

**CONFIDENTIAL - MEDIATION SETTLEMENT AGREEMENT DRAFT
NOT FOR DISTRIBUTION**

SETTLEMENT AGREEMENT AND RELEASE

BETWEEN:

DATASURE
European Center for Data Protection and Algorithmic Accountability
Rue de la Loi 155, 1040 Brussels, Belgium
("DataSure")

AND:

TECHNOVA AI SYSTEMS INC.
Alexanderplatz 15, 10178 Berlin, Germany
Company Registration Number: HRB 245871 B
("TechNova")

Dated: October 28, 2024 [DRAFT - SUBJECT TO FINALIZATION]

=====
==
RECITALS
=====
==

WHEREAS:

- A. TechNova is a provider of artificial intelligence-powered workforce analytics software, including the InsightPredict Analytics Platform ("the System");
- B. The System is deployed across approximately 127 client organizations in the European Union, affecting approximately 450,000 employees and job candidates;
- C. The System constitutes a high-risk AI system under Article 6(2) and Annex III of Regulation (EU) 2024/1689 (the "AI Act");
- D. DataSure is a European non-profit organization dedicated to data protection and algorithmic accountability;

E. DataSure conducted an independent investigation of the System and identified concerns regarding algorithmic bias and compliance with the AI Act and Regulation (EU) 2016/679 (the "GDPR");

F. DataSure sent a formal complaint letter to TechNova dated September 5, 2024, alleging violations of the AI Act and GDPR and threatening regulatory complaints and civil litigation support;

G. TechNova conducted internal bias testing that corroborated significant portions of DataSure's findings, specifically identifying gender, age, and ethnic/national origin bias in algorithmic recommendations;

H. TechNova has deployed immediate technical mitigations and commits to comprehensive ongoing remediation;

I. The parties have engaged in good faith settlement negotiations mediated by Professor Dr. Gabriela Zanfir-Fortuna;

J. The parties wish to resolve all disputes and claims related to the System without litigation or regulatory proceedings, while ensuring fairness for affected individuals and advancing responsible AI practices;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

=====
==
ARTICLE 1: DEFINITIONS
=====
==

1.1 "Affected Individuals" means natural persons who were subject to assessments, recommendations, or predictions by the System during the Relevant Period and who may have been adversely affected by algorithmic bias.

1.2 "Relevant Period" means January 1, 2021 through September 30, 2024.

1.3 "Deployer" or "Client" means an organization that has licensed the System from TechNova for use in employment-related decision-making.

1.4 "Effective Date" means the date this Agreement is fully executed by both parties.

1.5 "Independent Monitor" means the third-party organization jointly selected by the parties to oversee TechNova's compliance with this Agreement.

1.6 "Monitoring Period" means the three (3) year period commencing on the Effective Date.

1.7 "Protected Characteristics" means characteristics protected under EU law including but not limited to gender, age, racial or ethnic origin, disability, sexual orientation, and religion.

1.8 "System" means TechNova's InsightPredict Analytics Platform, including all modules, features, algorithms, and related services.

=====

==
ARTICLE 2: ACKNOWLEDGMENTS AND COMMITMENTS
=====

==

2.1 TechNova's Acknowledgments

TechNova acknowledges that:

(a) Independent testing by DataSure and internal testing by TechNova identified statistically significant bias in the System's algorithmic recommendations, specifically:

- i. Gender bias favoring candidates and employees with male names
- ii. Age bias disadvantaging employees over age 50
- iii. Bias disadvantaging candidates with names associated with non-Western European ethnic or national origins

(b) Such biases, if left unaddressed, could violate:

- i. The EU Artificial Intelligence Act (Regulation (EU) 2024/1689), specifically Articles 9 (risk management), 10 (data governance), and 14 (human oversight)
- ii. The General Data Protection Regulation (Regulation (EU) 2016/679), specifically Article 5(1)(a) (fairness principle)
- iii. EU employment equality directives and national implementations thereof

(c) TechNova has deployed interim bias mitigation measures (fairness-constrained models, name-stripping in NLP processing, enhanced human oversight features) that have reduced but not eliminated bias

(d) TechNova commits to comprehensive, ongoing remediation to achieve fairness and compliance with all applicable laws

2.2 DataSure's Acknowledgments

DataSure acknowledges that:

- (a) TechNova independently identified bias issues and began remediation efforts prior to DataSure's September 5, 2024 complaint letter
- (b) TechNova has cooperated in good faith with DataSure's investigation and settlement negotiations
- (c) TechNova has demonstrated commitment to fairness and compliance through substantial remediation investments
- (d) TechNova's leadership has taken responsibility and committed to transparency and accountability

2.3 Mutual Acknowledgments

The parties mutually acknowledge that:

- (a) Settlement serves the interests of affected individuals, the parties, and the public interest in responsible AI development
- (b) This settlement is not an admission of legal liability by TechNova but reflects TechNova's commitment to fairness and compliance
- (c) Settlement enables TechNova to continue operations while implementing comprehensive improvements, which benefits clients and affected individuals
- (d) This settlement may serve as a model for responsible resolution of AI bias issues in the industry

=====

==

ARTICLE 3: COMPENSATION FUND FOR AFFECTED INDIVIDUALS

=====

==

3.1 Establishment of Fund

TechNova shall establish an Affected Individuals Compensation Fund (the "Fund") in the amount of SIX MILLION FIVE HUNDRED THOUSAND EUROS (€6,500,000).

