

## MASTER LICENSE AND SERVICES AGREEMENT

THIS AGREEMENT is made effective the 30th day of August, 2018 (the "Effective Date")

BETWEEN:

**BRITISH COLUMBIA LOTTERY CORPORATION**,  
a Crown corporation of the Province of British  
Columbia, and **B.C. LOTTOTECH  
INTERNATIONAL INC.**, its wholly owned  
subsidiary, each having its principal place of  
business at 74 West Seymour Street, Kamloops,  
BC, V2C 1E2

(collectively, "**BCLC**")

—and—

**PALADIN TECHNOLOGIES INC.**, a corporation  
incorporated under the laws of British Columbia with  
an address at 201-3001 Wayburne Dr BC. Burnaby.  
V5G 4W3

("Vendor")

WHEREAS:

- A. BCLC issued a Negotiated Request for Proposal #1314-130530DD for the purpose of selecting a vendor to provide a 3-D facial recognition system and related services (the "RFP");
- B. Vendor (then under the name BMS Integrated Services Inc. ("**BMS**") which was subsequently amalgamated into Vendor) responded to, and was selected as a successful proponent under the RFP;
- C. BCLC and BMS entered into a Goods and Services Agreement dated September 1, 2016 pursuant to which the parties carried out a pilot of a 3-D facial recognition system; and
- D. BCLC and Vendor have entered into this agreement to record the terms on which Vendor may provide to BCLC certain 3-D facial recognition products, including hardware and software, and perform related integration and other services for BCLC.

NOW THEREFORE, in consideration of the premises and covenants herein set out, the parties agree as follows:

### Article 1 – Ordering Process and Statements of Work

- 1.01 During the Term, BCLC may, from time to time, in its discretion, order from Vendor: (i) 3-D facial recognition hardware and software products ("**Products**") and related services

which may include services such as maintenance, support, warranty and integration services with respect to Products (the "**Services**"), and (iii) any deliverables to be provided by Vendor in connection with the Services ("**Deliverables**"), for the Fees.

- 1.02 For each order submitted by BCLC, the parties will jointly prepare a statement of work, order form, or the like (a "**SOW**"), as applicable, which will be duly executed and delivered as a stand-alone binding obligation of the parties, and will be deemed to incorporate by reference the terms and conditions of this agreement, unless the applicable SOW expressly provides otherwise. SOWs may contain (a) a time line (the "**Time Line**"), in which case Vendor agrees that Vendor will achieve all milestones and Deliverables within the time periods (including the target dates) set out in the Time Line; and (b) any other additional terms and conditions that may be reasonably necessary at the time, if any. This agreement shall take precedence in any conflict or inconsistency between this agreement and a SOW (except to the extent that a term of a SOW expressly amends a term of this agreement for the purposes of that SOW only).
- 1.03 As of the Effective Date, the initial SOW(s) set out in Schedule CC has been agreed to by the parties.
- 1.04 For Products that incorporate third party software, Vendor will provide to BCLC any applicable end user license agreements or terms of use, however described, for BCLC to review and approve prior to completing a purchase of such Products, to the extent such terms are not already covered by this Agreement.
- 1.05 In providing the Services, Vendor will deliver to BCLC any Deliverables for review, approval and acceptance. All Deliverables will be subject to such testing and review by BCLC as BCLC may consider necessary or appropriate, acting reasonably and in good faith. Compliance of the Deliverables with any requirements referred to in an applicable SOW will be the sole criteria for acceptance. BCLC shall accept or reject Deliverables in writing within ten business days following receipt (or such other period as may be specified in the applicable SOW). BCLC shall clearly state in writing the reasons for any rejection. Within five (5) business days following a notice of a rejection, Vendor shall present a commercially reasonable corrective plan of action to BCLC. Vendor, at no additional expense to BCLC, shall then make the corrections at Vendor's reasonable expense and, where applicable, Vendor shall resubmit the corrected Deliverable to BCLC.
- 1.06 An authorized BCLC representative may, at any time and from time to time, request additions, deletions, amendments or any other changes to any SOW. Vendor will respond within five business days of receipt of BCLC's request (or such other period as is reasonable in the circumstances) indicating whether it is able to comply with the request, and any costs or other changes required to the SOW or this agreement to comply with such request. If BCLC accepts Vendor's proposal to implement the requested changes, an authorized BCLC representative will provide Vendor with written approval of BCLC's acceptance. Vendor will not make any changes to any SOW without BCLC's prior written approval.
- 1.07 Vendor will provide BCLC with (a) reports requested by BCLC pertaining to the performance of the Services and Vendor's other obligations under this agreement; and (b) those reports described in any SOW in the form and format and at the frequencies provided therein, as well as any reports required under the terms of this agreement.



