



AIGN – Procurement Governance Gate
The decision and enforcement point for third-party AI, models & data
By Patrick Upmann

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Abstract

AIgn – Procurement Governance Gate

Global spending on artificial intelligence is entering an acceleration phase that increasingly outpaces the governance capabilities of most organizations. Enterprises are rapidly scaling third-party AI systems, foundation models, AI-enabled services, and external datasets, while



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governance mechanisms remain fragmented, reactive, and insufficiently aligned with the point at which long-term risk and accountability are contractually established.

This paper argues that the decisive **risk-lock-in moment** in AI governance occurs earlier than most existing models assume: at procurement and contract signature. At this stage, organizations commit to external AI capabilities that may later be updated, reconfigured, or scaled with limited internal control. Existing governance processes—such as privacy, security, legal, or ethics reviews—are typically conducted in organizational silos and rarely result in a single, audit-ready decision record explaining why a specific third-party AI solution was authorized.

The paper introduces the **AIGN Procurement Governance Gate** as a formal, ex-ante decision and enforcement mechanism within **AIGN OS – The Operating System for Responsible AI Governance**. The gate is defined as a mandatory pre-contract control point governing the acquisition of third-party AI systems, models, data, and AI-enabled services. It operationalizes procurement governance through (i) explicit scope and trigger conditions, (ii) structured risk classification across governance dimensions, (iii) standardized decision outcomes (**Go / Conditional Go / No-Go**), (iv) enforceable contractual governance requirements, and (v) an audit-ready decision artefact consolidating cross-functional approvals into a single evidentiary record.

By embedding governance at the point of purchase, the Procurement Governance Gate closes a critical procurement governance gap and translates regulatory and ethical AI requirements into enforceable organizational infrastructure. The proposed model enables organizations to demonstrate accountability, auditability, and regulatory alignment across jurisdictions, including emerging AI governance regimes such as the EU AI Act, while preserving operational scalability.

This paper introduces a governance infrastructure artefact, not an operational tool or checklist.

Keywords: AI Governance, Procurement Governance, Third-Party AI Risk, EU AI Act, AI Assurance, Vendor Due Diligence, Governance Gate, AIGN OS.

1. Introduction

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Artificial intelligence (AI) continues to transition from exploratory adoption to enterprise-scale deployment, reshaping business processes, competitive advantage, and technology stacks worldwide. Global IT spend on AI technologies is projected to reach

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approximately **USD 1.5 trillion in 2025**, reflecting sustained investment across sectors, with generative AI alone anticipated to attract **USD 644 billion in enterprise spending** in the same period. (Gartner, 2025) Concurrently, infrastructure expenditure to support AI operations, including compute, data services, and integration platforms, is forecast to exceed **USD 750 billion by 2029**, underscoring the material scale at which organizations are embedding AI into production systems. (IDC, 2025)

Despite these rapid investments, the governance of AI procurement remains fragmented and, in many enterprises, ill-equipped to address the systemic risks introduced by externally sourced AI assets — including third-party models, proprietary datasets, and AI-enabled services. McKinsey’s global AI adoption survey indicates that nearly half of large enterprises (USD 5 billion+ in revenue) have progressed past experimentation to deploy multiple AI use cases at scale, yet organizational governance mechanisms often lag behind procurement decisions, leading to structural risk acceptance before oversight controls are engaged. (McKinsey Global AI Survey, 2024)

Existing governance frameworks — such as organizational privacy controls, information security assessments, contract reviews, and ethical guidelines — are siloed in functional domains that lack a unified decision authority. They typically do not enforce a **formal governance decision point** tied directly to procurement activities, nor do they generate a consolidated audit artefact that explains why a specific AI solution was authorized for use. As a result, governance oversight frequently occurs *after* technology acquisition, rather than *at the point where risk is first realized* — the procurement contact signature and related contractual commitments.

The regulatory environment intensifies this challenge. In particular, the European Union’s AI Act (EU AI Act) introduces explicit responsibilities for deployers and providers of high-risk AI systems, including conformity assessment, documentation, human oversight, monitoring, and logging requirements. These obligations imply an accountability chain that must be demonstrable *before* an AI asset is integrated into organizational operations. Without a structured pre-procurement governance mechanism, organizations face heightened exposure to regulatory enforcement, unanticipated liabilities, and operational risk misalignment.

This paper introduces the **AIGN Procurement Governance Gate** — a defined operational decision and enforcement point embedded in **AIGN OS – The Operating System for Responsible AI Governance** — that determines whether third-party AI systems, models, datasets, and AI-enabled services may be lawfully and responsibly procured. The concept addresses a critical *Procurement Governance Gap*, wherein current governance practices fail to interdict risk acceptance during purchasing activities. By situating governance at the moment of procurement, the AIGN Procurement Governance Gate operationalizes responsible AI governance as a control infrastructure rather than retrospective policy.



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The following sections will (i) articulate the market and governance context underpinning this gap, (ii) define the structural components and triggers of the Procurement Governance Gate, and (iii) demonstrate how this mechanism aligns with both regulatory expectations and enterprise risk management practices.

1.1 Methodology and Research Design

This paper follows a **conceptual design and regulatory-analytical research methodology** to address a structural governance gap in the procurement of third-party AI systems, models, and data.

The research design combines **governance gap analysis, regulatory requirement mapping, and design science principles** to develop a formal, auditable governance artefact: the **Procurement Governance Gate**.

First, existing literature and policy frameworks on AI governance, third-party risk management, procurement controls, and management systems were systematically analyzed to identify a recurring mismatch between **risk admission decisions** and **governance enforcement mechanisms**. This analysis revealed a consistent absence of an ex-ante, binding decision point at the moment when external AI capabilities are contractually integrated into organizational systems.

Second, the study applies a **regulatory-analytical method**, mapping core governance expectations from the EU AI Act, ISO/IEC 42001, ISO 23894, and the NIST AI Risk Management Framework to the procurement lifecycle. The analysis focuses on requirements related to accountability, transparency, auditability, and human oversight, identifying procurement as the earliest enforceable control point across regulatory regimes.

