



STATE OF MICHIGAN PROCUREMENT
 Department of Treasury
 7285 Parsons Drive Dimondale, MI 48821

CONTRACT CHANGE NOTICE

Change Notice Number 2
 to
 Contract Number 24000000087

CONTRACTOR	Glass, Lewis & Co., LLC
	255 California Street, Suite 1100
	San Francisco, CA 94111
	Dan Concannon
	301-325-3328
	dconcannon@glasslewis.com
	CV0001042

STATE	Program Manager	Jeannette Brya	Treasury
		517-604-8243	
	bryaj@michigan.gov		
	Contract Administrator	Kyle Elzinga	Treasury
517-614-0956			
ElzingaK@michigan.gov			

CONTRACT SUMMARY				
DESCRIPTION: Proxy Voting and Corporate Governance				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
December 1, 2023	November 30, 2026	Three, one-year	November 30, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$78,861.62		\$108,818.76	\$187,680.38	
DESCRIPTION:				
Effective November 8, 2024 the following has been updated and incorporated into this Contract:				
1. The State is increasing the value of the Contract by \$108,818.76.				
All other terms, conditions, specifications, and pricing remain the same.				

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Kyle Elzinga, Department Analyst

Name & Title

Department of Treasury

Agency

Date



STATE OF MICHIGAN PROCUREMENT

Department of Treasury

7285 Parsons Drive Dimondale, MI 48821

CONTRACT CHANGE NOTICE

Change Notice Number **1**

to

Contract Number **24000000087**

CONTRACTOR	Glass, Lewis & Co., LLC
	255 California Street, Suite 1100
	San Francisco, CA 94111
	Dan Concannon
	301-325-3328
	dconcannon@glasslewis.com
	CV0001042

STATE	Program Manager	Jeannette Brya	Treasury
		517-604-8243	
	bryaj@michigan.gov		
	Contract Administrator	Kyle Elzinga	Treasury
517-614-0956			
ElzingaK@michigan.gov			

CONTRACT SUMMARY				
DESCRIPTION: Proxy Voting and Corporate Governance				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
December 1, 2023	November 30, 2026	Three, one-year	November 30, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$78,861.62		\$0	\$78,861.62	
DESCRIPTION:				
The Program Manager is changed to Jeannette Brya.				
All other terms, conditions, specifications, and pricing remain the same.				

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Kyle Elzinga, Department Analyst

Name & Title

Department of Treasury

Agency

Date



STATE OF MICHIGAN PROCUREMENT
 Michigan Department of Treasury
 7285 Parsons Dr., Dimondale, MI 48821

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **240000000087**
 between
 THE STATE OF MICHIGAN
 and

CONTRACTOR	Glass, Lewis & Co., LLC
	255 California Street, Suite 1100
	San Francisco, CA 94111
	Dan Concannon
	301-325-3328
	dconcannon@glasslewis.com
	CV0001042

STATE	Program Manager	Karl Borgquist	TREAS
		517-230-8419	
	borgquistk@michigan.gov		
	Contract Administrator	Kyle Elzinga	TREAS
517-614-0956			
ElzingaK1@michigan.gov			

CONTRACT SUMMARY			
DESCRIPTION: Proxy Voting and Corporate Governance			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
December 1, 2023	November 30, 2026	Three, one-year	November 30, 2026
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$78,861.62

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Kyle Elzinga, Department Analyst

Name & Title

Department of Treasury

Agency

Date

SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

Proxy Voting and Corporate Governance

BACKGROUND

The State of Michigan Investment Board (Board) is investment fiduciary for the State of Michigan Retirement System (SMRS), which is comprised of the following component systems: Michigan Public School Employees' Retirement System; State Employees' Retirement System; Michigan State Police Retirement System; and Michigan Judges Retirement System. The State Treasurer of the State of Michigan, who serves as chair of the Board, is granted investment discretion over a number of statutorily created trusts and agencies (Trust and Agencies). As of December 31, 2022, the total value of the SMRS assets was approximately \$92.6 billion, invested as follows:

Private Equity	24.2%
Domestic Equities	18.6%
International Equity	13.6%
Real Return & Opportunistic	12.0%
Real Estate & Infrastructure	10.8%
Absolute Return	10.1%
Fixed Income	9.2%
Short Term	1.5%

The assets that comprise the Trust and Agencies are approximately \$10.8 billion.

The Board delegated fiduciary duties and the authority to invest funds on behalf of the SMRS to the Bureau of Investments (BOI). The BOI has similarly been granted responsibility by the SMRS Treasurer for investing assets of the Trusts and Agencies. Assets are managed by in-house investment specialists and by external investment managers.

In carrying out its investment responsibilities, BOI manages a broadly diversified portfolio that is both internally and externally managed and includes over 7,100 individual investments.

BOI is managed by an executive team consisting of a Chief Investment Officer, Deputy Chief Investment Officer, Director of Asset Allocations/Director of Investments – Public Markets, Director of Investments – Private Markets, Chief Compliance Officer & General Counsel, and support staff. The executive team resides within the Administration area of BOI. Within the BOI's Compliance Bureau, the Compliance and Corporate Governance Division (CCG) manages the overall legal, governance, and compliance efforts for the BOI, which includes proxy voting. As part of its mission, the CCG team works to create sustainable long-term corporate value and achieve maximum return for shareholders of SMRS by promoting solid corporate governance principles. Among other things,

the team is responsible for ensuring that proxies are voted in accordance with internal policies and State laws; ensuring that investments comply with the parameters established by State law; and, monitoring external managers and monitoring the eligibility of SMRS in all class action filings.

This Schedule identifies requirements for services needed for Proxy Voting/Corporate Governance support, related consulting, and reporting services. The Contractor must develop, implement, and maintain a customized proxy voting recommendation web-based system based on BOI's Proxy Voting Policy and Corporate Governance Core Principles and Guidelines, provide quarterly research reports of the proxies voted by the State, as well as an aggregated report of proxies voted by internally and externally managed accounts. The Contractor must be able to identify, segregate, and deliver the proxy to BOI in a timely manner so the proxy can be voted before the meeting date.

The Contractor must maintain a relationship with the external managers retained by BOI, as well as the SMRS' custodian bank, for purposes of receiving proxy materials and related issues. See [Proxy Voting Policy \(michigan.gov\)](https://www.michigan.gov/proxy) for the State's current Proxy Voting Policy.

SCOPE

Proxy Voting/Corporate Governance Services

The Contractor must provide comprehensive voting, consulting, research, and support services to the BOI as it relates to independent proxy voting, research, advisory, and related services for all of the SMRS' investments in the United States (U.S.) and non-U.S. equities consisting of approximately 900 U.S. tickers and approximately eight non-U.S. tickers.

The SMRS currently uses State Street Bank & Trust Company as its Custodian. During the 2022 proxy voting season, the SMRS participated in over 1300 shareholder meetings where approximately 3,000 ballots were cast on its behalf. In some cases, ballots are cast by external and internal investment managers.

Contractor must vote proxy ballots held on behalf of the SMRS in both internally and externally managed accounts. Upon finalization of the Contract, a full list of all accounts will be provided to the Contractor. Accounts may be added or removed, as directed by the Program Manager or designee.

1. REQUIREMENTS

1.1. General Requirements

The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

Proxy Voting/Corporate Governance Services (Contractor)

1. Develop, implement, and maintain a customized proxy voting recommendation system based on the SMRS' domestic proxy voting

policy. See [Proxy Voting Policy \(michigan.gov\)](http://michigan.gov) for the State's current Proxy Voting Policy.