- 1.08 BCLC shall use reasonable efforts to provide Vendor with the information it reasonably requires to perform the Services, and shall perform those tasks, provide those resources, and assume those responsibilities which are specified in the relevant SOW (the "BCLC Responsibilities"). BCLC understands that Vendor's performance is dependent on the BCLC's timely and effective satisfaction of the BCLC Responsibilities hereunder, and timely decisions and approvals by BCLC; provided, however, that if BCLC fails to fulfill any BCLC Responsibilities or to make decisions or approvals in a proper and timely manner, Vendor: (a) will notify BCLC in writing promptly of any such failure; and (b) continue to use commercially reasonable efforts to meet the original deadline set out for such obligation. Vendor shall be entitled to rely on all decisions and approvals of BCLC in connection with the Services.
- 1.09 BCLC may suspend performance of all or any portion of the Services under any SOW at any time by providing five business days' notice of such suspension to Vendor. Upon receipt of such notice, Vendor shall (a) cease performance of the Services to the extent specified in the notice and on the date and time specified; and (b) take such other action as is specified in the notice (but only to the extent such action is reasonable) or as may be reasonably necessary to minimize costs associated with the suspension. Provided Vendor complies with the requirements of the preceding sentence, Vendor will, as full compensation for the suspension, be paid (a) a standby charge for Fees required for Vendor to remain committed to the Services on a standby basis if BCLC requires such standby; and (b) the actual amount of Fees required and reasonable costs incurred by Vendor for demobilizing and remobilizing (as the case may be). Upon receipt of a notice from BCLC to resume the Services, Vendor shall use commercially reasonable efforts to resume performance of the Services as reasonably specified in such notice and subject to the terms of this agreement.

## Article 2 – Licensing, Ownership and Proprietary Rights

- 2.01 For the purposes of this Agreement, "Software" includes all software integrated with Products, including but not limited to specialized software for computer-assisted face recognition functions, distributed under the name of s 15(1), s 21 with current versions named s 15(1), s 21  
s 15(1), s 21
- 2.02 Paladin hereby grants to BCLC a non-exclusive, non-transferable right to use the Software (for the purpose of this Agreement, to use the Software includes to download, install, and access the Software) which is incorporated or used in the Paladin Products purchased by BCLC, for the term provided for in this Agreement and solely for BCLC's own internal business operations.
- 2.03 The s 15(1), s 21 Software, including, without limitation, its object code and source code, whether or not provided to BCLC, is strictly confidential to s 15(1), s 21 and Paladin. s 15(1), s 21 (or its licensors, including Paladin) owns exclusively and reserves all – and BCLC may not exercise any right, title, and interest in and to the s 15(1), s 21 Software, including, without limitation, all intellectual property rights in and to the s 15(1), s 21 Software, except to the



extent of the limited Software use license granted to BCLC in this Agreement. This Agreement is not an agreement of sale, and no title, intellectual property rights, or ownership rights to the Software are transferred to BCLC pursuant to this Agreement. The Customer acknowledges and agrees that the Software and all ideas, methods, algorithms, formulae, processes, and concepts used in developing or incorporated into the Software, all future updates and upgrades, and all other improvements, revisions, corrections, bug-fixes, hot-fixes, patches, modifications, enhancements, releases, upgrades, and other updates in, of, or to the Software, all derivative works based upon any of the foregoing, and all copies of the foregoing are trade secrets and proprietary property of s 15(1), s 21 and/or Paladin, all of which have great commercial value to s 15(1), s 21 and Paladin.