Third, based on these findings, a **governance artefact** was constructed using **design science logic**. The Procurement Governance Gate is formalized through clearly defined triggers, input dimensions, decision outcomes, and documentary artefacts, enabling reproducible and auditable governance decisions prior to contractual commitment.



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Finally, the artefact is positioned within a **systems-oriented governance architecture**, aligned with management system principles such as control points, evidence-based decision-making, and continuous oversight. This approach ensures that the proposed gate is not a policy recommendation but an operational governance mechanism suitable for organizational implementation and regulatory review.

While the paper does not rely on quantitative empirical data, its contribution lies in the **formalization of a previously implicit governance decision**, providing a transferable and implementable control model applicable across sectors and jurisdictions.

Methodological Contribution

This paper contributes to AI governance research by applying design-oriented governance methodology to procurement processes, translating regulatory and ethical requirements into a concrete ex-ante decision artefact.

1.2 Global Regulatory Context and Comparative Mapping

Although the Procurement Governance Gate is anchored in the regulatory logic of the EU AI Act, its relevance extends beyond the European Union. A comparative analysis of emerging AI governance regimes reveals a **structural convergence** around core governance expectations, despite differences in legal form, enforcement mechanisms, and institutional design.

Across jurisdictions, AI governance frameworks increasingly emphasize five common principles: (1) clear allocation of accountability for AI-related risks, (2) risk-based differentiation of AI systems, (3) the necessity of ex-ante governance controls, (4) auditability and documentation of governance decisions, and (5) effective human oversight and escalation mechanisms.

These principles are reflected, with varying degrees of legal force, in the EU AI Act, the NIST AI Risk Management Framework in the United States, ISO/IEC 42001 and ISO 23894 as global management system standards, as well as national AI governance initiatives in jurisdictions such as the United Kingdom, Canada, Japan, Singapore, and the United Arab Emirates.

While regulatory approaches differ—ranging from binding legislation to voluntary frameworks—the **operational challenge remains consistent**: organizations must decide whether, under which conditions, and with which safeguards external AI systems, models, or data are integrated into their operational environments.



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Procurement constitutes the **earliest enforceable governance moment** common to all jurisdictions. Regardless of the legal regime, contractual commitment defines the point at which accountability, risk exposure, and long-term dependency are established. Once an AI capability is contractually embedded, subsequent governance measures are limited to monitoring and mitigation rather than meaningful control.

The Procurement Governance Gate addresses this global governance convergence by translating abstract regulatory and ethical principles into a concrete ex-ante decision mechanism. Its design enables organizations to document risk assessments, enforce conditional approvals through contractual safeguards, and demonstrate compliance with diverse regulatory expectations using a single, auditable control artefact.

As such, the gate functions as a **jurisdiction-agnostic governance infrastructure**, adaptable to different regulatory environments while preserving a consistent decision logic and evidence structure.

Table: Global AI Governance Convergence and Procurement Control Points

Governance Expectation	EU AI Act	NIST AI RMF (US)	ISO/IEC 42001	National AI Policies (JP/SG/UAE)	Procurement Governance Gate
Accountability	Explicit	Implicit	Explicit	Explicit	Enforced ex-ante
Risk-based approach	Mandatory	Recommended	Mandatory	Recommended	Gate trigger logic
Ex-ante controls	Required	Encouraged	Required	Increasingly required	Core function
Auditability	Mandatory	Recommended	Mandatory	Required	Decision artefact
Human oversight	Mandatory	Core principle	Mandatory	Core principle	Decision authority defined



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1.3 Decision Matrix and Threshold Logic

To ensure consistent, reproducible, and auditable procurement decisions, the Procurement Governance Gate is operationalized through a structured decision matrix. The matrix translates abstract governance principles into concrete assessment dimensions and threshold-based outcomes.

The decision matrix serves three core purposes:

- (1) standardizing risk assessment across procurement cases,
- (2) enabling transparent justification of approval or rejection decisions, and
- (3) providing a defensible evidence trail for internal and external audits.

Each procurement case is evaluated across a defined set of governance dimensions. The combined assessment determines whether an AI system, model, or data source is approved (**Go**), approved subject to mandatory safeguards (**Conditional Go**), or rejected (**No-Go**).

1.3.1. Procurement Governance Gate – Decision Matrix (Kernartefakt)

Governance Dimensions

#	Dimension	Guiding Question
1	Autonomy & Agentic Behavior	Does the AI system act autonomously or initiate decisions without human approval?
2	Impact on Individuals & Rights	Can the system materially affect individuals, rights, access, or outcomes?
3	Data Sensitivity & Provenance	Does the system process personal, sensitive, or externally sourced data with unclear rights?
4	Transparency & Explainability	Can decisions, logic, and limitations be meaningfully explained and documented?
5	Update & Change Control	Who controls model updates, retraining, and behavioral changes over time?
6	Auditability & Logging	Are logs, records, and audit evidence accessible and contractually guaranteed?



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#	Dimension	Guiding Question
7	Exit Feasibility & Lock-in Risk	Can the organization exit, replace, or isolate the system without disproportionate harm?

1.3.2 Scoring Logic (qualitative, DOI-appropriate)

Each dimension is assessed on a **three-level risk scale**:

- **Low** – minimal governance risk, full control and transparency
- **Medium** – manageable risk with enforceable safeguards
- **High** – material governance risk not sufficiently controllable

The matrix deliberately avoids pseudo-quantification and instead relies on structured qualitative judgment, consistent with regulatory and management-system assessment practices.

1.3.3 Decision Thresholds

Outcome	Threshold Logic
Go	All dimensions Low, or isolated Medium risks with no structural impact
Conditional Go	One or more Medium risks requiring contractual, technical, or organizational safeguards
No-Go	Any High risk affecting autonomy, rights, auditability, or irreversible lock-in

A single High-risk classification in critical dimensions (autonomy, rights, auditability) is sufficient to trigger a **No-Go** decision.