2. Provide a Web-based proxy voting recommendation platform customized to implement the SMRS' Corporate Governance Core Principles and Guidelines and Proxy Voting Policy. The platform must also include the following:
 - a. Links to the company's current Proxy Statements (14A) and subsequent amendments or contests and Annual Report (10K).
 - b. Provide a current copy of the State's Corporate Governance Core Principles and Guidelines and Proxy Voting Policy as amended in the current year.
 - c. Provide a voting function which must show the recommended vote on the issues based on the State's domestic proxy voting policy and allow the State to execute and/or modify recommended votes.
 - d. Provide proxy research and reports on corporate governance and corporate social responsibility issues including how other public pension funds view and voted the issues.
 - e. Highlight and investigate possible corporate governance issues of SMRS portfolio.
 - f. Provide proxy research services on company specific issues, including Michigan company specific issues and global markets.
 - g. Provide research services which must include proxy voting research coverage for U.S. and International companies in SMRS' portfolio.
 - h. Provide detailed research on the following topics: executive compensation, mergers and acquisitions, proxy contests, recapitalizations, charter and by-law amendments, and other highly contested voting scenarios.
 - i. Provide detailed research relating to board elections and director qualifications, shareowner proposals, auditor ratifications, and other matters brought before shareowners on proxy ballots.
 - j. Provide the appropriate documents required by the Securities and Exchange Commission (SEC) requiring institutional investment managers file with the SEC or other regulatory bodies, to allow for compliance with any proxy voting disclosure requirements (including, but not limited to, on an annual basis a record of votes on certain executive compensation-related shareholder meeting agenda items).

- k. Provide a separate report which details the voting of the MacBride Principles in accordance with Section 13a of Act 314 of 1965 (the Public Employee Retirement System Investment Act).
- l. Contain/maintain current and archived accurate record of the State's proxy voting records.
- m. Develop custom reports detailing voting activity. Reporting capabilities must include generating reports based on account, account group (internally versus externally managed accounts), date range, voted/unvoted ballots, company, shareowner, proposal classification, vote recommendation, and/or individual ballot items. Reports must allow reasonable statistical analysis and be available on demand.
- n. Provide custom reports that offer the following information:
 - (1) High level ballot statistics of the agenda items voted upon during a given time frame for the accounts selected.
 - (2) Ballot count by market.
 - (3) A statistical analysis of the ballots voted over a period of time. Calculations should also be available at the meeting level.
 - (4) Upcoming meetings report (a list of upcoming meetings).
 - (5) Vote summary report – agenda level: A list of meetings and proposals that were voted, and how the votes were cast with the option of including ballot detail.
 - (6) Ballots received report: A list of ballot details for a specific meeting or meeting date range, and the accounts selected.
 - (7) Market summary report: Ballot count by market and full summary of voting activity during a specific time and for a particular account or set of accounts.
 - (8) Additional reports as needed.
- o. Monitor compliance of the SMRS' internal investment managers with proxy voting policy.
- p. Maintain a list of proxy issues that are to be voted by the SMRS, separate proxies containing those issues and deliver them to the State identified individuals, via e-mail, notification/alert within 15 business days before the meeting date, in order to allow sufficient time for the SMRS to receive, review, and if necessary, vote the proxies online before the meeting date. If a notification/alert falls outside the 15-business day window, the Contractor must notify the SMRS Program Manager as soon as possible and maintain ongoing communication to ensure the State is effectively supported.
- q. Advise on issues based on State policies in which the State will cast proxy votes at least 10 business days before the vote.
- r. Provide external managers with access to the platform as requested by the Program Manager or designee.

- s. Provide platform access and training to external managers who are approved by the Program Manager or designee.
3. Provide access to consulting services as follows:
- a. Provide updates and summary description of SEC proxy rules as proposed and finalized.
 - b. Provide system of evaluation of corporate practices which includes, but is not limited to, an update of developing corporate governance issues and best practices.
 - c. Advise on issues and review existing Corporate Governance Core Principles and Guidelines and Proxy Voting Policy (see http://www.michigan.gov/documents/treasury/SMRSPProxyVotingPolicy_290368_7.pdf) annually and recommend changes accordingly by November 1 of each Contract year.
 - d. Advise on, and aid in, the development and updating of an International Proxy Voting Policy.
 - e. Ensure that the policy is updated annually by November 1 of each Contract year based on issues and best practices.
 - f. Procure additional information to supplement general research analyses on an ad hoc basis.
 - g. Provide a variety of custom reports and statistical information upon request of the Program Manager. The Contractor must make every effort to provide the custom report or statistical information within three business days of the request.
 - h. Provide annual research on identified companies to determine which companies require greater scrutiny.
 - i. Provide direct access to a custom analyst for special requests.
 - j. Any other matters that may be related to proxy voting (including custom research support services).
4. System Requirements:
- a. All data and reports must be provided to BOI via a web browser and, at a minimum, must support the State-utilized versions of Edge, Chrome, and/or Firefox (current versions). No additional software or hardware will be required.
 - b. Subject to the Service Level Agreement for Hybrid Purchases attached as Exhibit D, this service must operate 24 hours a day, seven days a week, and must be available between 8:00 a.m. and 6:00 p.m. Eastern Standard Time (EST), Monday through Friday.

- c. Any interruptions, defined as failure in the Contractor-supplied system or database, which results in work stoppage, in service over 30 minutes must be reported to the Program Manager or designee with the following:
 - (1) Length of interruption
 - (2) Reason for interruption
 - (3) Resolution and estimated time to resolve.
- d. For most queries, data must populate within 10 seconds, and reports must populate within one minute. For reports or data with broad run parameters, the report must populate within 20 minutes.
- e. The Contractor must comply with the security requirements in Schedule E, Data Security Requirements.
- f. The system must accommodate at least 12 client users, or additional if required by the BOI, each with a unique log-on ID and password.
- g. The system must allow users to have “read only” access.
- h. The Program Manager must be notified prior to any modifications to the reporting system. The modification(s) must be transparent to BOI and not require any updates on BOI computers.
- i. The Contractor is responsible for all, including but not limited to, data entry, maintenance, back-up, and recovery of the web-based system.
- j. All system upgrades that are generally provided to the Contractor’s customers at no additional cost must also be provided to the State at no additional cost during the term of the Contract.
- k. Data must be backed-up daily.
- l. The Contractor must provide a disaster recovery and business continuity plan as defined by Exhibit 1 to Schedule E.
 - (1) The reporting tools must be available no more than five business days after a disaster.
- m. The Contractor must notify the Program Manager seven days in advance of any scheduled downtime.
 - (1) All system outages/shutdowns must be reported immediately to the Program Manager or designee.
 - (2) Within 24 hours of problem resolution and restart, the Contractor must prepare and submit a report to the Program Manager or designee indicating elapsed downtime hours, start/end timeframes, reason for the outage, and impact on the

systems (lost data, etc.) for each occurrence and resolution to mitigate future occurrences.

5. The Contractor must work with the State and other contractors (e.g., Department of Technology, Management and Budget, Custodian, external managers, etc.) to perform services/deliverables.
6. Additional Services:
 - a. BOI may potentially require additional services in the future. If any additional services are needed, a new Statement of Work will be added to the Contract via the Change Notice Process.

1.2 Transition

See Standard Contract Terms, Section 26. Transition Responsibilities.

1.3 Training

The Contractor must provide the following training in the event of new system rollouts or material updates to the existing system: minimally, internet-based training with option for the BOI to request onsite (i.e., at the BOI's office) training when needed. Contractor must provide training through their Client Service team to all of the State's users. Contractor must host webinars after significant product updates as well as before and after proxy season to discuss trends in corporate governance. All web based and phone training is included in the cost of the Contract.

The Contractor must provide documentation and training materials.