- 2.04 BCLC may copy the Software only as reasonably necessary for back-up, archival or disaster recovery purposes.
- 2.05 BCLC may permit use of the Software in accordance with the terms of this Agreement by a third party with which BCLC enters into a contract to manage or operate BCLC's security and information technology resources (a "Managing Party"), provided that (i) the Managing Party only uses the Software for BCLC's internal business operations and not for the benefit of another third party or the Managing Party, (ii) the Managing Party agrees to comply with the terms and conditions of this Agreement and (iii) BCLC provides s 15(1), s 21 with written notice that a Managing Party will be using the Software on BCLC's behalf. BCLC will remain responsible and fully liable for a Managing Party's compliance with or breach of the terms of this Agreement.
- 2.06 BCLC acknowledges and agrees to the following specific terms required by the Head License:
  - (a) BCLC shall be deemed to have recognized the intellectual property rights of s 15(1), s 21 over the s 15(1), s 21 and thus its exclusive right of enjoyment and exploitation thereof;
  - (b) BCLC shall be deemed to have recognized the trademark and trade name rights, the right to use the name and the patent rights, of s 15(1), s 21 in connection with the s 15(1), s 21 Software and the associated documentation;
  - (c) BCLC will have agreed that it is not authorized to remove, change or make otherwise unrecognizable any copyright specifications as well as indications on prevailing rights of protection;
  - (d) BCLC shall be deemed to have agreed that it may only duplicate the Product supplied to it when the respective duplication is intrinsically required for the use of the Product (such as the installation of the s 15(1), s 21 Software from the original recording medium on the bulk memory of the used hardware as well as loading the s 15(1), s 21 Software into the working memory;
  - (e) BCLC shall be deemed to have agreed that it may only produce a copy of the s 15(1), s 21 Software for back-up purposes and provided that said backup copy is to be labeled accordingly;
  - (f) BCLC shall be deemed to have agreed that it is entitled to use the s 15(1), s 21 Software on any single Paladin Product at its disposal. If, however, BCLC changes



the Paladin Product or other hardware, it is to delete the <sup>s 15(1), s 21</sup> Software from the hardware used thus far, and BCLC is to enter an newly requested license key;

- (g) BCLC shall be deemed to have agreed not to perform, directly or indirectly, any retranslation of the demised program codes into other code forms (decompilation) as well as other methods of tracing back the various production steps of the <sup>s 15(1), s 21</sup> Software (reverse engineering) including a program alteration, all of which are prohibited by <sup>s 15(1), s 21</sup> (any exception will require <sup>s 15(1), s 21</sup> prior written approval, which may be withheld, delayed or conditioned at its sole option);
  - (h) BCLC shall be deemed to have agreed not to remove or alter authorship credits, serial numbers as well as other attributes serving the <sup>s 15(1), s 21</sup> Software identification; and
  - (i) BCLC shall have been deemed to have agreed not to remove any copy protection or similar protection routines without the prior written consent and cooperation of <sup>s 15(1), s 21</sup>
- 2.07 BCLC may not, and you may not cause or allow any third party to: (i) decompile, disassemble or reverse-engineer the Software; or create or recreate the source code for the Software; (ii) remove, erase, obscure, or tamper with any copyright or any other product identification or proprietary rights notices, seal, or instructional label printed or stamped on, affixed to, or encoded or recorded in or on any Software or Documentation; or fail to preserve all copyright and other proprietary notices in all copies of the Software and its documentation made by you; (iii) sell, market, license, sublicense, distribute, or otherwise grant to any person or entity any right to use the Software except to the extent expressly permitted in this Agreement; (iv) modify, adapt, tamper with, translate, or create derivative works of the Software or any of its documentation; combine or merge any part of the Software or its documentation with or into any other software or documentation; or refer to or otherwise use the Software as part of any effort to develop software (including, without limitation, any routine, script, code, or program) having any functional attributes, visual expressions, or other features similar to those of the Software.
- 2.08 BCLC will use the Paladin Product(s) incorporating the Software only at the location(s) specified in this Agreement or a SOW (the "Location(s)").
- 2.09 BCLC will observe all of the provisions of the Head License applicable to the use of the <sup>s 15(1), s 21</sup> Software, that do not unduly restrict the benefit BCLC receives under this Agreement or a SOW, of which Paladin shall give reasonable advance notice to BCLC in writing from time to time.
- 2.10 Any and all property, including data, concepts, plans, designs, techniques, processes, software, hardware and other materials or information, (collectively, the "BCLC Property") made available by or on behalf of BCLC to Vendor for use relating to this agreement remains the sole and exclusive property of BCLC. The BCLC Property will not be retained, copied or delivered to or used by any third party without the prior written consent of BCLC, except as reasonably required for the performance of this agreement during the Term.
- 2.11 Subject to Section 2.12 and 2.13 below, all distinct Deliverables (which as specified in Section 1.01 expressly exclude Products) created specifically for and provided to BCLC by Vendor under a SOW shall be the property of BCLC including all intellectual property



rights therein. Vendor will assign and hereby assigns to BCLC all Vendor's right, title and interest in and to the Deliverables as and when created, and Vendor will obtain from all individuals involved in the development of the Deliverables a waiver of all moral rights (if any) in the Deliverables. Vendor will cooperate fully at any and all times with respect to signing such documents and doing such acts and other things reasonably requested by BCLC to confirm the assignment of ownership and waiver of moral referred to in this Section 2.1111 and to obtain registrations of intellectual property rights relating to Deliverables.