1.3.4 Audit-Ready Procurement Governance Artefact

Each decision taken through the Procurement Governance Gate is documented in a standardized governance artefact. This artefact functions as both an internal decision record and an external audit reference.



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The artefact ensures that procurement decisions are not only taken but **provably justified**, enabling organizations to demonstrate compliance with regulatory expectations and internal governance standards.

1.3.5 Core Elements of the Decision Artefact

1. Procurement Context

- Vendor / Provider
- AI system, model, or data description
- Intended use and deployment context

2. Risk Classification

- Assessment per governance dimension
- Rationale for each classification

3. Decision Outcome

- Go / Conditional Go / No-Go
- Date, version, decision authority

4. Mandatory Conditions (if applicable)

- Contractual clauses (audit rights, update control, exit rights)
- Technical safeguards (monitoring, logging, human-in-the-loop)
- Organizational measures (oversight, escalation paths)

5. Evidence & Documentation

- Referenced vendor documentation
- Risk assessments
- Legal and compliance reviews

6. Accountability & Sign-Off

- Responsible roles (Procurement, Legal, Security, AI Governance)
- Final approving authority



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1.4 Comparative Positioning within Existing Governance Instruments

The Procurement Governance Gate does not replace existing AI governance, risk, or compliance instruments. Instead, it addresses a distinct and previously insufficiently governed decision point: the ex-ante authorization of third-party AI capabilities at the moment of contractual commitment.

Existing governance mechanisms typically operate either **before procurement without binding authority** (e.g., ethical reviews) or **after procurement with limited corrective power** (e.g., monitoring, audits, or incident response). As a result, organizations often discover governance deficiencies only after technical, contractual, and operational dependencies have already been established.

The Procurement Governance Gate introduces a structurally different control logic. It functions as a mandatory decision nexus that combines risk assessment, accountability allocation, and enforceable safeguards prior to contractual lock-in. This positioning differentiates the gate from established governance instruments while enabling their coordinated integration.

1.4.1 Comparison of the Procurement Governance Gate with Existing Governance Instruments

Instrument	Timing	Decision Authority	Binding Effect	Auditability	Primary Limitation
DPIA (Data Protection Impact Assessment)	Pre-/Post-Procurement	Advisory	Limited	Partial	Focused on data protection only
Ethics Committees / AI Ethics Reviews	Pre-Procurement	Advisory	None	Low	Non-binding, principle-based
Third-Party Risk Management (TPRM)	Pre- & Post-Procurement	Conditional	Contract-light	Medium	Generic, not AI-specific
Model Risk Management (Finance)	Post-Deployment	Supervisory	Internal	High	Sector-specific, late control



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Instrument	Timing	Decision Authority	Binding Effect	Auditability	Primary Limitation
Security Architecture Reviews	Pre-Deployment	Conditional	Technical	Medium	Security-centric, not governance-centric
Procurement Governance Gate	Pre-Contract	Authoritative	Contractually binding	High	Requires governance maturity

The key distinction of the Procurement Governance Gate lies not in *what* it assesses, but in *when* and *with what authority* the assessment is performed.

Unlike existing mechanisms, the gate:

- operates **before contractual commitment**,
- possesses **explicit decision authority**,
- and produces **binding contractual conditions or rejections**.

By anchoring governance at the procurement decision itself, the gate transforms governance from a reactive oversight function into an enforceable infrastructural control.

This paper contributes to AI governance research by formally distinguishing procurement governance from post-deployment oversight and ethical review mechanisms. It introduces procurement as an independent governance layer and provides a structured, auditable artefact to operationalize this layer across regulatory contexts.

2. The Procurement Governance Gap – Theory & Practice

2.1. Conceptualizing the Procurement Governance Gap

The **Procurement Governance Gap** describes a structural failure in contemporary AI governance architectures: while organizations increasingly deploy governance frameworks addressing ethics, privacy, security, and compliance, these mechanisms rarely exercise **decisive authority at the point of procurement**, where third-party AI risks are first contractually accepted. In governance theory, this represents a classic **control–decision**



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mismatch, in which oversight mechanisms operate downstream of irreversible commitments rather than at the moment of risk authorization.

From a systemic governance perspective, procurement functions as a **risk admission gateway**. Once an AI system, model, dataset, or AI-enabled service is contractually acquired, key risk parameters—such as data provenance, model opacity, update authority, audit rights, and exit feasibility—are largely fixed. Governance interventions introduced post-procurement can mitigate operational exposure but cannot retroactively alter the foundational risk conditions embedded in the contract.

2.2 Governance Theory Perspective: Why Procurement Matters

In organizational governance theory, effective control requires alignment between **decision authority**, **risk ownership**, and **accountability**. AI governance frameworks frequently violate this principle by dispersing oversight across functional silos:

- **Legal** evaluates contractual compliance,
- **Data protection** assesses personal data processing,
- **IT security** reviews infrastructure and access controls,
- **Ethics committees** issue high-level principles.

While each function addresses a legitimate dimension of AI risk, none is typically empowered to issue a **binding, consolidated Go / No-Go decision** prior to procurement. As a result, governance becomes advisory rather than authoritative, producing recommendations without enforceable outcomes.

This fragmentation contrasts with established governance practices in other high-risk domains. For example, financial risk management, export controls, and safety-critical engineering embed formal gates that explicitly determine whether a transaction or deployment may proceed. AI procurement, despite comparable systemic risk potential, has not yet adopted an equivalent enforcement logic.

2.3 Practical Reality in Enterprises

Empirical observations across industries indicate that most enterprises procure AI systems using **general IT or software procurement processes**, even when the underlying technology exhibits autonomous behavior, adaptive learning, or decision-making impact on individuals.



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In practice, procurement decisions are often driven by functional demand, time pressure, and vendor assurances, with governance reviews conducted in parallel or retrospectively.