3.2 Fund Purpose

The Fund shall compensate Affected Individuals who may have been adversely impacted by algorithmic bias in the System during the Relevant Period.

3.3 Fund Administration

(a) The Fund shall be administered by an independent Claims Administrator jointly selected by TechNova and DataSure.

(b) The parties agree to appoint [Claims Administrator Name/TBD] as Claims Administrator, subject to execution of a claims administration agreement.

(c) The Claims Administrator shall operate independently of both parties and shall make claims eligibility and compensation decisions based solely on the Claims Protocol.

3.4 Funding and Timing

(a) TechNova shall deposit the full €6,500,000 into a segregated escrow account within thirty (30) days of the Effective Date.

(b) The escrow account shall be held by [Escrow Agent Name/TBD] pursuant to an escrow agreement substantially in the form attached as Exhibit A.

(c) Funds shall be released to the Claims Administrator for distribution to eligible claimants pursuant to the Claims Protocol.

3.5 Claims Period

(a) The Claims Period shall be eighteen (18) months commencing sixty (60) days after the Effective Date.

(b) Notice of the Fund and claims process shall be provided to Affected Individuals through:

- i. Direct email notice (where email addresses available)
- ii. Notice through Deployer organizations
- iii. Public notice on dedicated settlement website
- iv. Targeted advertising in relevant media

3.6 Eligibility Criteria

Affected Individuals are eligible to submit claims if they:

(a) Were subject to assessment, evaluation, or recommendation by the System during the Relevant Period; AND

(b) Belong to one or more potentially disadvantaged groups:

- i. Female candidates or employees (gender bias)
- ii. Employees over age 50 (age bias)
- iii. Candidates or employees with names associated with non-Western European ethnic or national origins

(c) Can demonstrate plausible connection between System assessment and adverse employment outcome (e.g., non-selection for interview, non-promotion, lower performance rating)

3.7 Claims Process

(a) Eligible individuals may submit claims using a standardized claim form (attached as Exhibit B).

(b) Claims shall include:

- i. Identification information
- ii. Description of interaction with System (job application, performance review, etc.)
- iii. Description of adverse outcome
- iv. Supporting documentation (if available)

(c) Claims Administrator shall review claims for eligibility and determine appropriate compensation levels based on:

- i. Nature and severity of adverse outcome
- ii. Degree of connection to System bias
- iii. Compensation tiers established in Claims Protocol

(d) Claimants may appeal Claims Administrator decisions to a three-person Appeals Panel jointly appointed by the parties.

3.8 Compensation Levels

The Claims Protocol shall establish compensation tiers approximately as follows (subject to finalization by Claims Administrator):

TIER 1 (Minimal Impact): €100-250

- Subject to System assessment with no documented adverse outcome
- Compensation for dignitary harm and potential unquantifiable impact

TIER 2 (Moderate Impact): €250-1,000

- Plausible connection between System bias and adverse outcome

- Examples: Non-selection for interview, lower performance rating

TIER 3 (Substantial Impact): €1,000-5,000

- Clear connection between System bias and significant adverse outcome
- Examples: Non-promotion despite qualifications, termination influenced by biased performance assessment

TIER 4 (Severe Impact): €5,000-20,000

- Strong evidence of substantial harm directly attributable to System bias
- Examples: Lost employment opportunity with significant compensation difference, career progression harm, constructive dismissal

Actual compensation amounts determined by Claims Administrator based on individual circumstances.

3.9 No Release of Claims Required

(a) Filing a claim and receiving compensation does NOT require claimants to release any legal claims against TechNova, Deployers, or other parties.

(b) Compensation from the Fund is in addition to, not in lieu of, any other legal remedies available to claimants.

(c) Claimants retain all rights to pursue civil litigation, regulatory complaints, or other legal actions.

3.10 Unclaimed Funds

(a) Any funds remaining in the Fund after the Claims Period and all appeals are resolved shall be donated to organizations supporting worker rights, AI ethics research, or algorithmic accountability.

(b) The parties shall jointly select recipient organizations.

(c) Proposed recipient organizations:

- i. AlgorithmWatch (AI accountability research)
- ii. European Trade Union Institute (worker rights)
- iii. Ada Lovelace Institute (AI ethics)

ARTICLE 4: TECHNICAL REMEDIATION OBLIGATIONS

==

4.1 Continued Operation with Improvements

- (a) TechNova shall continue to operate the System using the improved models deployed on September 1, 2024, which incorporate:
 - i. Fairness constraints reducing gender bias by approximately 70%
 - ii. Name-stripping in NLP processing
 - iii. Enhanced monitoring and alerting

- (b) TechNova shall provide full transparency to Deployers regarding current limitations and ongoing improvements.

- (c) Deployers shall have the option to suspend use of specific features if they have concerns.