1.4 ADA Compliance

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites and software applications. All websites, applications, software, and associated content and documentation provided by the Contractor as part of the Solution must comply with Level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

1.5 Specific Standards

IT Policies, Standards and Procedures (PSP)

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this RFP must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Public IT Policies, Standards and Procedures (PSP):

https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html

1.6 User Type and Capacity

Type of User	Access Type	Number of Users	Number of Concurrent Users
Full access	Full access	Unlimited	Unlimited
Instruct-only	Instruct-only		
Read-only	Read-only		
Reporting-only	Reporting-only		

Contractor must be able to meet the expected number of concurrent Users listed above.

1.7 End-User Operating Environment

The SOM environment is X86 VMware, IBM Power VM and Oracle VM, with supporting enterprise storage monitoring and management.

The software must run under commonly used web browsers. At a minimum the software must support Internet Explorer v11 or higher, or Edge, Chrome v71 or higher, Firefox v62 or higher, and Safari v12 or higher for iOS operating systems. Contractor must support the current and future State standard environment at no additional cost to the State.

1.8 Hosting

Contractor must maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 24 hours, and a Recovery Time Objective (RTO) of 24 hours.

1.9 Secure Web Application Standard

Contractor's solution must meet the State's Secure Application Development Standards as mandated by the State.

Secure Application Development Life Cycle (SADLC)

Contractor is required to meet the States Secure Application Development Life Cycle requirements that include:

A. Security Accreditation

Contractor is required to complete the State Security Accreditation process for the solution.

B. Application Scanning

i. Externally hosted solutions

Contractor must provide the State a vulnerabilities assessment. These scans must be completed and provided to the State on a regular basis or at least for each major release.

For COTS or vendor owned applications, Contractor, at its sole expense, must provide resources to complete the scanning and to complete the analysis, remediation and validation of vulnerabilities

identified by the scan as required by the State Secure Web Application Standards.

Types of scanning and remediation may include the following types of scans and activities.

- Dynamic Scanning for vulnerabilities, analysis, remediation, and validation
- Static Scanning for vulnerabilities, analysis, remediation and validation
- Third Party and/or Open-Source Scanning for vulnerabilities, analysis, remediation and validation

C. Infrastructure Scanning

i. Externally hosted solutions

A Contractor providing Hosted Services must perform vulnerability scans of the infrastructure at least once a week and provide the scan's assessment to the State in a format that can be uploaded by the State and used to track the remediation.

2. Acceptance

2.1. Acceptance, Inspection and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

A. Performance and Reliability Evaluation (PARE)

The Performance and Reliability Evaluation will consist of three phases:

1. PHASE 1 – Specifications Compliance Review
 - a. The first phase must be comprised of a compliance review of the specifications for the Web-based Proxy Voting/Corporate Governance platform listed in the Contract. This review must ensure all items are in compliance with the required specifications for the Contract. In the event Treasury determines that any component or feature of the system does not comply with the mandatory specifications of the Contract, Treasury reserves the right to cancel the Contract under Standard Contract Terms, Sections 24 or 25.
2. PHASE 2 – Acceptance Test
 - a. The Program Manager will evaluate the system's performance based on the reports produced. The Program Manager will determine that the system is fully operational when all requirements listed in the Contract are met. It will be the Program Manager's responsibility to determine that the system is fully operational.
3. PHASE 3 – Post Implementation

- a. The performance period for Phase 3 is a period of 45 consecutive calendar days. The performance period must commence when the historical data load is complete, and the system is fully operational.
 - 1) During the performance period for Phase 3, there must be no more than three interruptions. During the performance period for Phase 3 there must be no individual interruption that lasts longer than four hours.
 - 2) An interruption is defined as failure in the Contractor-supplied system or database, which results in work stoppage.

Work stoppages resulting from network downtime, Treasury-supplied equipment failure or Treasury-supplied software malfunctions must not be included in the performance period.

- B. The Contractor fulfills all Contract Activities related to Proxy Voting and Corporate Governance in a timely manner as required in Schedule A.

2.2. Final Acceptance

- A. For Proxy Voting/Corporate Governance services, Final Acceptance will be completed 45 days after Phase 3 of the PARE in Section 2.1.A.3. During Final Acceptance, there must be no more than three interruptions. During Final Acceptance, there must be no individual interruption that lasts longer than four hours. Upon completion of Final Acceptance, the Program Manager will provide written acceptance of the system.
- B. The Contractor fulfills all Contract Activities related to Proxy Voting and Corporate Governance in a timely manner as required in Schedule A. Invoices must accurately reflect Proxy Voting/Corporate Governance services.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint a single point of contact specifically assigned to State of Michigan account, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the “Contractor Representative”).

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

3.2. Contractor Representative

The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “Contract Administrator”):

State:	Contractor:
---------------	--------------------

Kyle Elzinga 7285 Parsons Drive Dimondale, MI 48913 ElzingaK1@michigan.gov 517-614-0956	Dan Concannon 2323 Grand Boulevard, Suite 1125 Kansas City, MO 6410 dconcannon@glasslewis.com 301-325-3328
---	--

3.3. Program Manager

The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “Program Manager”):

State:	Contractor:
Karl Borgquist 2501 Coolidge Rd East Lansing, MI 48823 Borgquistk@michigan.gov 517-230-8419	Matt Seuffert 2323 Grand Boulevard, Suite 1125 Kansas City, MO 6410 Mseuffert@glasslewis.com 816-945-4525

3.4. Technical Support, Repairs, and Maintenance

The Contractor must provide telephone support from 8:00 a.m. to 6:00 p.m. Eastern Standard Time (EST), Monday through Friday and must respond to concerns within two business days.

3.5. Work Hours

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 8:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

3.6. Key Personnel

The Contractor must appoint a Key Personnel who will be directly responsible for the day-to-day operations of the Contract (“Key Personnel”). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 48 hours.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State’s Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). An Unauthorized Removal does not include

replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under the **Termination for Cause** section of the Standard Contract Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

- A. The Contractor must identify all Key Personnel that will be assigned to this Contract in the table below which includes the following:
1. Name and title of staff that will be designated as Key Personnel.
 2. Identify which of the required key personnel positions they are fulfilling.
 3. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
 4. Identify if each Key Personnel is a direct, subcontract, or contract employee.
 5. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract / Contract	5. % of Work Time	6. Physical Location
Matt Seufert	5	Client Service Manager	Direct	100%	Kansas City, MO
Lucas Swertloff	10	Manager of North American Policy	Direct	100%	New York, NY
Heidi Little	17	Vice President, Operations	Direct	100%	Limerick, IR
Courtney Keating	10	Senior Director of ESG Research	Direct	100%	Denver, CO

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract / Contract	5. % of Work Time	6. Physical Location
(dedicated to research team)					
Brianno Castro (dedicated to research team)	7	Senior Director of U.S. Research	Direct	100%	San Francisco, CA
Jason McCandless (dedicated to research team)	10	Senior Director of M&A Research	Direct	100%	San Francisco, CA
Joseph Gonzalez	3	Director of Sales	Direct	100%	Chicago, IL

The Glass Lewis team that would support the account is:

- Matt Seufert, Manager, Client Services
- Lucas Swertloff, Manager of North American Policy
- Heidi Little, Vice President, Operations
- Courteney Keatinge, Senior Director of ESG Research
- Jason McCandless, Senior Director of M&A Research
- Brianna Castro, Senior Director of U.S. Research
- Joseph Gonzalez, Director of Sales

3.7. Disclosure of Subcontractors

The Contractor will not utilize subcontractors on this Contract. Any addition of subcontractors must be added to the Contract through a Change Notice.

3.8. Security

The Contractor will be subject to the following security procedures:

The State may require the Contractor's personnel to wear State issued identification badges.