This results in three recurring practical deficiencies:

1. **Absence of AI-specific risk classification at procurement**
AI systems are rarely categorized by autonomy level, decision impact, or regulatory risk at the purchasing stage, despite emerging legal distinctions (e.g., high-risk vs. limited-risk AI).
2. **Lack of a formal governance decision before contract signature**
Even where multiple reviews occur, organizations frequently cannot identify a single point at which governance authority explicitly approved or rejected the procurement of a given AI system.
3. **Missing audit-ready justification**
When subject to internal audit, external assurance, or regulatory inquiry, organizations struggle to produce a consolidated record explaining **why** a specific third-party AI solution was deemed acceptable.

Together, these deficiencies constitute the **Procurement Governance Gap**: governance exists, but it does not control the decision that matters most.

2.4 Regulatory and Risk Implications

The implications of this gap are amplified by emerging regulatory regimes. The EU AI Act, for example, introduces obligations that presuppose demonstrable governance decisions, including risk classification, human oversight arrangements, documentation, and post-market monitoring. These obligations implicitly require that organizations can evidence **ex ante governance judgment**, not merely ex post compliance activities.

From a risk management perspective, the absence of procurement-level governance increases exposure to:

- contractual lock-in to non-transparent models,
- data usage rights misalignment,
- uncontrolled model updates,
- insufficient audit and termination rights,
- reputational and regulatory escalation.



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These risks are not theoretical; they are structurally embedded at the procurement stage and cannot be fully mitigated after deployment.

2.5 The Structural Nature of the Gap

Crucially, the Procurement Governance Gap does not arise from negligence or governance immaturity. Rather, it reflects the historical design of procurement and governance systems, which evolved to manage deterministic software and infrastructure rather than adaptive, autonomous systems supplied by external vendors. AI challenges these assumptions by introducing continuous learning, probabilistic behavior, and external dependency into the procurement equation.

As a result, existing governance architectures are **misaligned with the risk topology of AI**. Closing this gap therefore requires not incremental policy refinement, but the introduction of a **formal governance control point at procurement**—a mechanism capable of issuing binding decisions, enforcing conditions, and generating audit-ready justification.

2.6 Transition to the Procurement Governance Gate

The Procurement Governance Gap establishes the need for a new governance construct that operates at the intersection of procurement, risk management, and regulatory accountability. The following section introduces the **AIGN Procurement Governance Gate** as such a construct, defining its scope, decision logic, outputs, and integration within the AIGN OS architecture.

3. The AIGN Procurement Governance Gate – Definition & Scope

3.1 Formal Definition

The **AIGN Procurement Governance Gate** is defined as a **mandatory pre-contract decision and enforcement point** within **AIGN OS – The Operating System for Responsible AI Governance**, which determines whether third-party AI systems, models, datasets, or AI-enabled services may be procured based on systemic governance criteria.



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In contrast to advisory governance mechanisms, the Procurement Governance Gate is designed as a **binding decision function**. Its primary purpose is not to provide recommendations, but to **authorize, conditionally authorize, or prohibit procurement decisions** before contractual commitments are executed. By doing so, the Gate establishes governance authority at the moment when AI-related risks are first formally accepted by the organization.

3.2 Positioning Within Governance Architecture

From an architectural perspective, the Procurement Governance Gate operates at the intersection of **procurement, risk governance, and regulatory accountability**. It does not replace existing governance functions (e.g., legal review, data protection assessments, or information security controls), but consolidates their outputs into a **single, decision-capable control point**.

The Gate therefore serves as an **enforcement layer**, translating fragmented governance inputs into a unified procurement decision. This distinguishes it from policy frameworks or ethics guidelines, which articulate principles but lack transactional authority.

3.3 Scope of Application

The scope of the AIGN Procurement Governance Gate is explicitly limited to **externally sourced AI-related assets**, where the organization does not retain full technical or operational control. These include, but are not limited to:

- **Third-party AI systems and models**, including foundation models, fine-tuned models, embeddings, and agentic systems;
- **Externally sourced datasets**, including training data, labeled datasets, synthetic data, and data enrichment services;
- **AI-enabled services**, such as SaaS platforms, API-based AI services, decision engines, and automated recommendation systems;
- **Composite AI solutions**, combining models, data, and services provided by external vendors.

Internally developed AI systems are explicitly outside the primary scope of the Procurement Governance Gate, as they are governed through development-centric controls (e.g., model governance, MLOps, internal risk management). The Gate is specifically designed to



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address **third-party dependency, contractual lock-in, and asymmetric information risks** inherent in external procurement.

3.4 Trigger Conditions

The Procurement Governance Gate is activated whenever a procurement activity meets one or more of the following conditions:

- the asset involves **machine learning or adaptive behavior**;
- the system **supports or automates decisions** affecting individuals, organizations, or critical processes;
- external parties retain **control over model updates, training data, or operational parameters**;
- the solution processes **sensitive, personal, or large-scale datasets**;
- regulatory classification may apply (e.g., **high-risk AI under the EU AI Act**).

These triggers intentionally prioritize **risk characteristics over contract value**, reflecting the principle that AI risk does not scale linearly with procurement spend.

3.5 Decision Authority and Outcomes

The Procurement Governance Gate produces one of three standardized outcomes:

- **Go** – procurement is authorized without restrictions;
- **Conditional Go** – procurement is authorized subject to defined governance conditions (e.g., contractual safeguards, monitoring requirements, human oversight mechanisms);
- **No-Go** – procurement is prohibited due to unacceptable or unmitigable governance risk.

Each outcome constitutes a **formal governance decision** and is recorded in an **audit-ready decision artefact**, identifying the assessed asset, applied criteria, decision rationale, responsible authority, and applicable conditions.

3.6 Distinction from Existing Controls



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It is essential to distinguish the Procurement Governance Gate from existing procurement or compliance checks. While traditional controls evaluate discrete dimensions of risk, the Gate operates as a **decision-making nexus**, ensuring that governance considerations directly influence procurement outcomes.

