

Artificial Intelligence (Pacey AI)

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ARTIFICIAL INTELLIGENCE (PACEY AI)

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1 DEFINITIONS

- 1.1 “**AI Features**” means optional AI-powered functionality made available within the Services that process inputs and produce output, such as content, insights, classifications, summaries to support Customer’s use of the Services. See par 3.1 below

2 ACTIVATION AND CONTROLS

- 2.1 AI Features are disabled by default and require an affirmative opt-in by Customer’s administrator and / or personnel. Customer may disable AI Features at any time via the applicable configuration function, and doing so will stop new processing through AI Features without affecting the remainder of the Services.

3 DATA USE / NO TRAINING

- 3.1 Customer authorizes Service Provider to process only the minimum data reasonably necessary to provide the AI Features.
- 3.2 AI Inputs and AI Outputs will not be used to train, fine-tune, or improve any foundation models or generative AI models of Service Provider, its hosting subprocessor, or any third party, except to the extent strictly necessary to operate the AI Features.

4 SUBPROCESSOR COMMITMENTS

- 4.1 Customer acknowledges that Service Provider uses Microsoft Azure OpenAI Service as a subprocessor to provide the AI Features.
- 4.2 As of the Effective Date, Microsoft states that it does not use customer data to train OpenAI models and may retain prompts and outputs, for a limited period, after which they are deleted, as described at: <https://learn.microsoft.com/en-us/azure/ai-foundation/responsible-ai/openai/data-privacy> (as updated by Microsoft from time to time).

5 REGION AND TRANSFERS

- 5.1 AI Inputs and AI Outputs will be processed in the region configured by Service Provider for the AI Features (as defined in Schedule 7 Data processing Addendum - Appendix 5: Sub-Processors). If processing involves a cross-border transfer, Service Provider will implement a lawful transfer mechanism and comply with applicable data protection laws, including the Protection of Personal Information Act, 2013 (POPIA), and, where applicable, the GDPR.

6 SECURITY

- 6.1 Service Provider will apply security measures to AI Inputs and AI Outputs consistent with those used for other Customer Data under the Agreement, including encryption in transit and at rest, role-based access controls, logging, and data minimization. As at the effective date of this addendum, Microsoft has the same measures in place.

7 USE RESTRICTIONS / CUSTOMER RESPONSIBILITIES

- 7.1 Customer will not use the AI Features to submit unlawful content or content that infringes rights and will only submit personal information that is necessary and proportionate to the intended use. Customer is responsible for providing any required notices to, and obtaining any required consents from, employees or other data subjects for the use of AI Features and for the transfer of data to Microsoft as subprocessor. Customer and its employees will not use AI Outputs as the sole basis for decisions that produce legal or similarly significant effects on a person without appropriate human review.

8 OUTPUT QUALITY / NO ADVICE

- 8.1 AI Outputs are generated and may be probabilistic. They are provided for explanation, comparison, and general informational purposes only. AI Outputs are not legal, tax, accounting, or professional advice, and do not modify the authoritative payroll configuration or payslip records in the Services. Customer remains responsible for verifying AI Outputs against applicable laws, official tax tables, and the underlying system of record.

9 AVAILABILITY / SERVICE LEVELS / SUSPENSION

- 9.1 AI Features rely on the sub-processor and may be subject to usage limits, model changes, and rate limits. Unless expressly stated, service level commitments do not apply to AI Features. Service Provider may suspend AI Features to address security risks, abuse, or legal requirements, and will restore them when the issue is resolved.

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10 CHANGES

- 10.1 Service Provider may update the AI Features, models, or providers, provided that it will not materially reduce the data protection commitments in clauses 3 to 7 above without reasonable prior notice to Customer.

11 TERMINATION AND DELETION

- 11.1 On disablement or termination of AI Features, Service Provider will stop routing new AI Inputs to the subprocessor.