

AI Vocabulary Reference • Tier 3: Governance & Strategy

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This reference is designed for organizational leaders who are shaping AI strategy, governance structures, and policy — not primarily for those using AI tools day to day. It assumes familiarity with foundational concepts (Tier 1). If you haven't reviewed Tier 1, start there.

Governance Structures

The frameworks, bodies, and principles that give organizational AI use its shape, accountability, and legitimacy.

AI Governance	<p>The formal structures, policies, roles, and decision-making processes an organization uses to guide responsible AI adoption — including what gets approved, who is accountable, and how compliance is maintained over time.</p> <p>Why it matters for governance: Governance is not a one-time policy document. It is an ongoing organizational capability. Leaders who treat it as a project rather than a function tend to find themselves revisiting the same problems as tools and usage evolve.</p>
AI Governance Committee	<p>A cross-functional body responsible for overseeing AI deployments, setting organizational standards, adjudicating edge cases, and reviewing the ethical and compliance dimensions of AI use.</p> <p>Why it matters for governance: Effective governance committees include HR, Legal, IT, Finance, and where relevant, DEI and Communications. Without HR at the table, the human behavior and workforce implications of AI decisions tend to be underweighted.</p>
Use Case Tiering	<p>A framework for classifying AI use cases by their level of risk — typically High, Medium, and Low — based on factors such as the sensitivity of data involved, the reversibility of decisions, and the potential for harm.</p> <p>Why it matters for governance: Tiering is foundational to proportionate governance. Not every AI use case requires the same level of review. Organizations that apply the same scrutiny to drafting a newsletter as to screening candidates waste governance resources and create friction that drives shadow AI.</p>
Acceptable Use Policy (AUP)	<p>A formal organizational document that defines the boundaries of permissible AI use — which tools are approved, what data may be inputted, what outputs require human review, and what is prohibited.</p> <p>Why it matters for governance: An AUP is the governance document most employees will actually encounter. HR typically owns its drafting and rollout. Its effectiveness depends on whether it is written in plain language, actively communicated, and revisited as tools evolve.</p>
AI Ethics Framework	<p>A set of organizational principles that guide how AI is used in alignment with the organization's values — typically addressing fairness, transparency, accountability, privacy, and human oversight.</p> <p>Why it matters for governance: For a values-driven organization like a foundation, an ethics framework is not optional — it is brand-relevant. The gap between stated values and actual AI practice is a reputational risk that governance exists to close.</p>

Algorithmic Accountability	<p>The principle that organizations using AI systems are responsible for the outcomes those systems produce — including unintended harms — regardless of whether a human made the final decision.</p> <p>Why it matters for governance: Accountability cannot be delegated to the tool. When an AI-assisted hiring decision results in a disparate impact claim, the organization is liable — not the vendor. Governance structures exist to create clear lines of human accountability before harm occurs.</p>
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Risk & Compliance

The vocabulary leaders need to identify, classify, and manage the risks that accompany AI adoption — before those risks become incidents.

AI Risk Taxonomy	<p>A structured classification of the types of risk associated with AI use in an organization — including data privacy risk, bias and fairness risk, reputational risk, legal and regulatory risk, and operational risk.</p> <p>Why it matters for governance: A taxonomy gives leaders a shared vocabulary for risk conversations that would otherwise happen at cross-purposes. It is the prerequisite for any meaningful risk prioritization or mitigation strategy.</p>
Disparate Impact	<p>A legal concept referring to a policy or practice that appears neutral but produces disproportionately negative outcomes for a protected class. In the context of AI, it applies when algorithmic tools produce discriminatory results even without discriminatory intent.</p> <p>Why it matters for governance: Disparate impact is the primary legal risk of AI in HR. Resume screening tools, performance scoring systems, and promotion algorithms have all been implicated in disparate impact cases. Governance requires regular auditing — not just initial vendor review.</p>
Data Classification	<p>The process of categorizing organizational data by sensitivity level — typically Public, Internal, Confidential, and Restricted — to determine what data may be used in AI systems and under what conditions.</p> <p>Why it matters for governance: Data classification is the foundation of safe AI use. Without it, employees cannot make informed decisions about what to input into AI tools. HR data — compensation, performance, medical accommodation records — is almost universally Restricted or Confidential.</p>
Audit Trail	<p>A documented, time-stamped record of how an AI system was used, what inputs it received, what outputs it produced, and what human review or decisions followed. Required in many regulated contexts.</p> <p>Why it matters for governance: Audit trails are both a compliance requirement and a governance asset. They make it possible to reconstruct decisions, identify patterns of misuse, and demonstrate accountability to regulators, boards, or legal counsel.</p>
AI Impact Assessment	<p>A structured evaluation conducted before deploying an AI system — assessing its intended purpose, the populations affected, the risks involved, the data it requires, and the human oversight mechanisms in place.</p> <p>Why it matters for governance: Impact assessments shift governance from reactive to proactive. Organizations that assess before deployment avoid the far more costly process of remediating harms after the fact. HR is well-positioned to lead this process given its expertise in workforce and equity analysis.</p>