Accordingly, the Procurement Governance Gate is not a checklist, tool, or review workshop, but a **structural governance mechanism** embedded within procurement processes. Its effectiveness derives from its ability to **stop, condition, or permit transactions**, rather than from advisory influence.

3.7 Transition

Having established the formal definition and scope of the AIGN Procurement Governance Gate, the next section specifies the **decision logic and standardized outputs** that operationalize the Gate as a consistent and auditable governance function within AIGN OS.

4. Decision Logic and Governance Outputs of the Procurement Governance Gate

4.1 Purpose of the Decision Logic

The effectiveness of the AIGN Procurement Governance Gate depends on its ability to translate fragmented governance inputs into a **clear, enforceable procurement decision**. The decision logic therefore serves a dual function:

- (i) it structures how governance-relevant information is evaluated, and
- (ii) it ensures that procurement outcomes are **consistent, comparable, and auditable** across organizational contexts.



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Unlike advisory assessments, the decision logic of the Procurement Governance Gate is explicitly designed to support **transactional authority**. Its role is not to optimize AI performance or business value, but to determine whether the governance risk associated with a third-party AI asset is acceptable at the point of procurement.

4.2 Input Dimensions

The Procurement Governance Gate consolidates governance-relevant inputs across multiple dimensions. These inputs are not newly created but are derived from existing organizational assessments and external disclosures. The Gate's innovation lies in **structuring and integrating** these inputs into a single decision framework.

Core input dimensions include:

- **AI risk characteristics**, such as autonomy level, decision impact, and adaptability;
- **Data governance factors**, including data provenance, usage rights, and sensitivity;
- **Model governance attributes**, such as transparency, explainability, and update control;
- **Operational dependency risks**, including vendor lock-in and exit feasibility;
- **Regulatory relevance**, including potential classification under applicable AI regulations (e.g., high-risk AI systems).

By consolidating these dimensions, the Gate avoids siloed evaluations and creates a holistic view of procurement risk.

4.3 Risk Classification Logic

A foundational element of the decision logic is **risk-based classification**. Rather than treating all AI procurements uniformly, the Procurement Governance Gate differentiates AI assets based on governance-relevant risk profiles.

Risk classification considers factors such as:

- whether the system influences or automates decisions affecting individuals;
- the scale and reversibility of potential harm;
- the degree of external control over model behavior and updates;
- the availability of monitoring, logging, and override mechanisms.



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This classification does not replace regulatory categorization but aligns internal governance decisions with emerging regulatory risk taxonomies. Importantly, risk classification is performed **prior to contract signature**, ensuring that governance considerations inform procurement outcomes rather than post-hoc remediation.

4.4 Standardized Decision Outcomes

The Procurement Governance Gate produces one of three standardized decision outcomes:

- **Go:** The AI asset meets governance requirements and may be procured without additional restrictions.
- **Conditional Go:** Procurement is authorized subject to explicit governance conditions, such as contractual safeguards, enhanced monitoring, or defined human oversight mechanisms.
- **No-Go:** Procurement is prohibited due to unacceptable governance risk or insufficient mitigation options.

Standardization of outcomes is critical. It ensures that governance decisions are **comparable across vendors and use cases**, and that procurement teams can act decisively without interpretive ambiguity.

4.5 Governance Conditions and Contractual Implications

In cases of Conditional Go, the Procurement Governance Gate specifies **binding governance conditions** that must be reflected in procurement contracts. These may include:

- obligations regarding transparency and documentation;
- audit and access rights for governance verification;
- limitations on model updates or retraining;
- requirements for human oversight or fallback procedures;
- termination and exit provisions in case of governance failure.



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By linking governance decisions directly to contractual terms, the Gate ensures that governance is not merely declarative but **enforceable throughout the lifecycle** of the procured AI asset.

4.6 Audit Artefact and Decision Traceability

Each decision issued by the Procurement Governance Gate is accompanied by an **audit-ready decision artefact**. This artefact consolidates:

- the identified AI asset and vendor;
- the applied risk classification;
- the decision outcome and rationale;
- any imposed governance conditions;
- the responsible decision authority and date.

This artefact enables organizations to demonstrate **ex ante governance judgment** during internal audits, regulatory reviews, or external assurance processes. It also supports organizational learning by creating a traceable record of governance decisions over time.

4.7 Distinction from Operational Controls

The decision logic of the Procurement Governance Gate must be clearly distinguished from operational monitoring or compliance activities conducted after deployment. While post-procurement controls remain essential, they cannot substitute for **governance decisions made prior to risk acceptance**.

The Gate therefore complements, rather than replaces, downstream controls by ensuring that only AI assets meeting defined governance thresholds are allowed to enter the organization.

4.8 Transition

Having established the decision logic and outputs of the AIGN Procurement Governance Gate, the next section examines how this mechanism integrates into the broader **AIGN OS architecture**, aligning procurement-level governance with regulatory mapping, risk readiness assessment, and trust infrastructure.



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5. Integration of the Procurement Governance Gate into the ALIGN OS Architecture

5.1 Architectural Rationale

The ALIGN OS is designed as a **systemic governance architecture**, in which governance functions are distributed across layered components that collectively ensure regulatory alignment, risk control, and trustworthiness of AI systems. Within this architecture, the Procurement Governance Gate fulfills a distinct and non-substitutable role: it serves as the **enforcement and decision layer at the point of AI acquisition**.

From an architectural perspective, governance mechanisms that lack a transactional control point remain descriptive rather than operative. The Procurement Governance Gate addresses this limitation by providing a **binding interface between governance logic and organizational action**, ensuring that AI governance principles materialize in procurement outcomes.

5.2 Layered Integration Within ALIGN OS

The Procurement Governance Gate integrates into ALIGN OS as a **cross-layer control node**, drawing inputs from multiple governance layers while producing a single authoritative decision output.

