

APPENDIX A

Determination worksheet

One row per AI use from the inventory. A compliance risk in an activity that is the company's core product, service or purpose, whose failure would harm the people the company serves, is mission critical; a significant compliance risk that lacks one of those features is a central compliance risk; a business risk, or a peripheral compliance risk, is a business risk decision protected by the business judgment rule. When in doubt, choose the middle. Question 5 is recorded in every case because it will be quoted back.

QUESTION	EVIDENCE TO RECORD	ANSWER AND SOURCE
Program	Committee that owns AI oversight; charter language and date; escalation path; owner of the inventory	
Use under review	System name; function; decisions it makes or informs; population affected; volume per period; owner; whether built, licensed or supplied by an affiliate; whether the business could run without it	
1. Compliance risk or business risk?	Whether a failure would be a failure to meet a legal or regulatory requirement (statute, regulation, consent order, or court-made law such as negligence or defamation) or a commercial outcome; the legal theory a plaintiff would plead; whether the disclosure of the use is itself governed by law	
2. How central?	Whether the activity the use performs or informs is the company's core product, service or purpose: the product or service the company is known for; a decision that is the business; share of revenue or of the decisions in the business line that depend on it; whether the activity could be stopped without stopping the business; whether a license or approval depends on it	
3. Which rule, which regulator?	The statute, regulation, consent order or common-law duty that governs this use (cite it); the regulator; any pending inquiry or notice. Guidance and frameworks noted as context, not requirements	
4. What harm, to whom, at what scale?	Harm to the company from a failure; persons outside the company affected by an erroneous output, and whether they are the people the governing rule exists to protect; nature; scale (decisions per period; population reached); whether an erroneous output can be reversed, and how it would be detected	

QUESTION	EVIDENCE TO RECORD	ANSWER AND SOURCE
5. What have we said?	10-K risk factors, proxy and earnings statements, marketing, committee charters and prior minutes that describe this use, its risk, or the board's oversight of AI	
Determinations	1. Compliance risk or business risk (from Question 1). 2. Central or peripheral (from Question 2, with 3 and 5). 3. Mission critical or not (from Questions 2 and 4). Record each with its reason in one sentence. The placement (outer, middle, center) follows from the three; record it last. For a business risk, record the board's decision about what it will be told, how often, and against what limits	
If mission critical	On which committee's schedule; reporting content and frequency; tolerances ratified; escalation thresholds; accountable executive; for a vendor-supplied model, the contractual rights to performance data, validation and audit, and the internal owner; internal audit review date	
Review triggers	New use; new rule; incident or escalation; material public statement; annual review; date of next review	