Regulatory Landscape	<p>The evolving body of law, regulation, and guidance governing AI use — including the EU AI Act, emerging U.S. state-level legislation, EEOC guidance on AI in employment, and sector-specific requirements in finance, healthcare, and education.</p> <p>Why it matters for governance: The regulatory environment is moving faster than most organizations' internal governance. Leaders who monitor the landscape — rather than waiting for compliance obligations to arrive — are better positioned to shape internal practice before it becomes mandatory.</p>
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Organizational Readiness

The terms that describe what it actually takes for AI adoption to succeed at scale — culturally, structurally, and strategically.

AI Maturity Model	<p>A framework for assessing an organization's current state of AI adoption and governance across multiple dimensions — including knowledge, daily use, team consistency, risk awareness, and value realization — and identifying meaningful next steps.</p> <p>Why it matters for governance: Maturity models prevent two common failure modes: organizations that overestimate their readiness and skip foundational work, and organizations that underestimate their progress and remain stuck in perpetual experimentation. Honest assessment is the starting point for strategic planning.</p>
Change Management	<p>The structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state — including communication, training, leadership alignment, and reinforcement mechanisms.</p> <p>Why it matters for governance: AI adoption is a change management challenge at least as much as a technology challenge. Organizations that treat it purely as an IT or strategy initiative and skip the human behavior infrastructure consistently underperform those that invest in change management from the outset.</p>
Leadership Sponsorship	<p>Visible, active support from senior leaders for an organizational initiative — including public endorsement, resource allocation, modeling of desired behavior, and accountability for outcomes.</p> <p>Why it matters for governance: AI governance without leadership sponsorship is advisory at best. When the CEO or CFO is seen using AI tools responsibly and speaking to governance expectations, the signal to the rest of the organization is qualitatively different than a policy document.</p>
AI Fluency	<p>The organizational capacity to understand, discuss, and make informed decisions about AI — not at a technical level, but at the level required for sound judgment, appropriate governance, and strategic positioning.</p> <p>Why it matters for governance: Fluency is the precondition for governance. Leaders who cannot distinguish between GenAI and predictive analytics, or between a free consumer tool and an enterprise platform, cannot make sound decisions about AI adoption, vendor selection, or risk management.</p>
Model Card	<p>A standardized documentation format — typically published by AI developers — that describes a model's intended uses, performance characteristics, known limitations, and ethical considerations.</p> <p>Why it matters for governance: Model cards are the AI equivalent of a product disclosure statement. Organizations evaluating AI tools should request and</p>

	review model cards as part of vendor due diligence. Their absence is itself a signal worth noting.
Responsible AI	<p>An organizational commitment to developing and using AI in ways that are safe, fair, transparent, accountable, and aligned with human values — operationalized through governance structures, ethical frameworks, and ongoing oversight.</p> <p>Why it matters for governance: Responsible AI is not a destination — it is a practice. For a foundation whose mission intersects directly with the communities most affected by AI-driven economic disruption, responsible AI is both an internal imperative and an external credibility asset.</p>