Conceptually, this integration can be described as follows:

- **Regulatory & Standards Layer**
Provides the normative baseline, including applicable legal regimes (e.g., EU AI Act) and governance standards (e.g., ISO/IEC 42001). The Gate operationalizes these requirements at procurement level.
- **Governance Framework Layer**
Supplies governance principles, accountability structures, and organizational policies. The Gate translates these abstract frameworks into enforceable procurement decisions.
- **Risk & Readiness Layer (ASGR)**
Informs the Gate's decision logic through systemic readiness and risk indicators, enabling differentiated governance responses based on organizational maturity and exposure.
- **Trust Infrastructure Layer**
Ensures that governance decisions are documented, auditable, and verifiable, supporting trust signals for internal and external stakeholders.



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Within this architecture, the Procurement Governance Gate functions as the **decision nexus**, where layered governance intelligence converges into a concrete authorization outcome.

5.3 Role as an Enforcement Layer

A defining characteristic of the Procurement Governance Gate is its role as an **enforcement layer** rather than a descriptive or advisory component. Unlike policies or assessments that articulate “what should be considered,” the Gate determines “what is permitted.”

This enforcement function is critical for systemic governance effectiveness. Without an enforcement layer, governance architectures risk becoming symbolic, with limited influence over organizational behavior. The Gate therefore ensures that procurement decisions are **conditioned by governance requirements**, not merely informed by them.

5.4 Interaction with Existing Organizational Functions

The Procurement Governance Gate is designed to integrate with, rather than replace, existing organizational roles and processes. Its function is to **coordinate and consolidate**, not to duplicate.

Specifically:

- **Procurement** initiates the Gate and executes decisions.
- **Legal, Data Protection, IT Security, and Risk Management** provide domain-specific inputs.
- **Governance leadership or designated authority** issues the final Gate decision.

This interaction model preserves functional expertise while introducing a **single point of governance accountability** for AI procurement decisions.

5.5 Lifecycle Positioning

Within the AI lifecycle, the Procurement Governance Gate occupies a **pre-deployment position**, operating before AI assets are contractually committed and technically integrated. This positioning is deliberate: governance intervention at later stages can mitigate operational risk but cannot reverse contractual dependencies or vendor-imposed constraints.



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The Gate thus complements downstream governance mechanisms—such as monitoring, incident response, and post-market oversight—by ensuring that only AI assets meeting baseline governance criteria enter the organization.

5.6 Systemic Benefits of Architectural Integration

Embedding the Procurement Governance Gate into AIGN OS yields several systemic benefits:

- **Consistency:** Governance decisions follow a standardized logic across procurements.
- **Traceability:** Decisions are documented within a unified governance system.
- **Scalability:** The Gate can be applied across diverse AI assets and vendors.
- **Regulatory alignment:** Governance actions are directly linked to regulatory expectations.
- **Decision authority:** Governance gains practical control over procurement outcomes.

These benefits reinforce the central design principle of AIGN OS: **governance as infrastructure**, not as a peripheral or reactive function.

5.7 Transition

Having situated the Procurement Governance Gate within the AIGN OS architecture, the next section examines its **alignment with emerging regulatory and standardization regimes**, with particular focus on the EU AI Act and international AI governance standards.

6. Regulatory Alignment and Standardization Implications

6.1 Regulatory Context: From Post-Hoc Compliance to Ex-Ante Governance

Emerging AI regulation increasingly shifts the focus of governance from retrospective compliance toward **ex-ante risk control and accountability**. This shift is particularly evident in regulatory frameworks that emphasize demonstrable governance decisions prior to deployment or use. The AIGN Procurement Governance Gate directly responds to this



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evolution by embedding regulatory alignment at the **moment of procurement**, where AI-related risks are first contractually accepted.

Traditional compliance approaches—relying on policies, disclosures, or post-deployment monitoring—are insufficient to meet these expectations, as they do not reliably document **why** a specific AI system was permitted to enter an organization in the first place. The Procurement Governance Gate operationalizes regulatory intent by translating legal and normative requirements into **pre-contract governance decisions**.

6.2 Alignment with the EU AI Act

The EU Artificial Intelligence Act (EU AI Act) introduces a risk-based regulatory regime that imposes distinct obligations on AI providers and deployers, particularly in relation to **high-risk AI systems**. While the Act does not prescribe specific procurement mechanisms, its obligations implicitly require organizations to demonstrate that governance judgments were made **before** AI systems were placed into service.

Key alignment points include:

- **Risk classification**
The Procurement Governance Gate supports early identification of potential high-risk AI systems, enabling organizations to apply appropriate governance controls prior to procurement.
- **Governance documentation and accountability**
The Gate produces a consolidated decision artefact that records the rationale, conditions, and authority behind procurement approval, supporting evidentiary requirements under the EU AI Act.
- **Human oversight and control**
Governance conditions defined at the Gate stage can mandate human oversight mechanisms and escalation pathways as contractual requirements.
- **Lifecycle responsibility**
By conditioning procurement decisions, the Gate ensures that downstream obligations (e.g., monitoring, logging, and corrective action) are contractually enforceable.

In this sense, the Procurement Governance Gate acts as a **compliance-enabling infrastructure**, ensuring that regulatory obligations are not merely addressed after deployment but embedded at the earliest feasible stage.



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6.3 Alignment with ISO/IEC 42001 and Management System Standards

ISO/IEC 42001 establishes a management system standard for AI governance, emphasizing structured processes, accountability, and continuous improvement. Central to management system logic is the existence of **defined decision points** where governance criteria are applied and documented.

The Procurement Governance Gate aligns with ISO/IEC 42001 by:

- establishing a **formal control point** within organizational processes;
- documenting decision criteria, outcomes, and responsibilities;
- enabling repeatability and consistency across procurement decisions;
- supporting internal audit and management review activities.

By integrating the Gate into procurement workflows, organizations operationalize AI governance as a **management system function**, rather than a set of isolated controls.

6.4 Standardization and Assurance Implications

Beyond formal regulation, the Procurement Governance Gate has implications for emerging **AI assurance and audit practices**. Assurance mechanisms increasingly require organizations to demonstrate not only that controls exist, but that **decisions were made according to defined governance logic**.