4.2 Training Data Debiasing

By December 31, 2024, TechNova shall complete comprehensive training data debiasing including:

- (a) Systematic review of all training data sources for historical bias
- (b) Removal or relabeling of data from periods with documented discrimination at source organizations
- (c) Augmentation with synthetic balanced data to ensure adequate representation of all demographic groups
- (d) Implementation of enhanced data quality and bias auditing processes
- (e) Documentation of data governance practices per AI Act Article 10 requirements

4.3 Model Retraining and Deployment

By February 28, 2025, TechNova shall:

- (a) Complete retraining of all production models on debiased training data
- (b) Implement enhanced fairness constraints across multiple fairness definitions:
 - i. Demographic parity (similar selection/prediction rates across groups)
 - ii. Equalized odds (similar accuracy rates across groups)
 - iii. Calibration (similar meaning of scores across groups)

(c) Achieve TARGET BIAS LEVELS of less than 1.0 point differential (on 0-100 scale) across all Protected Characteristics in candidate scoring and performance prediction models

(d) Conduct rigorous validation including:

- i. Disaggregated performance testing by demographic groups
- ii. Intersectional fairness analysis
- iii. Real-world testing in representative deployment conditions

(e) Deploy retrained models to production after validation

4.4 Architectural Improvements

By June 30, 2025, TechNova shall implement fundamental system improvements:

(a) Enhanced explainability and interpretability:

- i. SHAP-based explanations for all predictions
- ii. Counterfactual generation ("what would change the outcome")
- iii. Uncertainty quantification and confidence intervals
- iv. Natural language explanation generation

(b) Improved human oversight support:

- i. Redesigned user interface minimizing automation bias
- ii. Structured decision-making workflows
- iii. Override tracking and analysis
- iv. Training materials and certification programs

(c) Continuous bias monitoring:

- i. Real-time disaggregated performance metrics
- ii. Automated alerting when fairness thresholds exceeded
- iii. Regular bias audit reports

4.5 Performance Targets

TechNova commits to achieving and maintaining the following fairness targets:

(a) GENDER BIAS: <1.0 point score differential between male and female names

(b) AGE BIAS: No systematic underrating of employees over age 50 when controlling for objective performance factors

(c) ETHNIC/NATIONAL ORIGIN BIAS: <1.0 point score differential across name-based ethnic/national origin categories

(d) OVERALL FAIRNESS: Disparate impact ratios within 0.80-1.25 range (80% rule) for all Protected Characteristics

4.6 Reporting

TechNova shall provide monthly progress reports to the Independent Monitor during the remediation period, including:

- Status of data debiasing efforts
 - Model retraining progress
 - Bias testing results
 - Timeline adherence
-
-
-

ARTICLE 5: COMPLIANCE PROGRAM IMPLEMENTATION

5.1 AI Act Compliance

By July 1, 2025, TechNova shall achieve full compliance with the AI Act, including:

(a) ARTICLE 9 - RISK MANAGEMENT SYSTEM:

- i. Comprehensive risk management system addressing technical, fundamental rights, health/safety, and societal risks
- ii. Fundamental Rights Impact Assessment
- iii. Continuous risk monitoring and mitigation
- iv. Documented risk management procedures

(b) ARTICLE 10 - DATA GOVERNANCE:

- i. Training data meeting quality, representativeness, and bias-examination requirements
- ii. Data governance practices ensuring ongoing data quality
- iii. Documentation per Article 10(3) and (4) requirements

(c) ARTICLE 11 - TECHNICAL DOCUMENTATION:

- i. Complete technical documentation per Annex IV
- ii. Instructions for use enabling Deployer compliance
- iii. Living documentation updated with system changes

(d) ARTICLE 12 - RECORD-KEEPING:

- i. Comprehensive logging of system operations
- ii. Human oversight action logging
- iii. Log retention per regulatory requirements

- (e) ARTICLE 13 - TRANSPARENCY TO DEPLOYERS:
- i. Information provision per Article 13(3)(b)
 - ii. System capability, limitation, and change notifications
 - iii. Human oversight guidance

- (f) ARTICLE 14 - HUMAN OVERSIGHT:
- i. System design enabling effective oversight
 - ii. Measures per Article 14(4) (understanding, bias awareness, interpretation, override capability)
 - iii. Deployer training and support

- (g) ARTICLE 15 - ACCURACY, ROBUSTNESS, CYBERSECURITY:
- i. Defined accuracy requirements and monitoring
 - ii. Robustness testing and validation
 - iii. Cybersecurity measures addressing AI-specific risks

- (h) ARTICLE 17 - QUALITY MANAGEMENT SYSTEM:
- i. ISO 9001-aligned quality management system
 - ii. Documented procedures spanning AI system lifecycle

5.2 Conformity Assessment and CE Marking

By August 1, 2025, TechNova shall:

- (a) Complete conformity assessment pursuant to Article 43 and Annex VII
- (b) Engage a notified body for EU technical documentation review
- (c) Address any non-conformities identified by notified body
- (d) Obtain CE marking authorization
- (e) Register the System in the EU database per Article 71

5.3 GDPR Compliance

TechNova shall ensure ongoing GDPR compliance, including:

- (a) Updated Data Protection Impact Assessment addressing bias risks
- (b) Enhanced fairness safeguards per Article 5(1)(a)

(c) Special categories of data processing audit and legal basis validation per Article 9

(d) Automated decision-making safeguards per Article 22

(e) Data subject rights automation (access, rectification, erasure, etc.)

