

OKSI Standard Terms and Conditions

Introduction: These Terms and Conditions ("T&Cs") apply to all Contracts, Statements of Work ("SOWs"), and Purchase Orders ("POs") (together, "Agreement Documents" or "ADs") involving Opto-Knowledge Systems, Inc. ("OKSI"). The party contracting with OKSI is the "Engaging Party" ("EP"). Part A contains general terms applicable to all ADs. Part B adds terms specifically for ADs related to U.S. Government contracts. By accepting or issuing an AD, the EP agrees to these T&Cs.

PART A: General Terms and Conditions

1. Compliance with Laws

Both parties must comply with all applicable federal, state, and local laws, including but not limited to:

- **FAR/DFARS Clauses:** Each party will comply with the relevant FAR and DFARS clauses applicable to the goods or services provided.
- **Anti-Corruption:** Neither party will engage in corrupt practices. Both must comply strictly with anti-corruption laws, including the U.S. Foreign Corrupt Practices Act. Neither will offer or provide anything of value to influence decisions or gain unfair advantages improperly.
- **Export Controls:** If the AD involves export-controlled items, both parties must comply with U.S. export regulations (ITAR and EAR) and secure appropriate authorizations before exporting or re-exporting controlled items.

2. Confidentiality

EP must protect any proprietary information shared by OKSI related to an AD. If a separate Mutual Non-Disclosure Agreement ("MNDA") exists, its terms take priority. If the MNDA's stated purpose doesn't cover the AD's subject, EP's acceptance of the AD automatically expands the MNDA's purpose to include it.

3. Inspection and Acceptance

The receiving party may inspect and accept all deliverables within a reasonable time, unless the AD states otherwise. If any items or services don't meet the AD's requirements, the providing party must promptly correct, replace, or re-perform them at no extra charge, unless explicitly delivered "as-is" or for evaluation purposes. EP guarantees that all standard goods provided are merchantable and suitable for ordinary use unless explicitly delivered "as-is." Acceptance does not waive warranty rights or claims related to latent defects, fraud, or gross negligence unless clearly disclaimed in the AD.

4. Ownership and Intellectual Property ("IP")

- **Proprietary Software:** Each party retains full ownership of its proprietary software. No ownership transfers unless explicitly agreed in writing.
- **Custom Work (Excluding Software):** Custom non-software work created under an AD is considered "work-for-hire." Unless otherwise agreed in writing, the party receiving the deliverables owns all IP rights.
- **Background IP:** Each party keeps ownership of its pre-existing IP ("Background IP"). However, each grants the other a non-exclusive, perpetual, royalty-free license to use its Background IP solely as necessary to use the deliverables under the AD. No broader commercial rights are granted.
- **Third-Party IP:** Third-party IP remains owned by the original third party. Neither party gains ownership nor additional rights to third-party IP. The party introducing third-party IP guarantees it has obtained all required permissions and licenses for use under the AD.

5. Independent Contractor

EP is an independent contractor, not an employee or agent of OKSI. EP has no authority to act for or represent OKSI. Nothing in this Agreement creates any partnership or joint venture between the parties.

6. Insurance Requirements

EP must maintain adequate general liability insurance suitable for the goods or services provided. EP will provide proof of insurance upon request.

7. Limitation of Liability

OKSI's total liability under an AD is limited to the AD's total value, except for gross negligence, intentional misconduct, or breach of confidentiality. OKSI is not liable for indirect, incidental, or consequential damages. Any claims arising under an AD must be made within the applicable statutory limitations period under California law.

8. General Indemnification:

EP will indemnify and protect OKSI from any claims, damages, or losses resulting from EP's breach of these T&Cs, IP infringement, or negligence in performing the AD.

9. Delay, Stop-Work, and Termination

- **Force Majeure:** Neither party is liable for delays or failure to perform caused by events outside their reasonable control, such as natural disasters or government actions. The affected party must promptly notify the other and take reasonable steps to minimize disruption.
- **Stop-Work Orders:** OKSI may issue a written Stop-Work Order instructing EP to temporarily halt all or part of the AD's work. EP must immediately comply and minimize costs during this period. Within the specified period, OKSI will either (1) cancel the Stop-Work Order and adjust schedules if needed, or (2) terminate the work and compensate EP reasonably for termination costs incurred.
- **Termination for Convenience:** OKSI may terminate the AD at any time for convenience. If so, OKSI will pay EP for actual costs incurred up to termination, provided EP reasonably minimizes those costs.
- **Termination for Default:** OKSI may terminate the AD if EP materially breaches it or fails to fulfill its obligations.

10. Order of Precedence

If there is a conflict between documents in an AD, the following priority applies (earlier-listed items take precedence):

1. Direct contract or subcontract terms (if applicable).
2. SOWs included in the contract or subcontract.
3. Special instructions from OKSI in or referenced in the AD.
4. Part B: Government Contracts Addendum.
5. Part A: General Terms and Conditions.
6. EP's documents (such as invoices), but only if OKSI's documents do not address the issue.

11. Payment Terms

- **Payments to Supplier (Net-45):** OKSI will pay undisputed EP invoices within 45 days of receiving them. This matches standard government reimbursement timelines.
- **Payments from Customers (Net-30):** OKSI invoices are due within 30 days of receipt, aligning with standard industry practices.
- **Invoice Requirements:** Send all invoices to invoices@oksi.ai. Invoices must reference the AD number and relevant line or SOW item numbers. For agreements other than Firm Fixed Price (FFP), invoices must clearly detail hours worked, labor rates, and travel costs.
- **Tax Information:** The EP must provide a current W-9 to OKSI.

