Teams	Technical implementation, responsible AI practices

Article III: Roles and Responsibilities

3.1 Board of Directors

- Set organizational AI risk appetite and strategic objectives
- Approve AI Governance Charter and material amendments
- Receive and review quarterly AI risk reports
- Ensure adequate resources for AI governance
- Hold management accountable for AI governance outcomes

3.2 AI Oversight Committee

- Review and approve AI policies and standards
- Oversee AI risk management framework
- Review high-risk AI system deployments
- Monitor regulatory developments and compliance
- Commission independent AI audits as needed
- Report to the full Board at least quarterly

3.3 Chief AI Officer / AI Executive Sponsor

- Implement Board-approved AI strategy
- Chair the AI Ethics Council
- Present AI matters to the Committee and Board
- Ensure compliance with AI policies
- Manage AI talent and capabilities

Article IV: Oversight Mechanisms

4.1 AI System Classification. All AI systems shall be classified according to risk level:

Risk Level	Description	Oversight Required
Critical	Systems affecting safety, fundamental rights, or critical infrastructure	Board approval, ongoing Committee monitoring
High	Systems with significant impact on customers, employees, or business operations	Committee approval, quarterly review
Medium	Systems with moderate impact, standard business applications	AI Risk Office approval, annual review
Low	Systems with minimal impact, internal productivity tools	Management approval, policy compliance

4.2 Pre-Deployment Review. Prior to deployment, AI systems classified as Critical or High risk shall undergo:

- a. Technical performance validation;
- b. Fairness and bias assessment;
- c. Privacy impact assessment;
- d. Security review;
- e. Legal and regulatory compliance review;
- f. Human oversight mechanism verification.

4.3 Ongoing Monitoring. Deployed AI systems shall be subject to:

- a. Continuous performance monitoring against established KPIs;
- b. Periodic fairness audits (at least annually for High/Critical systems);
- c. Incident tracking and reporting;

- d. Model drift detection and retraining triggers;
- e. Stakeholder feedback mechanisms.

Article V: Reporting Cadence

Report	Frequency	Recipient	Content
AI Risk Dashboard	Monthly	AI Oversight Committee	KPIs, incidents, compliance status
Quarterly AI Report	Quarterly	Board of Directors	Strategic progress, risk assessment, significant issues
Annual AI Governance Report	Annually	Board + Stakeholders	Comprehensive review, external audit results
Incident Reports	As needed	Committee (P1/P2), Board (P1)	Incident details, response, remediation

Article VI: Ethical Principles

6.1 Core Principles. All AI systems shall adhere to the following principles:

1. **Transparency:** AI systems and their limitations shall be explainable to affected stakeholders.
2. **Fairness:** AI systems shall not discriminate against individuals or groups based on protected characteristics.
3. **Accountability:** Clear ownership and responsibility shall exist for all AI systems.
4. **Privacy:** AI systems shall respect data privacy and minimize data collection.

5. **Safety:** AI systems shall be designed and operated to prevent harm.

6. **Human Oversight:** Meaningful human control shall be maintained over significant AI decisions.

Article VII: Amendments and Review

7.1 This Charter shall be reviewed at least annually by the AI Oversight Committee and presented to the Board for reaffirmation or amendment.

7.2 Material amendments to this Charter require approval by a majority of the Board of Directors.

Signatures

Board Chair

Name: _____

Date: _____

AI Oversight Committee Chair

Name: _____

Date: _____

Chief Executive Officer

Name: _____

Date: _____

General Counsel

Name: _____

Date: _____

Appendix A: Definitions

Artificial Intelligence (AI): Systems that can perform tasks typically requiring human intelligence, including machine learning, natural language processing, and computer vision.

High-Risk AI System: An AI system that may significantly impact individuals' rights, safety, or well-being, or that operates in regulated domains.

Model Drift: Degradation in AI model performance over time due to changes in data distribution or underlying patterns.

TeraSystemsAI Governance Toolkit

Board AI Governance Charter Template v2.0 | EU AI Act Aligned

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