The Gate contributes to assurance readiness by:

- generating standardized, reviewable decision artefacts;
- enabling traceability across governance inputs and outcomes;
- supporting external audits, certifications, and trust labels.

In this context, the Procurement Governance Gate functions as a **bridge between governance standards and assurance evidence**, facilitating independent verification of responsible AI practices.

6.5 Global Relevance Beyond the EU Context



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While the EU AI Act provides a concrete regulatory anchor, the relevance of the Procurement Governance Gate extends beyond European jurisdictions. Comparable governance expectations are emerging globally, including sector-specific regulations, national AI frameworks, and voluntary standards emphasizing accountability and transparency.

The Gate's design is intentionally **jurisdiction-agnostic**, allowing organizations to adapt governance criteria to local regulatory contexts while maintaining a consistent decision structure. This makes the Procurement Governance Gate applicable to multinational enterprises operating across diverse legal environments.

6.6 Regulatory Signal: Procurement as a Governance Lever

Collectively, regulatory and standardization trends signal a convergence toward **procurement as a critical governance lever**. As AI systems increasingly originate from external providers, governance mechanisms that fail to address procurement decisions risk becoming ineffective.

The AIGN Procurement Governance Gate aligns with this signal by repositioning procurement from a transactional function to a **governance-critical control point**, capable of enforcing regulatory intent through contractual and organizational authority.

6.7 Transition

Having examined regulatory and standardization alignment, the final section synthesizes the implications of the Procurement Governance Gate for organizations, governance leaders, and regulators, and situates the Gate within the broader evolution of systemic AI governance.

7. Implications and Conclusion

7.1 Implications for Organizations

The introduction of the Procurement Governance Gate has immediate implications for how organizations conceptualize and operationalize AI governance. First, it reframes procurement from a purely transactional activity into a **governance-critical control function**. By



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embedding a mandatory decision point at the moment of AI acquisition, organizations gain the ability to influence risk conditions **before** they become contractually fixed.

Second, the Gate enhances **organizational accountability**. Rather than distributing governance responsibility across fragmented reviews, it establishes a clear decision authority, supported by a consolidated audit artefact. This enables organizations to demonstrate due diligence, governance maturity, and decision rationality in the face of internal audits, regulatory scrutiny, or public accountability.

Third, the Procurement Governance Gate improves **operational efficiency**. While governance controls are often perceived as slowing innovation, the standardization of decision logic and outputs reduces ambiguity, minimizes internal escalation loops, and accelerates procurement decisions by clarifying governance expectations upfront.

7.2 Implications for Boards and Executive Leadership

For boards and executive leadership, the Procurement Governance Gate provides a **governance assurance mechanism** that bridges strategic oversight and operational execution. It offers a concrete answer to a central governance question: ***How does the organization ensure that AI-related risks are evaluated and accepted responsibly before entering into binding commitments?***

By situating governance authority at procurement level, boards gain visibility into risk acceptance decisions without being required to intervene in individual transactions. This aligns with established principles of corporate governance, which emphasize oversight through structured controls rather than ad hoc intervention.

7.3 Implications for Regulators and Auditors

From a regulatory and assurance perspective, the Procurement Governance Gate addresses a recurring challenge: the lack of **ex ante evidence** demonstrating responsible decision-making. Regulators and auditors increasingly expect organizations to show not only that controls exist, but that governance judgments were made prior to deployment and use.



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The standardized decision artefacts generated by the Gate provide a clear and reviewable trail of governance reasoning. This supports regulatory objectives without prescribing specific technologies or organizational structures, allowing flexibility while ensuring accountability.

7.4 Contribution to the Field of AI Governance

This paper contributes to the field of AI governance by identifying and formalizing the **Procurement Governance Gap** as a distinct and previously under-theorized governance failure point. While existing literature and frameworks emphasize ethics, risk management, and lifecycle controls, comparatively little attention has been paid to procurement as the moment where AI risk is first institutionalized.

By introducing the Procurement Governance Gate as an operational governance construct, this work extends AI governance from normative and descriptive domains into **decision-centric infrastructure**. It demonstrates how governance principles can be translated into enforceable organizational mechanisms capable of shaping real-world outcomes.

7.5 Limitations and Future Research

The Procurement Governance Gate is presented as a conceptual and architectural model rather than an empirical evaluation of implementation outcomes. Future research may explore its effectiveness across different sectors, organizational sizes, and regulatory environments, as well as its interaction with emerging AI assurance frameworks and automated governance tools.

Further work may also examine how procurement-level governance gates can be extended beyond AI to other high-risk digital technologies, contributing to a broader theory of governance-by-design in complex socio-technical systems.

Future research may empirically evaluate the effectiveness of procurement-level governance gates across sectors, explore their integration with automated assurance and audit mechanisms, and examine sector-specific instantiations aligned with emerging AI regulation and standards.

7.6 Conclusion



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As AI systems increasingly enter organizations through external procurement channels, governance mechanisms that operate solely downstream of acquisition are structurally insufficient. The moment of procurement represents the point at which AI-related risks are accepted, constrained, or amplified through contractual commitments.

The **AIGN Procurement Governance Gate** addresses this challenge by embedding a mandatory, decision-capable governance mechanism at the point of AI acquisition. Integrated within **AIGN OS – The Operating System for Responsible AI Governance**, the Gate transforms governance from post-hoc oversight into **ex-ante control**, aligning organizational practice with regulatory intent and systemic risk realities.

In doing so, the Procurement Governance Gate redefines procurement as a central pillar of responsible AI governance and establishes a foundation for governance architectures capable of managing AI at scale.

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This publication, including all concepts, definitions, frameworks, terminologies, architectural models, and governance constructs presented herein, constitutes an **original scholarly work** authored by **Patrick Upmann**. The concepts of the **Procurement Governance Gap** and the **AIGN Procurement Governance Gate**, as well as their integration into **AIGN OS – The Operating System for Responsible AI Governance**, are the result of independent research, analysis, and system design.