12. Choice of Law and Dispute Resolution

- **Choice of Law:** This Agreement is governed by U.S. federal procurement law (where applicable) and California state law, without regard to conflict-of-law rules. If federal and state laws conflict, federal law applies to government-related issues.
- **Dispute Resolution:** If a dispute arises, the parties must first attempt to resolve it through good-faith negotiation. If unsuccessful, the dispute moves to mediation under the



American Arbitration Association's Commercial Mediation Procedures. The parties may proceed to arbitration or litigation if mediation does not resolve the dispute.

13. Clause Updates

OKSI may update these T&Cs periodically. The EP's continued performance after any updates indicates acceptance. OKSI will communicate significant updates in writing.

PART B: Government Contracts Addendum

1. Applicability to Government Contracts

This "Addendum" applies specifically to ADs related to U.S. Government contracts. If there's a conflict, this Addendum takes priority over Part A.

2. Cybersecurity and Confidentiality Requirements

If the AD involves Controlled Unclassified Information (CUI), EP must protect CUI in accordance with DFARS 252.204-7012 and NIST SP 800-171 standards. For Department of Defense (DoD) CUI, both parties must use IL4-compliant systems. EP must immediately notify OKSI of any unauthorized disclosure or breach of CUI and promptly implement measures to prevent recurrence.

3. Termination Due to Government Action

If the government terminates or significantly modifies the underlying contract, OKSI may terminate the AD accordingly. In this case, EP will be compensated for actual costs incurred up to the termination date, provided EP takes reasonable steps to minimize costs.

4. Data Rights

Unless otherwise agreed in writing, OKSI retains unlimited rights to data delivered under this AD as defined by DFARS 252.227-7013, 252.227-7014, and 252.227-7015. EP may not use, disclose, or reproduce OKSI's proprietary data without OKSI's prior written consent.

5. Indemnification - Cybersecurity

EP will indemnify OKSI against any damages, losses, or liabilities resulting from EP's failure to protect Covered Defense Information or comply with the cybersecurity requirements stated in these T&Cs (including both Part A and Part B).

6. Updates to Government Clauses

OKSI may unilaterally update FAR and DFARS clauses if required by changes to the government prime contract. EP is responsible for regularly reviewing these updates and complying with current requirements.

7. Disputes Involving Government Contracts

The Contract Disputes Act governs disputes relating to government contracts. EP has no direct claim against the U.S. Government but agrees to cooperate fully with OKSI in resolving any issues involving the government customer.

8. Audit Rights

EP must keep records, materials, and evidence related to its performance under the AD as required by FAR 52.215-2 ("Audit and Records - Negotiation"). OKSI and the U.S. Government have the right to audit these records to verify compliance.

9. FAR/DFARS Clause Flow-Down Requirements

OKSI flows down relevant FAR and DFARS clauses to EP through the AD. EP must further flow down these applicable clauses to subcontractors at every tier, ensuring compliance with prime contract requirements.

If an AD explicitly includes its own FAR/DFARS clauses, that AD's clauses supersede this baseline entirely. Otherwise, the following clauses apply as indicated:

General (Applies to All ADs)

- **FAR 52.203-3:** Gratuities (Apr 1984)
- **FAR 52.203-13:** Contractor Code of Business Ethics and Conduct (Nov 2021)
- **FAR 52.203-17:** Contractor Employee Whistleblower Rights (Jun 2020)
- **FAR 52.203-19:** Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements (Jan 2017)

- **FAR 52.209-6:** Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Nov 2021)
- **FAR 52.222-50:** Combating Trafficking in Persons (Nov 2021)
- **DFARS 252.203-7002:** Requirement to Inform Employees of Whistleblower Rights (Sep 2013)
- **DFARS 252.244-7000:** Subcontracts for Commercial Items (Jan 2021)

Cybersecurity and Information Protection (Applies to ADs involving IT systems, telecommunications, or CUI)

- **FAR 52.204-21:** Basic Safeguarding of Covered Contractor Information Systems (Nov 2021)
- **FAR 52.204-23:** Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities (Nov 2021)
- **FAR 52.204-25:** Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (Nov 2021)
- **DFARS 252.204-7012:** Safeguarding Covered Defense Information and Cyber Incident Reporting (Dec 2019)

Technical Data or Software Deliverables (Applies to ADs involving software or technical data)

- **DFARS 252.227-7013:** Rights in Technical Data – Noncommercial Items (Feb 2014)
- **DFARS 252.227-7015:** Technical Data – Commercial Items (Feb 2014)

Hardware and Materials Procurement (Applies to ADs involving procurement or delivery of physical goods)

- **FAR 52.225-1:** Buy American – Supplies (Oct 2022)
- **FAR 52.225-13:** Restrictions on Certain Foreign Purchases (Feb 2021)
- **DFARS 252.211-7003:** Item Unique Identification and Valuation (Mar 2022)
- **DFARS 252.223-7001:** Hazard Warning Labels (Dec 1991)
- **DFARS 252.225-7012:** Preference for Certain Domestic Commodities (Apr 2022)
- **DFARS 252.225-7021:** Trade Agreements (Mar 2022)
- **DFARS 252.246-7007:** Contractor Counterfeit Electronic Part Detection and Avoidance System (Aug 2016)

Small Business Utilization (Applies to ADs valued at \$250,000 or more)

- **FAR 52.219-8:** Utilization of Small Business Concerns (Oct 2022)

Stop-Work Authority

- **FAR 52.242-15:** Stop-Work Order (Aug 1989)

These clauses are incorporated by reference with the same force and effect as if stated fully herein.

By accepting or issuing an Agreement Document and commencing performance, the EP acknowledges and agrees to be bound by these Terms and Conditions.