

FLOW-DOWN PROVISIONS

The Parties agree that when Reseller enters into agreements with Customers, Reseller shall incorporate the terms contained herein. If Reseller is not able to use the exact terms contained herein, written notice of the substantially similar terms will be provided to Daon within a reasonable time prior to execution of the agreement between Reseller and Customer.

Furthermore, Reseller agrees that standard commercial terms regarding limitation of liability, indemnification, confidentiality, governing law, and other market terms necessary to comply with applicable law will be included in the agreement between Reseller and Customer. For the purposes of these Flow-Down Provisions, Daon shall be referred to as “**Vendor**”.

1. General.

- a. Vendor services (including the software, any documentation, materials or related documentation thereto, the “**Services**”) include the identity verification or authentication of the individual or identity documents of the commercial users of Customer (the “**End Users**”), as integrated into the software owned and operated by VAR.
- b. If Customer breaches or threatens to breach this Agreement or in an Emergency (as defined below), Vendor may, in its sole and reasonable discretion, suspend the Services without prior notice in order to protect Vendor’s or other entity’s networks. An “**Emergency**” is any time that suspension is reasonably required to protect Vendor’s or other entity’s networks from imminent harm or to prevent exposing Vendor or Reseller to risk of material legal non-compliance (e.g., a security flaw causing unexpected access to the Services, unexpected operational issues, a distributed denial-of-service attack, or an activity that violates applicable law), or to prevent any material legal liability from accruing to Vendor.

2. License Grant; Intellectual Property Rights; Warranty

- a. Customer and its authorized users are granted a terminable, revocable, non-exclusive, non-transferable license (without the right to sublicense) during the term of the Customer’s agreement with Reseller to access and use the Services solely in accordance with any applicable Documentation, (defined below) and solely for Customer’s business purposes and in accordance with all applicable state, federal, territorial, and country laws. “**Documentation**” means any proprietary documentation made available to Customer by Vendor for use with the Services.
- b. Vendor may modify the Services at any time without materially diminishing their functionality, which may include substituting or updating the current Service algorithm(s) with alternative or updated algorithm(s) that provide equivalent or superior performance.
- c. Customer acknowledges that the license granted pursuant to the Customer is not a sale and does not transfer to Customer title or ownership of any of Vendor materials or a copy of Vendor’s software or source code, but only a right of limited use. The license and other rights of use granted herein are granted solely to Customer and not to any affiliate of Customer unless agreed to between the parties.
- d. Vendor warrants that if the software element of the Services fails to substantially conform to its specifications and such non-conformity is reported to Vendor, in writing, within thirty (30) days from the date of delivery of the Services, then Vendor, as its sole obligation and as Customer’s sole remedy, shall remedy the non-conformity, PROVIDED THAT such non-compliance has not been caused by: (i) any modification, variation or addition to the software not authorised in writing by Daon; (ii) the incorrect use, abuse or corruption of the software; or (iii) the use of the software with other software or on equipment with which it is incompatible.

3. Restrictions.

- a. Customer agrees that the materials provided in conjunction with the Services are the property of third parties and contains valuable assets, proprietary information and confidential information of Vendor and/or third parties. Such materials shall be treated as proprietary and confidential in accordance with the terms of the Agreement and Vendor retains all rights in Improvements (as defined below).
- b. Customer shall not, nor shall it permit, assist or encourage any third party to: (i) modify, vary, adapt, alter, translate or create derivative works from the Services; (ii) sublicense, lease, rent, or loan the Services, or otherwise transfer the Services to any third party; (iii) reverse engineer, decompile, disassemble or otherwise attempt to derive the underlying components of the Services; (iv) remove, obscure or alter Vendor's copyright notices, trademarks or other proprietary rights notices affixed to or contained within the Services; or (v) otherwise exercise rights to the Services except as expressly allowed hereunder.

4. Proprietary Rights.

a. Definitions.

- i. **"Feedback"** means collectively, suggestions, ideas, feedback, reports, outcome data, correlate data, or error identifications related to the Materials.
 - ii. **"Materials"** means Vendor's collective ideas, know-how, inventions, software, algorithms, methods, or techniques developed or conceived as a result of providing the Services, Documentation, and software hereunder.
 - iii. **"Service Improvements"** means any derivative works, improvements or enhancements, updating, creations, and/or extensions made to the Materials and/or the Services and all intellectual property rights therein and thereto throughout the world.
 - iv. **"User Data"** means the data provided by End Users from their use of the Services.
- b. Feedback. If Customer provides any Feedback regarding the Services, all right, title and interest in and to all Feedback, including all intellectual property rights therein is hereby assigned to Vendor.
 - c. Service Improvements. The parties agree that, for purposes of the Agreement, User Data shall be considered Customer's data. The parties further agree that in connection with the Services, Vendor shall have the right to collect, store, and utilize the User Data for the purpose of making Service Improvements. Customer agrees, acknowledges, and accepts that it shall not gain any intellectual property rights in Service Improvements by Vendor's use of User Data and that all intellectual property rights in Service Improvements is the sole property of Vendor. Customer agrees to execute any and all documentation that may be required to vest such intellectual property rights in the Service Improvements with Vendor.

5. Data Protection.

- a. Roles. Where applicable based on the Services, Customer will be the controller of the Personal Data of its End Users. Reseller will be the processor of such Personal Data and Vendor will act as a sub-processor. Vendor will comply with all applicable privacy laws while acting as sub-processor.
- b. Consents. Customer represents, warrants, and covenants that it has taken all required actions, including obtaining all required consents and providing any notices to End Users, to ensure that Vendor, as a sub-processor of the Personal Data, may lawfully process the Personal Data in order to provide the Services, including the processing of any biometric information pursuant to applicable laws, regulations, directives and governmental requirements concerning biometric information.

6. Disclaimers.

- a. Probabilistic Nature of the Services. Customer acknowledges that the Services may provide both biometric authentication and document processing (document recognition, optical character recognition, document feature extraction and document authentication) technologies. These technologies do not yield absolute results and are probabilistic by their nature; meaning that false matches, false non-matches, and spoofing can and may occur. Additionally, document processing cannot provide guaranteed results, as it is dependent on variables such as the size of the supplied document database, the quality of the supplied images, and the nature of the source documents. Defects in the image such as glare, motion blur, and document degradation will also lower the accuracy of document processing. As a recognized best practice, Vendor recommends that

Customer evaluate its overall identity process to assess risk rather than rely on the performance of any single element of the Services. Vendor is not responsible for the decisions that Target Customer may make based on the information provided.

- b. General Disclaimer. VENDOR EXPRESSLY DISCLAIMS, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL WARRANTIES, EXPRESS OR IMPLIED, ORAL OR WRITTEN, INCLUDING, WITHOUT LIMITATION: (i) ANY WARRANTY THAT THE SERVICES ARE ERROR-FREE OR WILL OPERATE WITHOUT INTERRUPTION; (ii) ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT, AND (iii) ANY AND ALL IMPLIED WARRANTIES ARISING FROM STATUTE, COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE. NO ADVICE, GUIDANCE, STATEMENT, OR INFORMATION GIVEN BY VENDOR, ITS AFFILIATES, CONTRACTORS, OR EMPLOYEES SHALL CREATE OR CHANGE ANY WARRANTY PROVIDED HEREIN.