The Contractor's staff may be required to make deliveries to or enter State facilities. The Contractor must: (a) explain how it intends to ensure the security of State facilities, (b) whether it uses uniforms and ID badges, etc., (c) identify the company that will perform background checks, and (d) the scope of the background checks.

4. Project Management

4.1. Project Plan

A. Contractor must carry out this project under the direction and control of the Program Manager. All implementation plans for use during the Implementation Period are subject to the approval of the Program Manager.

B. An implementation plan is not needed for this Contract.

4.2. Meetings

The Contractor must attend the following meetings:

A. In-person Kick-Off Meeting within five calendar days of the Effective Contract Date, and once within 30 days before Contract expiration.

B. There must be continuous liaising between the Program Manager and Contractor during the Implementation Period. The Program Manager will meet with the Contractor's Representative for initial review and updated status of the Contractor's project plan periodically during the Implementation Period. The meetings will provide reviewing progress and providing necessary guidance to the Contractor regarding the timing of activities and solving issues or problems.

C. Although there will be continuous liaison with the Contractor team, Program Manager will meet quarterly at a minimum, or as requested by the Program Manager, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

D. The State may request other meetings, as it deems appropriate.

4.3. Reporting

A. The Contractor must submit written, monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Program Manager; and notification of any significant deviation from previously agreed-upon work plans.

B. For Proxy Voting/Corporate Governance Contractor, within 15 business days of the close of the quarter, the Contractor must make available the following reports on their website (Microsoft Excel formatted quarterly and annual reports):

1. MacBride Report detailing how companies voted with respect to shareholder resolutions and initiatives proposing adoption of the nine MacBride Principles enumerated in Section 13a of the Investment Act (see MCL 38.1133a).

2. External Managers Report detailing proxy votes cast by external managers on behalf to the State. The report must offer detail on how the external manager voted. The purpose of this report is to enable the State to monitor external managers to ensure that proxy votes cast by external managers align with the State of Michigan's Proxy Voting Policy (see Section 1.1.1.1).
3. Michigan Companies Report detailing proxies voted for companies that are domiciled in the State of Michigan. This report must allow the user to filter votes cast in annual meetings of companies based in the State of Michigan (see Sections 1.1.1.2.f. and g.).
4. Reports summarizing novel issues of the proxy season and how other funds voted and viewed these issues (see Sections 1.1.1.2.h. and i.).
5. The Contractor must submit, to the Program Manager, any other related reports as requested by the Program Manager.

5. Ordering

5.1. Authorizing Document

The appropriate authorizing documents for the Contract will be a Purchase Order (PO) or Delivery Order (DO).

6. Invoice and Payment

6.1. Invoice Requirements

- A. The Contractor must provide detailed invoices for services rendered which clearly outline the scope of billing.
- B. All invoices submitted to the State must include: (a) date; (b) purchase order or delivery order number; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, travel or other out of pocket or miscellaneous expenses will not be paid by the State.

6.2. Payment Methods

The State will make payment for Contract Activities within 45 days of the State's receipt of invoice.

6.3. Procedure

Invoices are sent to TREAS-BOI-INVOICES@michigan.gov and treas_fadinvoices@michigan.gov - which is received and processed by BOI. The invoice is checked against the Contract to make sure terms align, then sent to the Program Manager for approval. The approved invoices are then directed to Treasury's Accounting Services for payment. Purchasing may be brought in if there are questions surrounding the Contract or if Accounting Services and/or

BOI need a new PO/DO. Accounting Services verifies and enters the payment into SIGMA.

7. Pricing

Pricing is firm for the entire length of the Contract.

8. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State, and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities, the State, as soon as legally and commercially practicable, must notify the Contractor and, to the extent such late or improper completion of the Contract Activities was caused by or is in the reasonable control of the Contractor, the Contractor must remedy the same within two Business Days. If Contractor does not remedy such late or improper completion of the Contract Activities within such two (2) business day period and the same was caused by the acts or omissions of the Contractor then, as the State's sole remedy and the Contractor's sole liability, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work. For the avoidance of doubt, such liquidated damages shall not apply to the extent any such late or improper completion of the Work is caused by the State, any third party (other than a contractor, supplier, or vendor of the Contractor), or is otherwise beyond the reasonable control of the Contractor.

SCHEDULE B PRICING

1. Pricing includes all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State.
2. The State does not guarantee a minimum or maximum volume of work.

Deliverable	Monthly Price		Months	Three-Year Total
1. Proxy Voting/Corporate Governance Services (Internally and Externally managed accounts)	\$1,744.88 See Note 1 below	X	36	\$ 65,361.62
2. Voting History on BOI Website that Could Be Made Available to Public	\$375.00	X	36	\$ 13,500.00
a. Email Support for Public Questions	Not Available	X	36	Not Available

Deliverable	Contractor's Hourly Rate	Estimated Hours per Three-Years		Months	Estimated Three-Year Total	
3. Consulting Services	See Note 2	X	30	X	36	To Be Determined
4. Custom Research/Reports for the first 25 hours per year (Hourly Rate and Hours)	See Note 3	X	60	X	36	To Be Determined
4 a. Custom Research/Reports beyond the first 25 hours per year	See Note 3					

Estimated Three-Year Contract Total		\$ 78,861.62
5. Optional Services		
a. Provide voting history of other funds on selected issues.	\$ N/A (not offered)	
b. Vote reconciliation.	\$ 0 (Included in service)	
c. Drafting shareholder resolutions.	\$ N/A (not offered)	
d. Proxy solicitation services.	\$ N/A (not offered)	
e. SEC no-action related requests under the SEC proxy rules.	\$ N/A (not offered)	
Additional Resources and Costs (If Applicable)		

1. SEC Executive Compensation Reporting (Subject to SEC Finalization)	\$ 2,500.00 – 1yr Fee / Monthly \$208.33 \$ 2,375.00 – 2yr Fee / Monthly \$197.92 \$ 2,250.00 – 3yr Fee / Monthly \$187.50
2. Archive voting records for votes cast prior to proposed contract period (obtained from prior vendor).	\$ 5,000.00 – 1yr Fee /Monthly \$416.67 \$ 4,750.00 – 2yr Fee /Monthly \$395.83 \$ 4,500.00 – 3yr Fee /Monthly \$375.00

Pricing Notes:

As noted in the pricing table above, SMRS' will receive a 5% buffer each billing period. Once the buffer limit has been reached, the SMRS will be invoiced at the end of each Contract year and will be priced as follows:

- o Ballots over 3000 (total U.S. and non-U.S. combined) at \$2.00 each.
- o Meetings over a total of 908 (U.S. and non-U.S. combined) will be \$15.00 per each U.S. meeting and \$30.00 per each non-U.S. meeting.
- o For the purposes of clarity, if the total overages are \$2,000.00 and the annual fee is \$20,000.00 (5% of \$20,000.00=\$1,000.00), the overage due will be \$1,000.00 (\$2,000.00-\$1,000.00).

1. Should consulting services be required beyond the scope of the Contractor's standard service, these services may also be provided free of charge, or could require a flat or hourly fee that would be negotiated upon review of the specific requirements, as mutually agreed to by the parties.
2. The Contractor already implements SMRS' custom policy across all ballots voted. If custom research/reports are necessary beyond that scope, these services may be provided free of charge, or could require a flat or hourly fee that would be negotiated upon review of the specific requirements, as mutually agreed to by the parties. Requirements for more than 25 hours of work would be considered for a lower per - hour rate.

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Glass Lewis & Co., LLC (“**Contractor**”), a Delaware limited liability company. This Contract is effective on December 1, 2023 (“**Effective Date**”), and unless terminated, will expire on November 30, 2026 (the “**Term**”).

