

## ProSight Model Validation Consortium

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### Vendor Models

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#### Key Contract Clauses

- a) **Performance Warranty.** (i) The Products and/or Services furnished by Vendor to Bank under this Agreement shall operate and conform to this Agreement, the applicable “Specifications” under any SOW, general industry standards (e.g., NIST AI Risk Management Framework), and to all Applicable Laws, and shall be free from significant programming errors and defects following Acceptance, unless otherwise stated in the applicable SOW, and (ii) all Services will be performed in a prompt, diligent, professional and workmanlike manner by competent professionals who possess the proper degree of skill, care, training, experience, and background that is required by current, good, and sound professional procedures and practices in accordance with industry standards.
- b) **Model Risk Management.** The parties understand that Bank is required to independently validate its use of vendor models. Should the Products and/or Services provided by Vendor, including via its permitted Subcontractors, be deemed a model by Bank pursuant to Bank’s Model Risk Management Program, upon written request by Bank, Vendor will: provide written, documented evidence of the relevant Products’ or Services’ model documentation that has been reviewed and/or updated in the preceding twelve (12) months to ensure its capability to provide the Products or Services as agreed upon. At Bank’s written request, such documentation may include, but is not limited to, the following:
- developmental evidence explaining the model’s components, design, and intended use, with sufficient detail to enable Bank to determine if the model is appropriate for Bank’s risk appetite, business(es), products and risk exposures;
  - detailed information regarding the development team, data used to develop and test the model, including use and effect of alternative data;
  - sufficiently detailed testing results that show the Products or Services work as intended;
  - documentation on the model’s assumptions, limitations, and when the model’s use may be problematic; and
  - clear, comprehensive instructions and timing for model piloting and implementation, including any decisions that should be made regarding timing, parameters or thresholds, the above “bullet points” taken together being the “Evidence.”

In the event of a material change to any Product or Service that is deemed to be a model by Bank pursuant to Bank’s Model Risk Management Program, Vendor shall notify Bank of such material change or version update/release, within five (5) business

days prior to implementing the change and shall provide the updated Evidence to Client. All notifications must be sent to XXX.

Vendor shall independently, itself or through an independent third party, validate all Products and Services deemed by Bank to be a model pursuant to Bank's Model Risk Management Program, whether provided by Vendor or its permitted Subcontractors, including any artificial intelligence, machine learning, or model-based components of those Products or Services, within two (2) weeks of the Effective Date and at least every 18 months after the Effective Date to ensure they are validated for accuracy, compliance, and non-bias. Vendor shall certify in writing to Bank that no member of the Development team participated in the validation of any such Products and Services. Vendor will provide to Bank a written validation report within fifteen (15) business days of the validation exercise, which report includes, at a minimum, details regarding the frequency of validation and monitoring; availability of test results; remediation plans for any identified observations; and any other recommendations.

Vendor shall permit Bank itself, or through a third party, to independently validate any Products and/or Services deemed a model by Bank pursuant to its Model Risk Management Program and shall cooperate with Bank (or its designated third party) in Bank's independent validation efforts of any model (e.g. respond to inquiries for data, documentation, further clarifications, or other non-proprietary information needed) to enable Bank to successfully conduct its own independent model validations of any such Product or Service. In addition, Vendor shall provide a point of contact at Vendor with the knowledge and skills to address, on a timely basis, any model risk management questions that may arise during Bank's review and validation process.

- c) **Pass-Through Rights.** To the extent permitted by its applicable third-party Subcontractors or suppliers, Vendor hereby assigns and passes through to Bank, and Bank shall have the benefit of, all rights it obtains pursuant to representations, warranties, service agreements, and indemnities given by Vendor's Subcontractors or suppliers in connection with any Products and/or Services provided by Vendor pursuant to this Agreement. To the extent that such representations, warranties, service agreements, and indemnities are not assignable by Vendor, Vendor agrees that Bank may assert or enforce any right that Vendor may have to enforce such warranties, representations, service agreements, and indemnities. If such warranties, representations, service agreements, and indemnities can only be enforced by Vendor under its own name, Vendor shall, upon written request by Bank, take all reasonable action requested by Bank to enforce them and Bank shall reimburse all fees and expenses of Vendor, including reasonable attorneys' fees, in asserting such rights on behalf of Bank.
- d) **Foreign Corrupt Practices Act.** Vendor represents and warrants that it is aware of, and familiar with, the provisions of the Foreign Corrupt Practices Act of 1977, as amended (collectively, the "FCPA") and its purposes. Vendor further represents and warrants that it will take no action and make no payment in violation of, or which might cause Vendor or Bank to be in violation of, the FCPA. Vendor also represents and warrants that no person employed by it in connection with the performance of its

