

Don't Accept the AI Excuse

Supplier AI Clauses — Cheat Sheet · www.adrianschaub.com/ai · © Dr. Adrian Schaub 2026

Scope: service contracts where the supplier uses AI to deliver services to you. Not applicable to contracts where you directly license AI tools from their developers (e.g. OpenAI, Anthropic).

Clause	What suppliers claim	Response
Intellectual Property		
	Warranty carve-out for AI output	DECLINE — specifications apply regardless of production method.
	IP ownership linked to AI vendor terms	DECLINE — ensuring IP rights (incl. where not protectable by law) is within the supplier's responsibility.
	Indemnity carve-out for AI-generated content	DECLINE — indemnity must cover the full deliverable without exception.
Confidentiality		
	Broad data use licence in AI vendor terms (incl. training)	DECLINE — training on confidential data is beyond purpose limitation.
	No erasure obligation at contract end	REQUIRE — destroy confidential data at end (e.g. by destroying the isolated AI tool copy).
Data Privacy		
	AI tool makes data subject rights “impossible”	DECLINE — supplier must structure AI use to remain compliant.
	Unclear cross-border data flows via AI provider	FLAG — SCCs or equivalent must cover AI tool processing.
	Personal data used for AI model improvement	DECLINE — not required for delivery; not permitted.

CORE PRINCIPLES

1 AI tool = subcontractor

Suppliers may use subcontractors without disclosing details. This does not reduce their obligations or the buyer's rights.

2 The deliverable counts, not the tool

Whether a deliverable was produced by a human or AI is irrelevant. The deliverable must meet the agreed specifications.

3 Standard clauses are sufficient

No AI-specific clauses needed. Adding them risks watering down existing protections. Standard clauses apply mutatis mutandis.

GOVERNANCE: REQUIRE IN EVERY AI-DELIVERED CONTRACT

Upfront declaration

Declare AI tools in contract (which tools, which data processed etc.).

Risk assessment access

No go-live before buyer reviews the supplier's AI risk assessment process.

Risk log

Ongoing risk log for AI systems used for service provision. Available to buyer on request.

Cost transparency

AI efficiency gains must feed through to future pricing — not absorbed silently.

No black box

Supplier explains how AI tools operate and generate output — enabling transition and independence.