5.4 Post-Market Monitoring

TechNova shall establish and maintain post-market monitoring per Article 72:

(a) Post-market monitoring plan

(b) Systematic collection and analysis of real-world performance data

(c) Trend analysis and early warning systems

(d) Integration of post-market insights into risk management and continuous improvement

5.5 Incident Reporting

TechNova shall implement incident reporting procedures per Article 73:

(a) Definition of serious incidents requiring reporting

(b) Client reporting obligations and mechanisms

(c) Market surveillance authority reporting protocols

(d) Root cause analysis and corrective action processes

=====

--

ARTICLE 6: INDEPENDENT MONITORING

=====

--

6.1 Monitor Selection and Appointment

(a) The parties jointly select [Monitor Name/TBD] as Independent Monitor for the Monitoring Period.

(b) The Independent Monitor is a [description - e.g., "specialized consultancy with expertise in AI ethics, algorithmic fairness, and EU regulatory compliance"].

(c) The Independent Monitor shall execute a Monitoring Agreement with TechNova substantially in the form attached as Exhibit C.

6.2 Monitor Mandate

The Independent Monitor shall:

(a) Oversee TechNova's implementation of this Settlement Agreement

(b) Review and assess TechNova's technical remediation efforts

(c) Evaluate TechNova's compliance program implementation

(d) Conduct quarterly bias audits and compliance assessments

(e) Prepare quarterly reports and annual comprehensive reports

(f) Provide recommendations for improvements

(g) Serve as independent expert resource for the parties

6.3 Monitor Access and Cooperation

TechNova shall:

(a) Provide the Independent Monitor full access to:

- i. System documentation, code, models, and data (subject to reasonable security and confidentiality protections)
- ii. Personnel for interviews and information requests
- iii. Production systems for testing and validation
- iv. Records, logs, and audit trails

(b) Cooperate fully with Monitor information requests

(c) Implement Monitor recommendations unless doing so would:

- i. Violate applicable law
- ii. Compromise trade secrets or competitive position (if alternative approaches achieving same objectives are available)
- iii. Impose unreasonable costs disproportionate to benefits

(d) If TechNova declines to implement a Monitor recommendation, provide written explanation to Monitor and DataSure

6.4 Quarterly Reports

The Independent Monitor shall prepare quarterly reports including:

- (a) Status of technical remediation milestones
- (b) Bias testing results (disaggregated performance metrics)
- (c) Compliance program implementation progress
- (d) Assessment of TechNova's good faith compliance with Settlement Agreement
- (e) Identified issues and recommendations
- (f) Summary for DataSure (10-15 pages)
- (g) Detailed report for TechNova (40-60 pages)

6.5 Annual Comprehensive Reports

The Independent Monitor shall prepare annual comprehensive reports including:

- (a) Comprehensive bias audit results
- (b) Fairness metrics across all Protected Characteristics
- (c) Evaluation of human oversight effectiveness
- (d) Compliance program maturity assessment
- (e) Year-over-year improvement analysis
- (f) Public summary report (anonymized/aggregated, 20-30 pages)

6.6 Monitor Compensation

- (a) TechNova shall compensate the Independent Monitor for services rendered.

- (b) Estimated annual cost: €200,000-250,000
- (c) Total monitoring cost over 3-year Monitoring Period: €600,000-750,000
- (d) Monitor compensation shall not compromise Monitor independence

6.7 DataSure Consultation Rights

- (a) DataSure shall receive copies of all Monitor quarterly and annual reports
- (b) DataSure may provide comments and input to the Monitor
- (c) DataSure may request the Monitor investigate specific concerns
- (d) DataSure does NOT have veto rights over Monitor determinations or TechNova decisions, but may raise disputes per Article 11

6.8 Public Transparency

- (a) The Independent Monitor shall publish annual Public Summary Reports on the dedicated settlement website
- (b) Public Summary Reports shall include:
 - i. Aggregated bias testing results
 - ii. High-level compliance assessment
 - iii. Year-over-year progress metrics
 - iv. Anonymized data protecting individual and client confidentiality
- (c) Publication demonstrates transparency and accountability to affected individuals and the public

=====

==

ARTICLE 7: TRANSPARENCY AND ACCOUNTABILITY MEASURES

=====

==

7.1 Public Bias Audit Reports

TechNova commits to publishing annual public bias audit reports including:

- (a) Methodology for bias testing

(b) Aggregated fairness metrics by Protected Characteristic

(c) Comparison to prior years showing improvement trends

(d) Limitations and ongoing challenges

(e) Roadmap for future improvements

7.2 Algorithmic Transparency

TechNova commits to transparency regarding algorithmic processing:

(a) Publication of high-level technical documentation describing:

- i. Model types and architectures (without disclosing proprietary source code)
- ii. Features and data used in predictions
- iii. Fairness constraints and bias mitigation techniques
- iv. Human oversight mechanisms

(b) Provision of detailed technical information to:

- i. Deployer organizations (enabling their Article 26 AI Act compliance)
- ii. Regulatory authorities (upon proper request)
- iii. Independent researchers (subject to appropriate data use agreements)

7.3 Academic Research Access

TechNova shall support academic research on AI fairness by:

(a) Providing qualified researchers access to anonymized/aggregated data for fairness research (subject to data use agreements protecting privacy and trade secrets)

(b) Collaborating with academic institutions on bias mitigation research

(c) Publishing research findings in peer-reviewed venues

(d) Contributing to development of algorithmic fairness best practices

7.4 Settlement Website

The parties shall jointly establish a dedicated settlement website including:

(a) Information about the settlement and its terms

- (b) Claims process information and forms
- (c) Independent Monitor public reports
- (d) TechNova's public bias audit reports
- (e) Resources on AI fairness and accountability
- (f) Contact information for questions

7.5 Responsible AI Principles

TechNova commits to publicly adopting and adhering to Responsible AI Principles including:

- (a) Fairness: Commitment to non-discrimination and equitable treatment
- (b) Transparency: Openness about capabilities, limitations, and decision-making
- (c) Accountability: Clear responsibility and mechanisms for redress
- (d) Privacy: Respect for data protection and individual rights
- (e) Safety: Risk management and harm prevention
- (f) Human Oversight: Meaningful human involvement in high-stakes decisions

=====

==

ARTICLE 8: FINANCIAL SETTLEMENT WITH DATASURE

=====

==

8.1 Payment Amount

TechNova shall pay DataSure a total of TWO MILLION THREE HUNDRED FIFTY THOUSAND EUROS (€2,350,000) consisting of:

- (a) Grant for AI Accountability Work: €2,200,000
- (b) Investigation Cost Reimbursement: €150,000

8.2 Payment Structure

(a) Grant Payment:

- i. First installment: €1,100,000 within 30 days of Effective Date
- ii. Second installment: €1,100,000 on the first anniversary of Effective Date

(b) Cost Reimbursement:

- i. Full amount €150,000 within 30 days of Effective Date

8.3 Grant Purpose and Use

(a) The €2,200,000 grant shall support DataSure's mission-related work including:

- i. Research on algorithmic accountability and AI fairness
- ii. Advocacy for strong AI Act implementation and enforcement
- iii. Public education on algorithmic bias and individual rights
- iv. Development of bias testing methodologies and tools
- v. Support for affected individuals navigating AI-related harms

(b) DataSure shall have full discretion in allocating grant funds among these purposes

(c) DataSure shall provide TechNova with annual reports summarizing use of grant funds (high-level overview, not detailed accounting)

8.4 Tax Treatment

The parties intend the grant to be treated as a charitable contribution/grant for tax purposes to the extent permitted by applicable law. Each party bears responsibility for its own tax obligations.

8.5 No Quid Pro Quo

The grant is provided to support DataSure's public interest work, not as consideration for any specific action or forbearance by DataSure (except as expressly provided in Article 9 regarding regulatory forbearance, which is a condition of the settlement as a whole, not specific consideration for the grant).

=====

==

ARTICLE 9: DATASURE FORBEARANCE

=====

==

9.1 Regulatory Forbearance

(a) DataSure agrees that it shall NOT file complaints with market surveillance authorities or data protection authorities regarding the System, provided that TechNova remains in substantial compliance with this Settlement Agreement.

(b) "Substantial compliance" means:

- i. Good faith efforts to implement all remediation and compliance obligations
- ii. Adherence to material deadlines (subject to reasonable extensions for good cause)
- iii. Cooperation with Independent Monitor
- iv. Achievement of fairness targets or demonstrable progress toward targets with documented efforts

(c) If DataSure believes TechNova has materially breached this Agreement, DataSure shall:

- i. Provide written notice to TechNova specifying the alleged breach
- ii. Allow TechNova 30 days to cure the breach or propose a cure plan
- iii. Engage in good faith dispute resolution per Article 11
- iv. Only file regulatory complaints if breach remains uncured and dispute resolution unsuccessful

(d) DataSure's forbearance does NOT bind regulatory authorities, who may independently investigate and take enforcement action

(e) DataSure may provide factual information to regulatory authorities if requested, and may cooperate with authorized regulatory investigations

9.2 Civil Litigation Forbearance

(a) DataSure agrees that it shall NOT:

- i. Actively solicit individuals to file civil litigation against TechNova related to the System
- ii. Provide funding or financial support for civil litigation against TechNova related to the System
- iii. Organize or coordinate collective litigation efforts against TechNova related to the System

(b) DataSure retains the right to:

- i. Provide factual information to individuals inquiring about the System
- ii. Refer individuals to legal resources generally (without specific case solicitation)
- iii. Provide expert testimony if subpoenaed in litigation
- iv. Publish research and advocacy materials on algorithmic bias issues generally

- (c) This forbearance does NOT prevent:
- i. Individuals from independently filing litigation
 - ii. Labor unions or other organizations from supporting member claims
 - iii. Attorneys from soliciting clients for litigation

9.3 Public Communications

(a) DataSure may continue its public advocacy work on algorithmic accountability generally

- (b) DataSure may publicly discuss:
- i. The existence of this settlement and its high-level terms
 - ii. General issues of AI bias and fairness
 - iii. Policy recommendations for AI regulation
 - iv. Public information from settlement website and Monitor reports

- (c) DataSure agrees to refrain from:
- i. Inflammatory or misleading characterizations of TechNova
 - ii. Disclosure of TechNova trade secrets or confidential business information
 - iii. Public campaigns specifically targeting TechNova (subject to TechNova's substantial compliance with this Agreement)

(d) If TechNova materially breaches this Agreement, DataSure's communications forbearance obligations are lifted

9.4 Forbearance Period

DataSure's forbearance obligations continue:

(a) Throughout the Monitoring Period (3 years from Effective Date), so long as TechNova remains in substantial compliance

(b) After the Monitoring Period, DataSure retains the right to evaluate whether to file regulatory complaints based on TechNova's ongoing conduct, but shall give weight to TechNova's good faith compliance during Monitoring Period