obligations under this Agreement is an official of the government of any foreign country, or an employee or agent of any agency thereof, and that no part of any moneys or consideration paid hereunder shall accrue for the benefit of any such official. Notwithstanding anything to the contrary, if Vendor takes any action that could constitute a violation of the FCPA, Bank may immediately terminate this Agreement and/or any Schedule.

- e) **No Inducement.** Vendor represents that it has not and will not offer or agree to give any person working for or engaged by Bank any gift or other consideration which could act as an inducement or reward for any act or failure to act in connection with this Agreement or any other agreement between Vendor and Bank. If there is any breach of this paragraph, or any Applicable Laws creating offenses in respect of bribery, fraudulent acts, or acts of corruption, Bank may immediately terminate this Agreement and/or any Schedule.
  
- f) **Offshoring.** No part of the Services, including any Services performed by a Subcontractor, shall be provided or performed, in whole or part, from any location outside of the U.S.A. without Bank's prior written consent, which consent shall not be unreasonably withheld or delayed, and which shall be requested by Vendor in accordance with the Section XXX of this Agreement. No consent hereunder shall be effective unless given in response to such submission and received by Vendor from a member of Bank's (Contract Management) department. To the extent Bank grants such consent, Vendor agrees to comply with all Applicable Laws governing the importation, use, export, or re-export of the Services.
  
- g) **Background Checks.** Vendor shall ensure that all Vendor personnel performing Services for Bank are properly trained and eligible for employment in the U.S.A. Vendor shall, at its sole expense, conduct pre-employment screening, including criminal background checks as appropriate for the job/services performed, and ongoing review and oversight of all Vendor personnel performing Services for Bank in accordance with Vendor's own internal policies and in compliance with Applicable Laws.
  
- h) **Audits.** Vendor shall maintain complete and accurate records related to Vendor's performance of its obligations under this Agreement, payments made by Bank to Vendor under this Agreement, and Vendor's internal controls for the duration of the Term and five (5) years, or as required by law, if longer, after the Term. Bank and its examiners and agents shall have the right, at Bank's expense, to audit, monitor, examine, and inspect Vendor and its Subcontractors and their respective records (including financial records, but excluding any internal cost information such as salaries, general administrative expenses, procurement costs, and product and service margins pricing), controls, systems, facilities, procedures, and performance solely as it relates to this Agreement and Vendor's and its Subcontractors' compliance with the terms of this Agreement; provided, however, that in the exercise of such right, Bank shall minimize the disruption to Vendor's business operations and shall comply in all respects with Vendor's then-current information security and site security requirements. Bank may, however, in its sole discretion, request that Vendor, at its sole

expense, provide Bank with one or more of the following to the extent available, it being understood and agreed by Bank that Vendor does not currently possess: (i) an SSAE 16/SOC 1 (Type 1 or Type 2) audit report, and an unqualified opinion, performed within six (6) months prior to the end of Company's fiscal year, (ii) an annual SOC 2 and/or SOC 3 (i.e. SysTrust and WebTrust) audit report performed within six (6) months prior to the end of Vendor's fiscal year, and (iii) any additional reports or information, and conduct any additional activities reasonably requested by Bank as reasonably necessary to enable Bank to comply with Applicable Laws or to meet its regulatory requirements, including but not limited to completion of Bank's information technology risk assessment ("IT Risk Assessment"). Such audits and IT Risk Assessments shall also include an audit of any applicable Vendor Subcontractors.