This Contract may be renewed for up to three, one-year periods. Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

- 1. Duties of Contractor.** Contractor must perform the services and provide the deliverables (the “**Contract Activities**”) described in a Statement of Work, the initial Statement of Work is attached as Schedule A – Statement of Work. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities unless otherwise specified in a Statement of Work.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (f) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (g) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (h) comply with all State physical and IT security policies and standards which will be made available upon request; and (i) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- 2. Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if

sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
See Contract Administrator information shown below.	Dan Concannon 2323 Grand Boulevard, Suite 1125 Kansas City, MO 6410 dconcannon@glasslewis.com 301-325-3328

3. **Contract Administrator.** The Contract Administrator, or the individual duly authorized for each party, is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Kyle Elzinga 7285 Parsons Drive Dimondale, MI 48821 ElzingaK1@michigan.gov 517-614-0956	Dan Concannon 2323 Grand Boulevard, Suite 1125 Kansas City, MO 6410 dconcannon@glasslewis.com 301-325-3328

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

State:	Contractor:
Karl Borgquist 2501 Coolidge Road, Suite 400 East Lansing, MI 48823 borgquistk@michigan.gov 517-230-8419	Matt Seuffert 2323 Grand Boulevard, Suite 1125 Kansas City, MO 6410 Mseuffert@glasslewis.com 816-945-4525

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in a Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.**

- a. **General Requirements.** Contractor, at its sole expense, must maintain the insurance coverage as specified herein for the duration of the Term. Minimum limits may be satisfied by any combination of primary liability, umbrella or excess liability, and self-insurance coverage. To the extent damages are covered by any required insurance, Contractor waives all rights against the State for such damages. Failure to maintain required insurance does not limit this waiver.

- b. Qualification of Insurers.** Except for self-insured coverage, all policies must be written by an insurer with an A.M. Best rating of A- VII or higher unless otherwise approved by DTMB Enterprise Risk Management.
- c. Primary and Non-Contributory Coverage.** All policies for which the State of Michigan is required to be named as an additional insured must be on a primary and non-contributory basis.
- d. Claims-Made Coverage.** If any required policies provide claims-made coverage, Contractor must:
 - (1) Maintain coverage and provide evidence of coverage for at least 3 years after the later of the expiration or termination of the Contract or the completion of all its duties under the Contract.
 - (2) Purchase extended reporting coverage for a minimum of 3 years after completion of work if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract.
- e. Proof of Insurance**
 - (1) Insurance certificates showing evidence of coverage as required herein must be submitted to the Contract Administrator within 10 days of the contract execution date.
 - (2) Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.
 - (3) Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by DTMB Enterprise Risk Management.
 - (4) All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).
 - (5) The State may require additional proofs of insurance or solvency, including but not limited to policy declarations, policy endorsements, policy schedules, self-insured certification/authorization, and balance sheets.
 - (6) In the event any required coverage is cancelled or not renewed, Contractor must provide written notice to the Contract Administrator no later than 5 business days following such cancellation or nonrenewal.
- f. Subcontractors.** Contractor is responsible for ensuring its subcontractors carry and maintain insurance coverage.
- g. Limits of Coverage & Specific Endorsements.** (See Table 6.1 Below)

TABLE 6.1

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
Automobile Liability Insurance	
Minimum Limits: \$1,000,000 Per Accident	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate	

h. Non-Waiver. This Section 6 is not intended to and is not to be construed in any manner as waiving, restricting, or limiting the liability of either party for any obligations under this Contract, including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State.

7. Reserved.

8. Reserved.

9. Relationship of the Parties. The relationship between the parties is that of independent contractors. Contractor, its employees, and agents will not be

considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Neither party has authority to contract for nor bind the other party in any manner whatsoever.

- 10. Intellectual Property Rights.** State acknowledges and agrees that the deliverables derived from the Contract Activities shall be exclusively for internal use by State solely for the purpose of analyzing proxy statements, assessing the corporate governance standards of companies and casting proxy votes, and may not be used for any other purpose, or be made available, in whole or in part, by State to any other person or included in any materials or information that State makes available to any other person, without the express prior written consent of Contractor. All right, title and interest, including all copyrights and other intellectual property rights, in such deliverables, in both print and machine-readable forms, belong to Contractor and its third-party suppliers. State acquires no proprietary interest in the deliverables by virtue of this Agreement. Contractor shall mark all such deliverables as "Confidential – Trade Secret." To the extent such deliverables are not deemed trade secrets, they may be subject to disclosure under the Michigan Freedom of Information Act {MCL}.
- 11. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.
- 12. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel providing services by providing a notice to Contractor.
- 13. Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request,

or as may be specified in a Statement of Work, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment.

- 14. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
- 15. Change of Control.** Contractor will notify the State, within 30 days of any public announcement or otherwise once legally permitted to do so, of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

- 16. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in a Statement of Work.
- 17. Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in a Statement of Work. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 24, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities, and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

18. Reserved.

19. Reserved.

20. Reserved.

21. Invoices and Payment. Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities provided as specified in a Statement of Work. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all fees are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities.

Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

Excluding federal government charges and terms, Contractor warrants and agrees that each of the fees, economic or product terms or warranties granted pursuant to this Contract are comparable to or better than the equivalent fees, economic or product term or warranty being offered to any commercial or government customer (including any public educational institution within the State of Michigan) of Contractor. If Contractor enters into any arrangements with another customer of Contractor to provide the products or services, available under this Contract, under more favorable prices, as the prices may

be indicated on Contractor's current U.S. and International price list or comparable document, then this Contract will be deemed amended as of the date of such other arrangements to incorporate those more favorable prices, and Contractor will immediately notify the State of such fee and formally memorialize the new pricing in a change notice.

- 22. Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in a Statement of Work. The parties understand and agree that any liquidated damages (which includes but is not limited to applicable credits) set forth in this Contract are reasonable estimates of the State's damages in accordance with applicable law. The parties acknowledge and agree that Contractor could incur liquidated damages for more than 1 event. The assessment of liquidated damages will not constitute a waiver or release of any other remedy the State may have under this Contract for Contractor's breach of this Contract, including without limitation, the State's right to terminate this Contract for cause under Section 24 and the State will be entitled in its discretion to recover actual damages caused by Contractor's failure to perform its obligations under this Contract. However, the State will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages. Amounts due the State as liquidated damages may be set off against any fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.
- 23. Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
- 24. Termination for Cause.** (a) The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (i) endangers the value, integrity, or security of any facility, data, or personnel; (ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (iii) engages in any conduct that may expose the State to liability; (iv) breaches any of its material duties or obligations under this Contract; or (v) fails to cure a breach within the time stated by the State in a notice of breach, if in its sole discretion the State has chosen to provide a time to cure. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.
- (b) If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (i) cease performance immediately. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination.

Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due to Contractor for Contract Activities accepted by the State under this Contract or (ii) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 25, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. Contractor must promptly reimburse to the State any fees prepaid by the State prorated to the date of such termination, including any prepaid fees. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 25. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason or no reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately. Contractor must submit all invoices for Contract Activities accepted by the State within 30 days of the date of termination. Failure to submit an invoice within that timeframe will constitute a waiver by Contractor for any amounts due Contractor for Contract Activities accepted by the State under this Contract, or (b) continue to perform the Contract Activities in accordance with Section 26, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities to the extent the funds are available.
- 26. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all commercially reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, and documentation, to the State or the State's designee; (c) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (d) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively,

“**Transition Responsibilities**”). This Contract will automatically be extended through the end of the transition period.

- 27. Return of State Property.** Upon termination or expiration of this Contract for any reason, Contractor must take all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to the Contractor by any entity, agent, vendor, or employee of the State.
- 28. Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor’s employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense, at its own cost and expense, if the State deems necessary. Contractor will not, without the State’s prior written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

The State is constitutionally prohibited from indemnifying Contractor or any third parties.