=====

==

ARTICLE 10: DEPLOYER SUPPORT AND REMEDIATION

=====

==

10.1 Client Notification

Within 30 days of the Effective Date, TechNova shall provide comprehensive notification to all Deployer organizations including:

- (a) Summary of identified bias issues
- (b) Explanation of remediation efforts undertaken and planned
- (c) Information about the Compensation Fund and claims process
- (d) Guidance for Deployers on assessing potential impact in their organizations
- (e) Offers of support and remediation assistance

10.2 Impact Assessment Support

TechNova shall offer all Deployer organizations:

- (a) Free bias audit of historical System recommendations during Relevant Period
- (b) Analysis of correlation between System recommendations and actual employment decisions
- (c) Identification of potentially affected individuals
- (d) Statistical analysis of disparate impact
- (e) Consultation on remedial measures

10.3 Remediation Assistance

For Deployers wishing to undertake remedial measures, TechNova shall provide:

- (a) Guidance on re-evaluation of past decisions potentially influenced by biased recommendations
- (b) Tools and processes for conducting fair re-assessments
- (c) Training for HR personnel on bias awareness and fair decision-making
- (d) Technical support for implementing corrective actions

10.4 No Additional Cost

All Deployer support and remediation assistance described in this Article 10 shall be provided at no additional cost to Deployers beyond their existing contractual fees.

10.5 Deployer Cooperation

TechNova shall request (but cannot compel) that Deployers:

- (a) Cooperate with the Compensation Fund claims process by providing reasonable information to support claims verification
- (b) Communicate information about the Fund to potentially affected individuals
- (c) Consider implementing remedial measures for individuals adversely affected by biased recommendations

10.6 No Liability Assumption

Nothing in this Article 10 constitutes TechNova's assumption of Deployers' liability for their own employment decisions. Deployers remain responsible for their compliance with employment law and their decisions made using the System.

=====

==

ARTICLE 11: DISPUTE RESOLUTION

=====

=====

11.1 Good Faith Consultation

If either party believes the other has breached this Agreement or disputes arise regarding interpretation or implementation:

- (a) The parties shall first attempt to resolve the dispute through good faith consultation between designated representatives:
 - i. For TechNova: CEO and General Counsel
 - ii. For DataSure: Executive Director and Legal Director
- (b) Either party may request consultation by written notice specifying the dispute
- (c) Consultation meeting shall occur within 14 days of request

(d) The parties shall negotiate in good faith for 30 days to resolve the dispute

11.2 Mediation

If good faith consultation does not resolve the dispute within 30 days:

(a) Either party may refer the dispute to mediation

(b) Mediation shall be conducted by the original settlement mediator (Professor Dr. Gabriela Zanfir-Fortuna) or a mutually agreed substitute mediator

(c) Mediation shall occur within 30 days of referral

(d) Each party shall bear its own mediation costs; mediator fees shall be split equally

(e) The parties shall participate in mediation in good faith

11.3 Independent Monitor Consultation

For disputes regarding technical or compliance matters:

(a) Either party may request the Independent Monitor's technical opinion

(b) The Monitor shall provide a written opinion within 15 days

(c) The Monitor's opinion is advisory, not binding, but shall be given significant weight by the parties

11.4 Binding Arbitration

If mediation does not resolve the dispute within 30 days:

(a) Either party may initiate binding arbitration

(b) Arbitration shall be conducted under ICC Rules

(c) Seat of arbitration: Brussels, Belgium

(d) Language: English

(e) One arbitrator jointly selected by the parties, or if parties cannot agree, appointed by the ICC

(f) Arbitrator shall have expertise in technology law, data protection, or AI regulation

(g) Arbitration award is final and binding

(h) Each party bears its own legal costs; arbitrator fees split equally unless arbitrator determines otherwise

11.5 Injunctive Relief

Notwithstanding the dispute resolution procedures above:

(a) Either party may seek injunctive relief in court for:

- i. Breach of confidentiality obligations
- ii. Threatened material breach causing irreparable harm
- iii. Enforcement of arbitration award

(b) Seeking injunctive relief does not waive arbitration agreement for underlying dispute

11.6 Continued Performance

During dispute resolution, both parties shall continue to perform their respective obligations under this Agreement except as specifically disputed.

=====

==

ARTICLE 12: REGULATORY ENGAGEMENT

=====

==

12.1 Joint Regulatory Engagement Strategy

The parties agree to coordinate regulatory engagement as follows:

(a) Following execution of this Agreement, the parties shall jointly develop a regulatory engagement plan

(b) Target engagement with:

- i. Market surveillance authorities (AI Act enforcement)
- ii. Data protection authorities (GDPR enforcement)

- (c) Key jurisdictions:
 - i. Germany (TechNova headquarters, lead supervisory authority)
 - ii. France, Netherlands, Spain, Ireland (significant Deployer presence)

12.2 Presentation of Settlement

In regulatory engagement, the parties shall:

- (a) Present this settlement as evidence of:
 - i. TechNova's good faith and commitment to compliance
 - ii. Effective resolution of algorithmic bias issues
 - iii. Adequate remediation for affected individuals
 - iv. Transparency and accountability
- (b) Request regulatory forbearance or reduced penalties in light of settlement
- (c) Seek regulatory guidance on best practices for fairness and compliance