This work establishes **prior art** in the field of systemic AI governance and procurement-level governance mechanisms.

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8.8 Final Statement

The purpose of this publication is to advance scientific and practical understanding of systemic AI governance. Protection of intellectual property is not intended to restrict academic discourse, but to ensure **clear authorship, responsible use, and the integrity of governance standards** in an emerging and highly sensitive field.

9. Resources



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This artefact is provided for academic reference and illustrative purposes only. It represents a conceptual governance structure and does not constitute a complete operational implementation. The underlying decision logic, scoring methodologies, enforcement mechanisms, and contractual formulations form part of the proprietary AIGN OS governance architecture and are not disclosed in this publication.

Appendix A Procurement Governance Gate – Decision Artefact (Template)

Table X: Procurement Governance Gate – Audit-Ready Decision Record

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Section A – Procurement Context

A1. Vendor / Provider

Legal entity, headquarters, contractual counterparty

A2. AI Asset Description

AI system / model / service / dataset

Version, architecture (if available), deployment mode (API, embedded, managed service)

A3. Intended Use & Deployment Context

Business purpose, functional scope, affected processes, deployment environment

A4. Procurement Type

- ☐ New procurement
- ☐ Renewal
- ☐ Expansion / Upscaling
- ☐ Model or data update

Section B – Governance Trigger & Scope Confirmation

B1. Trigger Criteria Met

- ☐ Autonomous or agentic behavior
- ☐ Impact on individuals, rights, or access
- ☐ Use of personal or sensitive data
- ☐ Continuous update or retraining by vendor
- ☐ Integration into critical or regulated processes

B2. Gate Applicability

- ☐ In-scope for Procurement Governance Gate
- ☐ Out-of-scope (justification required)

Section C – Risk Classification by Governance Dimension



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Dimension	Risk Level (Low / Medium / High) Rationale
Autonomy & Decision Authority	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H
Impact on Individuals & Rights	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H
Data Sensitivity & Provenance	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H
Transparency & Explainability	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H
Update & Change Control	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H
Auditability & Logging	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H
Exit Feasibility & Lock-in Risk	<input type="checkbox"/> L <input type="checkbox"/> M <input type="checkbox"/> H

Section D – Decision Outcome

D1. Gate Decision

- ☐ Go
- ☐ Conditional Go
- ☐ No-Go

D2. Decision Rationale (Summary)

Concise justification referencing risk dimensions and evidence

Section E – Mandatory Governance Conditions (if Conditional Go)

E1. Contractual Governance Clauses Required

- ☐ Audit and access rights



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- ☐ Model update notification and approval
- ☐ Data usage and ownership restrictions
- ☐ Logging and monitoring obligations
- ☐ Exit, portability, and termination rights
- ☐ Liability and escalation clauses

E2. Technical Safeguards

- ☐ Human-in-the-loop controls
- ☐ Usage restrictions
- ☐ Monitoring and alerting
- ☐ Model or data isolation

E3. Organizational Measures

- ☐ Named oversight function
- ☐ Escalation procedures
- ☐ Periodic review schedule

Section F – Evidence & Documentation

Linked or attached documentation:

- Vendor technical documentation
- Risk assessments (privacy, security, compliance)
- Regulatory classification (e.g. EU AI Act risk category)
- Legal review notes

Section G – Accountability & Sign-Off

Function	Name / Role	Approval
Procurement		<input type="checkbox"/>



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Function	Name / Role	Approval
Legal / Compliance		<input type="checkbox"/>
Security		<input type="checkbox"/>
AI Governance / Risk		<input type="checkbox"/>
Final Decision Authority		<input type="checkbox"/>

Decision Date:

Artefact Version:

Next Review Date (if applicable):



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Appendix B – Procurement Governance Gate: Decision Matrix and Threshold Logic

This appendix provides the structured decision matrix used to operationalize the Procurement Governance Gate.

The matrix translates governance principles into reproducible assessment dimensions and threshold-based decision outcomes (*Go / Conditional Go / No-Go*).

The matrix is intentionally designed as a **qualitative governance instrument** aligned with regulatory and management-system practices.

Detailed scoring weights, aggregation formulas, and enforcement mechanisms form part of the proprietary AIGN OS governance architecture and are not disclosed in this publication.

Table B1 – Procurement Governance Gate: Decision Matrix

Governance Dimensions

#	Governance Dimension	Assessment Question
1	Autonomy & Agentic Behavior	Does the AI system initiate decisions or actions without direct human approval?
2	Impact on Individuals & Rights	Can the system materially affect individuals, access, rights, or legally relevant outcomes?
3	Data Sensitivity & Provenance	Does the system process personal, sensitive, or externally sourced data with unclear rights or lineage?
4	Transparency & Explainability	Can system behavior, limitations, and decision logic be meaningfully explained and documented?
5	Update & Change Control	Who controls updates, retraining, or behavioral changes over time?
6	Auditability & Logging	Are logs, records, and audit evidence available and contractually enforceable?



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#	Governance Dimension	Assessment Question
7	Exit Feasibility & Lock-in Risk	Can the organization exit or replace the system without disproportionate operational or legal impact?

Risk Classification Scale

Each dimension is assessed using a **three-level qualitative scale**:

- **Low** – governance risk is limited and fully controllable
- **Medium** – governance risk is manageable with enforceable safeguards
- **High** – governance risk is material and not sufficiently controllable

This qualitative scale avoids pseudo-quantification while ensuring consistent cross-case assessment.

Decision Threshold Logic

Table B2 – Decision Outcomes

Decision Outcome	Threshold Logic
Go	All dimensions assessed as Low , or isolated Medium risks without structural impact
Conditional Go	One or more Medium risks requiring mandatory contractual, technical, or organizational safeguards
No-Go	Any High risk affecting autonomy, individual rights, auditability, or irreversible lock-in

A single **High** risk classification in critical dimensions is sufficient to trigger a **No-Go** decision.