- 29. Infringement Remedies.** If, in either party’s opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors,

or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

- 30. Limitation of Liability and Disclaimer of Damages. EXCEPT FOR CONTRACTOR'S INDEMNIFICATION OBLIGATIONS, IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.** Neither party is liable to the other party for consequential, incidental, indirect, or special damages, regardless of the nature of the action.
- 31. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (3) any complaint filed in a legal or administrative proceeding alleging the Contractor or its subcontractors discriminated against its employees, subcontractors, vendors, or suppliers during the term of this Contract; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
- 32. Reserved.**
- 33. State Data.**
- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data, user data, and any other data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) protected

health information (“**PHI**”) collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State.

- b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; (c) keep and maintain State Data in the continental United States and (d) not use, sell, rent, transfer, distribute, commercially exploit, or otherwise disclose or make available State Data for Contractor’s own purposes or for the benefit of anyone other than the State without the State’s prior written consent. Contractor’s misuse of State Data may violate state or federal laws, including but not limited to MCL 752.795.
- c. **Extraction of State Data.** Contractor must, within 5 business days of the State’s request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. **Backup and Recovery of State Data.** Unless otherwise specified in a Statement of Work, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in a Statement of Work, Contractor must maintain a contemporaneous backup of State Data that can be recovered within 2 hours at any point in time.
- e. **Loss or Compromise of Data.** In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than 24 hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the

State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than 24 months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 32** are to be considered direct damages and not consequential damages.

- f. **State's Governance, Risk and Compliance (GRC) platform.** Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

34. Non-Disclosure of Confidential Information. The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties.

- a. **Meaning of Confidential Information.** For the purposes of this Contract, the term “**Confidential Information**” means all information and documentation of a party that: (a) has been marked “confidential” or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked “confidential” or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked “confidential” or with words of similar meaning; or, (c) should reasonably be recognized as confidential information of the disclosing party. The term “Confidential Information” does not include any information or documentation that was or is: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party’s proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
- b. **Obligation of Confidentiality.** The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give, or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor’s responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State’s Confidential Information in confidence. At the State’s request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. **Cooperation to Prevent Disclosure of Confidential Information.** Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to

believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

- d. **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. **Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

35. Data Privacy and Information Security.

- a. **Undertaking by Contractor.** Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.

- b. **Audit by Contractor.** No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. **Right of Audit by the State.** Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, upon reasonable advance written notice and no more than once annually, the State, at its own expense, during Contractor's standard business hours, and without interruption of Contractor's operations, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. **Audit Findings.** Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. **State's Right to Termination for Deficiencies.** The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

36. Reserved.

37. Reserved.

38. Records Maintenance, Inspection, Examination, and Audit. Pursuant to MCL 18.1470, the State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 39. Representations and Warranties.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 24, Termination for Cause.
- 40. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 41. Compliance with Laws.** Contractor must comply with all federal, state, and local laws, rules, and regulations.
- 42. Reserved.**
- 43. Reserved.**
- 44. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA

220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

- 45. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 46. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in the Michigan Court of Claims. Complaints against the State must be initiated in Ingham County, Michigan. Contractor waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint an agent in Michigan to receive service of process.
- 47. Non-Exclusivity.** Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor, nor does it provide Contractor with a right of first refusal for any future work. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 48. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
- 49. Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the

expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

- 50. Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without the prior written approval of the State, and then only in accordance with the explicit written instructions of the State.
- 51. Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Document Title	Document Description
Schedule A	Statement of Work
Schedule B	Pricing
Contract Terms	Standard Contract Terms
Schedule D	Service Level Agreement for Hybrid Purchases
Schedule E	Data Security Requirements for Hybrid Purchases

52. Entire Agreement and Order of Precedence. This Contract, which includes Statement of Work, and schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Statement of Work; (b) second, Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES, OR DOCUMENTATION HEREUNDER, EVEN IF ATTACHED TO THE STATE'S DELIVERY OR PURCHASE ORDER, WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

53. Severability. If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this

Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

- 54. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 55. Survival.** Any right, obligation, or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.
- 56. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a “**Contract Change Notice**”). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.
- 57. Disclaimer.** State acknowledges and agrees that Contractor is a proxy research firm that provides its clients with research and vote recommendations on proxy proposals. Contractor does not provide investment advice and the Contract Activities do not contain any investment advice as to the value of securities or other property. Contractor merely analyzes the issues presented for shareholder vote and makes recommendations as to how investors should vote their proxies, without commenting on the investment merits of the securities issued by the subject companies. Therefore, none of Contractor’s proxy vote recommendations should be construed as a recommendation to invest in, purchase, or sell any securities or other property. State further acknowledges and agrees that Contractor is a service provider that performs the ministerial actions related to voting in accordance with the written voting instructions provided to Contractor by State. Contractor does not manage or administer any assets on behalf of its clients or their clients, and does not have, or exercise, discretion or control with regard to the voting of its clients’ proxies (i.e. Contractor does not itself make the ultimate decision about how its clients’ proxies are to be voted). As a result, nothing contained in this Agreement shall grant fiduciary status to Contractor under the Public Employee Retirement System Investment Act. State agrees and acknowledges that State: (i) possesses sufficient experience and knowledge to make its own investment decisions entirely independent of the Contract Activities; (ii) uses its own judgment prior to making investment choices; and (iii) is not relieved from any fiduciary duties owed to its clients under applicable State and federal laws by entering into this Agreement with Contractor.

SCHEDULE D – SERVICE LEVEL AGREEMENT FOR HYBRID PURCHASES

1. **Definitions.** For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Schedule** shall have the respective meanings given to them in the Contract Terms and Conditions.

“**Actual Uptime**” means the total minutes in the Service Period that the Hosted Services are Available.

“**Availability**” has the meaning set forth in **Section 2.1**.

“**Availability Requirement**” has the meaning set forth in **Section 2.1**.

“**Available**” has the meaning set forth in **Section 2.1**.

“**Contact List**” means a current list of Contractor contacts and telephone numbers set forth in the attached **Schedule D – Attachment 1** to this Schedule to enable the State to escalate its Support Requests, including: (a) the first person to contact; and (b) the persons in successively more qualified or experienced positions to provide the support sought.

“**Corrective Action Plan**” has the meaning set forth in **Section 3.9**.

“**Critical Service Error**” has the meaning set forth in **Section 2.4**.

“**Exceptions**” has the meaning set forth in **Section 2.2**.

“**High Service Error**” has the meaning set forth in **Section 2.4**.

“**Hosted Services**” means the hosting, management and operation of the Operating Environment, Software, other services (including support and subcontracted services), and related resources for remote electronic access and use by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

“**Low Service Error**” has the meaning set forth in **Section 2.4**.

“**Maintenance Release**” means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

“**Medium Service Error**” has the meaning set forth in **Section 2.4**.

“**New Version**” means any new version of the Software, including any updated Documentation, that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

“Operating Environment” means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in a Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software, system architecture, configuration, computing hardware, ancillary equipment, networking, software, firmware, databases, data, and electronic systems (including database management systems).

“Resolve” has the meaning set forth in **Section 2.4**.

"RPO" or "Recovery Point Objective" means the maximum amount of potential data loss in the event of a disaster.

"RTO" or "Recovery Time Objective" means the maximum period of time to fully restore the Hosted Services in the case of a disaster.

“Scheduled Downtime” has the meaning set forth in **Section 2.3**.

“Scheduled Uptime” means the total minutes in the Service Period.

“Service Availability Credits” has the meaning set forth in **Section 2.6(a)**.

“Service Error” means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

“Service Level Credits” has the meaning set forth in **Section 3.8**.

