**LEADING CORPORATIONS ADOPT NEW M&A DUE DILIGENCE CRITERIA
TO ASSESS VALUE, RISKS OF DATA-, AI-CENTRIC BUSINESSES**

"Responsible Data & AI Diligence for M&A" Developed by Data & Trust Alliance

New York, NY – October 20, 2022 – Nineteen of the world's leading businesses today committed to adopt new due diligence criteria to assess the value and risks of acquisition and investment targets with business models built on data and artificial intelligence (AI). "Responsible Data & AI Diligence for M&A," a new tool from the Data & Trust Alliance, is designed to supplement existing due diligence criteria and processes, which are insufficient to fully assess data- and AI-centric business models.

The companies adopting the tool are members of the Data & Trust Alliance, a not-for-profit consortium of enterprises and institutions that advance responsible data and AI practices. They recognize that businesses across industries are transforming into data enterprises—using data and algorithms to create economic and societal value. Many are doing so through joint ventures, acquisitions and mergers with a rapidly growing array of companies that have data- and AI-based capabilities and business models. In 2021 alone, $93.5 billion was invested in AI startups, while AI mergers and acquisitions reached a record 311, up 96% since 2020, according to Statista and CB Insights.

"Data & Trust Alliance is committed to providing tools for business practitioners to learn, develop and adopt responsible data and AI practices. These newly launched criteria help ensure that organizations truly understand what they are acquiring, including corporate culture, how data is sourced, used and governed, and the design and performance of algorithmic models to minimize unintended consequences," said Ken Chenault, Data & Trust Alliance co-chair, General Catalyst chairman and managing director, and former American Express chairman and CEO. "Responsible Data & AI Diligence for M&A is an important framework for both acquirers and data and AI centric businesses—innovators that have the potential to transform industries and impact society, for better or for worse."

"We tapped deep technical, legal and business expertise to create this tool, with particular focus on culture – arguably the most predictive indicator of future value and success" said Craig Glidden, EVP of global public policy, general counsel and corporate secretary of General Motors, and chair of the Responsible Data & AI Diligence for M&A initiative. "This work will help data and AI deals be done right—and help the right deals be done. At GM we believe these tools can increase confidence and reduce friction in acquisition activity."

Responsible Data & AI Diligence for M&A includes three modules of acquisition criteria with guidance and education that can be adapted to help M&A teams in target screening and due diligence:

Responsible Culture Diligence: This module helps detect potential culture problems by assessing a target's mindset about data and AI and the mechanisms in place to support responsible behavior. Areas of inquiry include business purpose; values in practice; and processes to detect, mitigate and monitor data and AI issues. The module explores how teams work—for example, whether a learning mindset is incentivized and if and how trade-offs are made.

Data Diligence: This module assesses how data is sourced, used and responsibly governed, in order to understand its true value and utility for an acquirer and whether any mitigation is required. Inquiry includes data quality, data bias, data consent and rights, including third-party usage rights.

Algorithmic Diligence: This module assesses algorithmic models' design, deployment and monitoring to ensure the model performs as intended and minimizes unintended consequences. This includes a target's approach to sourcing and managing training data, explainability, robustness, fairness, performance monitoring and independent audits.

The Data and Algorithmic Diligence modules are meant to supplement an organization's existing technology, privacy and security diligence.

Nineteen Alliance companies are adopting the Responsible Data & AI Diligence for M&A, including American Express, Deloitte, Diveplane, General Motors, Humana, IBM, Mastercard, Nielsen, Nike, Pfizer, Transcarent, Under Armour, UPS, and two venture capital firms: Breyer Capital and General Catalyst.

More than 80 experts contributed to the development of the tool. First, a cross-Alliance team of member company experts and external specialists in AI ethics and policy, AI risk, legal and compliance, data quality and diligence, and mergers and acquisitions came together to create the new criteria and associated education and guidance. The work was then tested and refined with input from additional Alliance member company experts and external leaders in corporate development, data, AI and technology ethics.

Support for the new Responsible Data & AI Diligence for M&A:

David J. Kappos, partner at Cravath, Swaine & Moore LLP and former director of the United States Patent and Trademark Office (USPTO): "Innovation shapes futures—the future of our technology, the future of our economy, and the future of our world. But innovation itself is shaped by creative startups delivering solutions that are not just disruptive, but also responsible and reliable. The Data & Trust Alliance has created a tool to advance this mission and foster the growth of companies in responsibly managing data."

Navrina Singh, founder and chief executive officer, Credo AI: "Credo AI is thrilled to partner with the Data & Trust Alliance to provide expertise around AI governance and risk management, as the consortium moves to establish new cross-industry criteria for M&A due diligence for AI businesses. It's encouraging to see the world's leading organizations, investors and founders take ownership of their duty to deploy AI responsibly. Consortiums like D&TA are exactly the leadership we need for AI to help deliver long-term stakeholder value and also be a force for good."

Joe Ucuzoglu, chief executive officer, Deloitte US: "It is a business and societal imperative to take a responsible and trustworthy approach to technology advancements—for what we do today and what we're building for the future. Deloitte is proud to be a part of the Data & Trust Alliance along with other leading organizations that are proactively creating and applying these principles in new business development and diligence."

Mike Capps, co-founder and chief executive officer, Diveplane: "The goal of the Alliance is the widespread adoption of ethical data and AI practices, which is why Diveplane is so proud to play an active role. This Diligence work will help acquirers make safer M&A decisions, help private equity make savvier investment decisions, and help companies like ours build more responsible data culture and practices."

Rob Thomas, senior vice president, Global Markets, IBM: "Accurately and thoroughly assessing the benefits and risks of M&A is critical for organizations in all industries—to their bottom line, culture and reputation. In today's data-driven world, evaluating a target company's data, algorithms, and culture is important, and the guidance from the Data and Trust Alliance provides a useful set of considerations for M&A due diligence teams."

JoAnn C. Stonier, chief data officer, Mastercard: "Responsible data practices are sustainable data practices. This is particularly true when organizations obtain new data, new data skillsets or AI and machine learning capabilities as part of a merger or acquisition. The M&A data due diligence framework announcement by the Data and Trust Alliance creates practical tools to ensure that data assets are considered early in the M&A process. Adoption of this new process by the Alliance companies is an important step in ensuring responsible data practices and influences the broader business community, raising the collective bar for trustworthy data and AI practices."

Glen Tullman, chairman and chief executive officer, Transcarent: "Data and artificial intelligence solutions are powering the transformation of our healthcare system. When accurate, and used appropriately, data should empower healthcare consumers and offer a more personalized health and care experience. AI and machine learning capabilities

can be used to address historic healthcare and societal inequities, rather than exacerbate them, which is why Transcarent is proud to adopt the due diligence criteria."

Responsible Data & AI Diligence for M&A is the second set of new tools for business practitioners from the Data & Trust Alliance. The not-for-profit organization, established in September 2020, brings together leading businesses and institutions across multiple industries to learn, develop and adopt responsible data and AI practices. It is co-chaired by Ken Chenault, General Catalyst chairman and managing director, and former American Express chairman and CEO, and Sam Palmisano, former IBM chairman and CEO. Jon Iwata is the founding executive director.

Data & Trust Alliance member companies span 15 industries, operate in more than 175 countries, and generate more than $1.6 trillion in annual revenues. Additional information on the Alliance and the Responsible Data & AI Diligence for M&A is available at dataandtrustalliance.org

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