12.3 Information Sharing with Authorities

TechNova authorizes DataSure to share the following with regulatory authorities (subject to confidentiality provisions):

- (a) High-level summary of settlement terms
- (b) Information about Compensation Fund and remediation efforts
- (c) Independent Monitor public reports
- (d) Information necessary to demonstrate adequacy of resolution

12.4 Regulatory Independence

The parties acknowledge that:

- (a) Regulatory authorities act independently and may investigate or enforce regardless of settlement
- (b) This settlement does not bind authorities or guarantee forbearance
- (c) However, settlement demonstrates good faith and may influence regulatory discretion on enforcement priority and penalty levels

12.5 Cooperation with Regulatory Investigations

If regulatory authorities initiate investigations:

- (a) TechNova commits to full cooperation
- (b) DataSure commits not to undermine TechNova's good faith compliance efforts
- (c) The parties shall inform each other of regulatory contacts (subject to legal constraints)

=====

--

ARTICLE 13: CONFIDENTIALITY

=====

--

13.1 Confidential Information

Each party acknowledges it may receive Confidential Information of the other party in the course of implementing this Agreement.

"Confidential Information" means non-public information designated as confidential, including:

- Trade secrets
- Proprietary algorithms and methodologies
- Business strategies and plans
- Client information and contracts
- Non-public financial information
- Technical documentation not publicly disclosed

13.2 Confidentiality Obligations

Each party agrees to:

- (a) Maintain confidentiality of the other party's Confidential Information
- (b) Use Confidential Information only for purposes of implementing this Agreement
- (c) Limit disclosure to employees, advisors, and the Independent Monitor on a need-to-know basis

(d) Protect Confidential Information with at least the same degree of care used for own confidential information

13.3 Exceptions

Confidentiality obligations do NOT apply to information that:

(a) Is or becomes publicly available through no breach of this Agreement

(b) Was rightfully known prior to disclosure

(c) Is independently developed without use of Confidential Information

(d) Is required to be disclosed by law, regulation, or court order (with notice to disclosing party if legally permissible)

13.4 Public vs. Confidential Settlement Terms

(a) PUBLIC (may be disclosed):

- i. Existence of settlement agreement
- ii. Compensation Fund amount and purpose
- iii. DataSure payment amount (may be described as "grant supporting AI accountability work")
- iv. High-level commitments (technical remediation, compliance program, independent monitoring, transparency)
- v. Timeline and milestones
- vi. Settlement website information

(b) CONFIDENTIAL (not to be disclosed without consent):

- i. Internal deliberations and settlement negotiations
- ii. Trade secret and proprietary technical details
- iii. Client-specific information
- iv. Detailed Monitor reports (except public summaries)
- v. Financial information beyond settlement amounts
- vi. Attorney work product and privileged communications

13.5 Independent Monitor Confidentiality

The Independent Monitor agrees to maintain confidentiality of TechNova's Confidential Information, disclosing only:

- Information included in public summary reports (aggregated/anonymized)
- Information necessary for DataSure's consultation role (subject to DataSure's confidentiality obligations)
- Information required by law or regulatory authority

=====

==

ARTICLE 14: MUTUAL RELEASE

=====

==

14.1 TechNova's Release

TechNova, on behalf of itself and its affiliates, officers, directors, employees, agents, successors and assigns, hereby releases and forever discharges DataSure and its affiliates, officers, directors, employees, agents, successors and assigns from any and all claims, demands, liabilities, and causes of action of any nature whatsoever arising from or related to:

- (a) DataSure's investigation of the System
- (b) DataSure's September 5, 2024 complaint letter
- (c) DataSure's threatened regulatory complaints and litigation support
- (d) Any communications, publications, or advocacy by DataSure regarding the System prior to the Effective Date

This release does NOT release DataSure from its obligations under this Agreement.

14.2 DataSure's Release

DataSure, on behalf of itself and its affiliates, officers, directors, employees, agents, successors and assigns, hereby releases and forever discharges TechNova and its affiliates, officers, directors, employees, agents, successors and assigns from any and all claims, demands, liabilities, and causes of action of any nature whatsoever arising from or related to:

- (a) The System's operation during the Relevant Period
- (b) Any bias or discrimination in the System's recommendations
- (c) Any violations of the AI Act, GDPR, or other laws related to the System
(except claims arising from TechNova's breach of this Agreement)

This release does NOT release TechNova from:

- Its obligations under this Agreement
- Claims by third parties (affected individuals, Deployers, regulatory authorities)
- Claims arising after the Effective Date from new violations

14.3 No Release of Third-Party Claims

This Agreement does NOT release any claims by or against:

- (a) Affected Individuals (who retain all rights to file claims, complaints, or litigation)
- (b) Deployer organizations (who retain all contractual and legal rights)
- (c) Regulatory authorities (who retain all enforcement powers)
- (d) Other third parties

14.4 Waiver of Unknown Claims

Each party expressly waives any rights under laws providing that a release does not extend to unknown claims, to the extent permitted by applicable law.

The parties acknowledge they may discover facts different from or in addition to those now known, but expressly agree that the releases in this Article 14 shall remain effective regardless.