“Service Level Failure” means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

“Service Period” has the meaning set forth in **Section 2.1**.

“Software Support Services” has the meaning set forth in **Section 3**.

“State Systems” means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

“Support Hours” means Monday through Friday 8am to 5pm Eastern

“Support Request” has the meaning set forth in **Section 3.5**.

“Support Service Level Requirements” has the meaning set forth in **Section 3.4**.

2. Service Availability and Service Availability Credits.

2.1. Availability Requirement. Contractor will make the Hosted Services and Software Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a **“Service Period”**), at least 99.8% of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions (the **“Availability Requirement”**). **“Available”** means the Hosted Services and Software are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. **“Availability”** has a correlative

meaning. The Hosted Services and Software are not considered Available in the event of a material performance degradation or inoperability of the Hosted Services and Software, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows: $(\text{Actual Uptime} - \text{Total Minutes in Service Period Hosted Services or Software are not Available Due to an Exception}) \div (\text{Scheduled Uptime} - \text{Total Minutes in Service Period Hosted Services or Software are not Available Due to an Exception}) \times 100 = \text{Availability}$.

2.2. Exceptions. No period of Hosted Services degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following (“**Exceptions**”):

- (a) Failures of the State’s or its Authorized Users’ internet connectivity.
- (b) Scheduled Downtime as set forth in **Section 2.3**.

2.3 Scheduled Downtime. Contractor must notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Hosted Services or Software in whole or in part (“**Scheduled Downtime**”). All such scheduled outages will: (a) last no longer than 72 hours; (b) be scheduled outside of Contractor’s normal business hours; and (c) occur no more frequently than once per week.

2.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

2.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Hosted Services and Software during that calendar month as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Hosted Services and Software relative to the Availability Requirement; and (b) if Hosted Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.

2.6 Remedies for Service Availability Failures.

- (a) If the actual Availability of the Hosted Services and Software is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for Hosted Services and Software provided during the same such Service Period (“**Service Availability Credits**”):

Availability	Credit of Fees
≥99.8%	None
<99.8% but ≥99.0%	2%
<99.0% but ≥95.0%	5%
<95.0%	10%

- (b) Any Service Availability Credits due under this **Section** will be applied in accordance with payment terms of the Contract.
- (c) If the actual Availability of the Hosted Services and Software is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

3. Support and Maintenance Services. Contractor will provide IT Environment Service and Software maintenance and support services (collectively, “**Software Support Services**”) in accordance with the provisions of this **Section 3**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services.

3.1 Support Service Responsibilities. Contractor will:

- (b) correct all Service Errors in accordance with the Support Service Level Requirements, including by providing defect repair, programming corrections and remedial programming.
- (c) provide unlimited telephone support during **Support Hours**.
- (d) provide unlimited online support during Support Hours.
- (e) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and
- (f) respond to and Resolve Support Requests as specified in this **Section**.

3.2 Service Monitoring and Management. Contractor will continuously monitor and manage the Hosted Services and Software to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Service functions, servers, firewall and other components of Hosted Service security.

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Hosted Service or any Hosted Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities.

(ii) If Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 3.5** and **3.6**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

(iii) Notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

3.3 Service Maintenance. Contractor will continuously maintain the Hosted Services and Software to optimize Availability that meets or exceeds the Availability Requirement. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, Maintenance Releases, New Versions and other improvements to the Hosted Services and Software, including the Software, that Contractor provides at no additional charge to its other similarly situated customers.

(b) all such services and repairs as are required to maintain the Hosted Services and Software or are ancillary, necessary, or otherwise related to the State's or its Authorized Users' access to or use of the Hosted Services and Software, so that the Hosted Services and Software operate properly in accordance with the Contract and this Schedule.

3.4 Support Service Level Requirements. Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 3.4 (“Support Service Level Requirements”)**, and the Contract.

3.5 Support Requests. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a “**Support Request**”). The State will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

Support Request Classification	Description: Any Service Error Comprising or Causing any of the Following Events or Effects
Critical Service Error	<ul style="list-style-type: none"> State is unable to vote its upcoming shareholder meetings
High Service Error	<ul style="list-style-type: none"> State is able to vote its upcoming shareholder meetings but under materially impaired system performance
Medium Service Error	<ul style="list-style-type: none"> IT Environment Services and Software is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.
Low Service Error	<ul style="list-style-type: none"> Request for assistance, information, or services that are routine in nature.

3.6 Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. “**Resolve**” (including “**Resolved**”, “**Resolution**” and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
Critical Service Error	One (1) hour	Four (4) hours	Five percent (5%) of the Fees for the Service Period in which the initial Service Level Failure begins and five percent (5%) of the Fees for the same such Service Period for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Five percent (5%) of the Fees for the Service Period in which the initial Service Level Failure begins and five percent (5%) of such the Fees for the same such Service Period for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
High Service Error	One (1) hour	One (1) Business Day	N/A	N/A
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)	Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)	Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

- 3.7 Escalation.** With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Project Manager and Contractor’s management or engineering personnel, as appropriate.
- 3.8 Support Service Level Credits.** Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 3.6 (“Service Level Credits”)** in accordance with payment terms set forth in the Contract.
- 3.9 Corrective Action Plan.** If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State’s review, comment and approval, which, subject to and upon the State’s written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties’ corrective action plan (the **“Corrective Action Plan”**). The Corrective Action Plan must include, at a minimum: (a) Contractor’s commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor’s

preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

4. Data Storage, Backup, Restoration and Disaster Recovery. Contractor must maintain or cause to be maintained backup redundancy and disaster avoidance and recovery procedures designed to safeguard State Data and the State's other Confidential Information, Contractor's Processing capability and the availability of the IT Environment Services and Software, in each case throughout the Term and at all times in connection with its actual or required performance of the Services hereunder. All backed up State Data shall be located in the continental United States. The force majeure provisions of this Contract do not limit Contractor's obligations under this section.

4.2 Data Storage. Contractor will provide sufficient storage capacity to meet the needs of the State at no additional cost.

4.3 Data Backup. Contractor will conduct, or cause to be conducted, daily back-ups of State Data and perform, or cause to be performed, other periodic offline back-ups of State Data on at least a weekly basis and store and retain such back-ups as specified in **Schedule A**. Contractor must, within five (5) Business Days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of State Data in the format specified by the State.

4.4 Data Restoration. If the data restoration is required due to the actions or inactions of the Contractor or its subcontractors, Contractor will promptly notify the State and complete actions required to restore service to normal production operation. If requested, Contractor will restore data from a backup upon written notice from the State. Contractor will restore the data within one (1) Business Day of the State's request. Contractor will provide data restorations at its sole cost and expense.

4.5 Disaster Recovery. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 24 hours, and a Recovery Time Objective (RTO) of 24 hours (the "**DR Plan**") and implement such DR Plan in the event of any unplanned interruption of the Hosted Services. An executive summary of Contractor's current DR Plan is attached as **Schedule F**. Contractor will actively test, review and update the DR Plan on at least an annual basis using industry best practices as guidance. Contractor will provide the State with a summary of all such updates to the Plan within fifteen (15) days of its adoption by Contractor. All updates to the DR Plan are subject to the requirements of this **Section 3**; and provide the State with copies of all reports resulting from any testing of or pursuant to the DR Plan promptly after Contractor's receipt or preparation. If Contractor fails to reinstate all material Hosted Services and Software within the periods of time set forth in the DR Plan, the State may, in addition to any other remedies available under this Contract, in its

sole discretion, immediately terminate this Contract as a non-curable default.

SCHEDULE E – DATA SECURITY REQUIREMENTS FOR HYBRID PURCHASES

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Schedule** shall have the respective meanings given to them in the Contract.

“**Contractor Security Officer**” has the meaning set forth in **Section 2** of this Schedule.

“**FedRAMP**” means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

“**FISMA**” means The Federal Information Security Modernization Act of 2014 (Pub.L. No. 113-283 (Dec. 18, 2014.)).

“**Hosting Provider**” means any Permitted Subcontractor that is providing any or all of the Hosted Services under this Contract.

“**NIST**” means the National Institute of Standards and Technology.

“**PCI**” means the Payment Card Industry.

“**PSP**” or “**PSPs**” means the State’s IT Policies, Standards and Procedures.

“**SSAE**” means Statement on Standards for Attestation Engagements.

“**Security Accreditation Process**” has the meaning set forth in **Section 6** of this Schedule.

2. Security Officer. Contractor will appoint a Contractor employee to respond to the State’s inquiries regarding the security of the Hosted Services who has sufficient knowledge of the security of the Hosted Services and the authority to act on behalf of Contractor in matters pertaining thereto (“**Contractor Security Officer**”).

3. Contractor Responsibilities. Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to:

(a) ensure the security and confidentiality of the State Data.

- (b) protect against any anticipated threats or hazards to the security or integrity of the State Data.
- (c) protect against unauthorized disclosure, access to, or use of the State Data.
- (d) ensure the proper disposal of any State Data in Contractor's or its subcontractor's possession; and
- (e) ensure that all Contractor Representatives comply with the foregoing.

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable public and non-public State IT policies and standards, of which the publicly available ones are at [DTMB - IT Policies, Standards & Procedures \(michigan.gov\)](https://www.michigan.gov/dtmb).

This responsibility also extends to all service providers and subcontractors with access to State Data or an ability to impact the contracted solution. Contractor responsibilities are determined from the PSPs based on the services being provided to the State, the type of IT solution, and the applicable laws and regulations.

4. Acceptable Use Policy. To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Policy, see [1340.00.130.02 Acceptable Use of Information Technology \(michigan.gov\)](https://www.michigan.gov/dtmb). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing State systems. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State systems if the State determines a violation has occurred.

5. Protection of State's Information. Throughout the Term and at all times in connection with its actual or required performance of the Contract Activities, Contractor will:

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in

Fees, or b) immediately terminate this Contract for cause pursuant to **Section 25** of the Contract;

- 5.2** for Hosted Services provided by the Contractor, maintain either a FedRAMP authorization or an annual SSAE 18 SOC 2 Type II audit based on State required NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs.
- 5.3** ensure that the Software and State Data is securely stored, hosted, supported, administered, accessed, and backed up in the continental United States, and the data center(s) in which the data resides minimally meet Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;
- 5.4** maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State Data that complies with the requirements of the State's data security policies as set forth in this Contract, and must, at a minimum, remain compliant with FISMA and NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;
- 5.5** provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of State Data and the nature of such State Data, consistent with best industry practice and applicable standards (including, but not limited to, compliance with FISMA, NIST, CMS, IRS, FBI, SSA, HIPAA, FERPA and PCI requirements as applicable);
- 5.6** take all reasonable measures to:
 - (a)** secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Contract Activities against "malicious actors" and others who may seek, without authorization, to destroy, disrupt, damage, encrypt, modify, copy, access or otherwise use Hosted Services or the information found therein; and
 - (b)** prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Contract Activities; (ii) State Data from being commingled with or

contaminated by the data of other customers or their users of the Contract Activities; and (iii) unauthorized access to any of the State Data.

- 5.7 ensure that State Data is encrypted in transit and at rest using FIPS validated AES encryption modules and a key size of 128 bits or higher.
- 5.8 ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML), Open Authentication (OAuth) or comparable State approved mechanisms.
- 5.9 ensure the Hosted Services implements NIST compliant multi-factor authentication for privileged/administrative and other identified access.

6. Security Accreditation Process. Throughout the Term, if applicable to the services provided by the Contract derived from this RFP, Contractor will assist the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor's security controls within two weeks of the State's request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system's controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames and required evidence based on the risk level of the identified risk. For all findings associated with the Contractor's solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs, perform related remediation activities, and provide evidence of compliance. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

7. Unauthorized Access. Contractor may not access, and must not permit any access to, State systems, in whole or in part, whether through the Hosted Services or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this Section. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's

security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

8. Security Audits.

8.1 During the Term, Contractor will maintain complete and accurate records of its data protection practices, IT security controls, and the security logs relating to State Data, including but not limited to any backup, disaster recovery or other policies, practices or procedures relating to the State Data and any other information relevant to its compliance with this Contract.

8.2 In addition, application scanning and remediation may include the following types of scans and activities, performed by or on behalf of Contractor, if required by regulatory or industry requirements, data classification or otherwise identified by the State.

(a) If provided as part of the solution, all native mobile application software must meet these scanning requirements including any interaction with an application programming interface (API).

(b) Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

8.3 During the Term, if applicable to the services provided by the Contract derived from this RFP, Contractor will, when requested by the State, provide a copy of Contractor's and Hosting Provider's FedRAMP System Security Plan(s) or SOC 2 Type 2 report(s) to the State within two weeks of the State's request. The System Security Plan and SSAE audit reports will be recognized as Contractor's Confidential Information.

8.4 With respect to State Data, Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

8.5 The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this **Section** Error! Reference source not found..

9. Application Scanning. During the Term, Contractor must, at its sole cost and expense, scan all Contractor provided applications, and must analyze,

remediate and validate all vulnerabilities identified by the scans as required by the State Secure Web Application and other applicable PSPs.

Contractor's application scanning and remediation must include each of the following types of scans and activities:

- 9.1 Dynamic Application Security Testing (DAST) – Scanning interactive application for vulnerabilities, analysis, remediation, and validation (may include Interactive Application Security Testing (IAST)).**
 - (a)** Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or b) in lieu of the State performing the scan, Contractor must dynamically scan a deployed version of the Software using a State approved application scanning tool, and provide the State with a vulnerabilities assessment after Contractor has completed such scan. These scans and assessments i) must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release; and ii) scans must be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations or the actual production environment.
- 9.2 Static Application Security Testing (SAST) - Scanning source code for vulnerabilities, analysis, remediation, and validation.**
 - (a)** For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete static application source code scanning, including the analysis, remediation and validation of vulnerabilities identified by application source code scans. These scans must be completed for all source code initially, for all updated source code, and for all source code for each major release and Contractor must provide the State with a vulnerability assessment after Contractor has completed the required scans.
- 9.3 Software Composition Analysis (SCA) – Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation.**
 - (a)** For Software that includes third party and open source software, all included third party and open source software must be documented, and the source supplier must be monitored by the Contractor for notification of identified vulnerabilities and remediation. SCA scans may be included as part of SAST and DAST scanning or employ the use of an SCA tool to meet the scanning requirements. These scans must be completed for all third party and open source software

initially, for all updated third party and open source software, and for all third party and open source software in each major release and Contractor must provide the State with a vulnerability assessment after Contractor has completed the required scans if not provided as part of SAST and/or DAST reporting.

9.4 In addition, application scanning and remediation may include the following types of scans and activities if required by regulatory or industry requirements, data classification or otherwise identified by the State.

- (a)** If provided as part of the solution, all native mobile application software must meet these scanning requirements including any interaction with an application programming interface (API).
- (b)** Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

10. Infrastructure Scanning.

10.1 For Hosted Services, Contractor must ensure the infrastructure and applications are scanned using an approved scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning Tool) at least monthly and provide the scan's assessments to the State in a format that is specified by the State and used to track the remediation. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs.

11. Nonexclusive Remedy for Security Breach.

Any failure of the Contract Activities to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State for any Contract Activities not actually used or received by the State in accordance with the Contract as compared to the agreed to volume of the Contract Activities.