=====
==
ARTICLE 15: REPRESENTATIONS AND WARRANTIES
=====

15.1 Authority

Each party represents and warrants that:

- (a) It has full power and authority to enter into and perform this Agreement
- (b) Execution and performance do not violate any law, regulation, or other obligation
- (c) This Agreement constitutes valid and binding obligation enforceable in accordance with its terms
- (d) Signatory has authority to bind the party

15.2 DataSure Representations

DataSure represents and warrants that:

- (a) It conducted its investigation in good faith and in accordance with applicable law
- (b) Its findings were based on rigorous technical testing and analysis
- (c) It has not committed any unlawful acts in the course of its investigation
- (d) It is not aware of any regulatory investigations or proceedings against TechNova already initiated by authorities (as of Effective Date)

15.3 TechNova Representations

TechNova represents and warrants that:

- (a) The acknowledged bias issues in Section 2.1 constitute the material compliance and fairness issues known to TechNova as of the Effective Date
- (b) It has disclosed to DataSure all material information regarding bias testing and compliance assessments
- (c) It is not aware of material bias issues beyond those addressed in this Agreement
- (d) It has the financial capacity to perform its payment obligations under this Agreement

15.4 No Other Representations

Except as expressly stated in this Agreement, neither party makes any representations or warranties. This Agreement is not based on any representations not expressly stated herein.

=====

ARTICLE 16: MISCELLANEOUS PROVISIONS

=====

16.1 Entire Agreement

This Agreement, including all Exhibits, constitutes the entire agreement between the parties regarding the subject matter and supersedes all prior negotiations, understandings, and agreements.

16.2 Amendments

This Agreement may be amended only by written instrument signed by both parties.

16.3 Waiver

Failure to enforce any provision does not constitute waiver. Waiver of any provision must be in writing signed by the waiving party.

16.4 Severability

If any provision is held invalid or unenforceable, the remaining provisions remain in full force and effect. The invalid provision shall be modified to the minimum extent necessary to make it enforceable.

16.5 Governing Law

This Agreement shall be governed by the laws of Belgium, without regard to conflict of laws principles.

16.6 Jurisdiction

Subject to the dispute resolution provisions in Article 11, the parties submit to the jurisdiction of the courts of Brussels, Belgium for any litigation arising from this Agreement.

16.7 Notices

All notices under this Agreement shall be in writing and delivered to:

For TechNova:

Jennifer Hartley, CEO

Sarah Mitchell, General Counsel

TechNova AI Systems Inc.

Alexanderplatz 15, 10178 Berlin, Germany

Email: legal@technova-ai.com

For DataSure:

Hans Bergmann, Executive Director

Dr. Anne-Marie Rousseau, Legal Director
DataSure
Rue de la Loi 155, 1040 Brussels, Belgium
Email: legal@datasure.eu

16.8 Successors and Assigns

This Agreement binds and benefits the parties and their respective successors and permitted assigns.

Neither party may assign this Agreement without the other party's written consent, except that TechNova may assign to a successor entity in a merger, acquisition, or sale of substantially all assets.

16.9 Counterparts

This Agreement may be executed in counterparts, each of which constitutes an original and all of which together constitute one agreement. Electronic signatures are valid.

16.10 Public Announcement

The parties shall issue a joint public statement announcing the settlement substantially in the form attached as Exhibit D, within 5 business days of the Effective Date.

16.11 No Admission of Liability

This Agreement is a compromise of disputed claims. Nothing in this Agreement constitutes an admission of liability, wrongdoing, or violation of law by TechNova.

This Agreement shall not be construed as evidence of liability in any other proceeding.

16.12 Survival

The following provisions survive termination or expiration of this Agreement:

- Article 3 (Compensation Fund)
- Article 7 (Transparency)
- Article 11 (Dispute Resolution)
- Article 13 (Confidentiality)
- Article 14 (Mutual Release)

- Article 15 (Representations and Warranties)
- Article 16 (Miscellaneous)

=====

==

EXECUTION

=====

==

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement as of the date first written above.

DATASURE

By: _____

Name: Hans Bergmann

Title: Executive Director

Date: _____

By: _____

Name: Dr. Anne-Marie Rousseau

Title: Legal Director

Date: _____

TECHNOVA AI SYSTEMS INC.

By: _____

Name: Jennifer Hartley

Title: Chief Executive Officer

Date: _____

By: _____

Name: Sarah Mitchell

Title: General Counsel

Date: _____

=====

==

EXHIBITS

=====

==

Exhibit A: Escrow Agreement (Form)
Exhibit B: Compensation Fund Claims Form
Exhibit C: Independent Monitor Agreement (Form)
Exhibit D: Joint Public Statement (Draft)
Exhibit E: Settlement Website Content Outline
Exhibit F: Fairness Metrics and Testing Protocol
Exhibit G: Compliance Implementation Timeline

[Exhibits to be attached upon finalization]

=====

==

END OF SETTLEMENT AGREEMENT

=====

==

DRAFT STATUS: This is a draft settlement agreement subject to:

- Final review by legal counsel for both parties
- Approval by TechNova Board of Directors
- Final negotiation of financial terms and schedules
- Completion of Exhibits
- Execution by authorized signatories

CONFIDENTIAL - SETTLEMENT NEGOTIATION PRIVILEGED

This draft is prepared in the context of settlement negotiations and is subject to settlement privilege and mediation confidentiality.

Prepared: October 28, 2024

Mediator: Professor Dr. Gabriela Zanfir-Fortuna