- 2.12 All software, appliances, methodologies, improvements, designs, templates, tools, policies, records, work papers, data, interfaces, utilities, architectures, works of authorship or other intellectual property that is: (i) pre-existing property of Vendor; or (ii) developed at any time by Vendor independently of this agreement or the Services (collectively, "**Vendor Pre-Existing IP**") which also includes any updates, modifications, improvements, and derivative works of the same whether or not created or developed during the course of performance of the Services, other than any Deliverables), shall be the exclusive property of Vendor including all intellectual property rights therein. To the extent that Vendor incorporates any Vendor Pre-Existing IP into the Deliverables or any Vendor Pre-Existing IP is required to use any Deliverables, Vendor hereby grants to BCLC a royalty-free, fully-paid, non-exclusive, non-transferable (except in conjunction with a permitted assignment of this agreement), perpetual, irrevocable license, with the right to sublicense without Vendor's consent to, itself and through its subcontractors, use, reproduce, modify, copy, support, maintain, enhance, and create derivative works of such Vendor Pre-Existing IP solely for BCLC's operations and as part of or reasonably required to use the Deliverables.
- 2.13 Each party is free to use without restriction its general knowledge, skills and experience and any ideas, concepts, know-how and techniques learned in the course of providing or receiving the Services, provided that in doing so such party does not breach its obligations in Article 6, or infringe, violate, or misappropriate any intellectual property rights of the other party or any third party.

### **Article 3 – Fees, Expenses and Terms of Payment**

- 3.01 In consideration for the Products, Services, and Deliverables, BCLC will pay to Vendor the fees set out in the applicable SOW, with fees for Services being consistent with those set out in Schedule A (the "**Fees**"). BCLC will reimburse Vendor for pre-approved expenses incurred by Vendor in accordance with the BCLC Contractors Travel and Expense Guideline as amended or replaced by BCLC from time to time (the "**Expenses**"). Except as expressly set out in this agreement, no other fees or amounts are payable by BCLC.
- 3.02 Vendor will invoice BCLC for the Fees and Expenses as set out in a SOW or, if not so set out, monthly in arrears within thirty (30) days after the end of each month. Expense receipts are to be submitted and itemized on the invoice, and all Taxes are to be charged as separate line items. Invoices must be electronically submitted to BCLC Accounts Payable at: [accountspayable@bclc.com](mailto:accountspayable@bclc.com).
- 3.03 BCLC will pay all valid invoices issued to BCLC under this agreement within thirty (30) days from the date of receipt of each such valid invoice by BCLC.
- 3.04 BCLC will have the right to withhold payment of any invoiced amounts that are disputed in good faith until the parties reach agreement with respect to such disputed amounts and

such withholding of disputed amounts will not be deemed a breach of this agreement nor will any interest be paid thereon.

3.05 All dollar amounts referred to in this agreement are expressed in Canadian funds.

#### Article 4 – Taxes

4.01 "Tax" or "Taxes" means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a governmental or regulatory authority including employment insurance premiums, pension plan contributions or premiums, all withholdings on amounts, any fine, penalty, interest, or addition to tax and any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law.

4.02 Vendor represents, warrants and covenants that it:

- (a) is a Goods and Services Tax /Harmonized Sales Tax ("GST/HST") registrant for the purposes of the *Excise Tax Act* (Canada) and its GST/HST registration number is s 21
- (b) is a British Columbia Provincial Sales Tax registrant;
- (c) is registered for purposes of the *Workers Compensation Act* (British Columbia) and its registration number is s 21 ;
- (d) is a resident of Canada within the meaning of the *Income Tax Act* (Canada; and
- (e) will, upon BCLC's request, promptly provide BCLC with its articles (or equivalent) of incorporation and evidence of compliance with the *Workers Compensation Act* (British Columbia) and its regulations.

4.03 Vendor will be responsible for all applicable Taxes excluding those for which BCLC is responsible pursuant to Section 4.04. Taxes payable by Vendor will include, without limitation, those levied on or in respect of:

- (a) payments for any fees, expenses, or other amounts received by Vendor in connection with the Products, Services, and Deliverables, other than Taxes for which BCLC is responsible under Section 4.04;
- (b) any hardware, software, systems, facilities, goods, services, property, assets or resources acquired, used or consumed by Vendor in connection with the operation of its business or the provision of the Products, Services, and Deliverables;
- (c) Vendor's net income or gross receipts; and
- (d) salaries or payments for Vendor's personnel which includes, for clarity, its employees, agents and independent contract personnel.

4.04 BCLC will be responsible for:

- (a) all provincial taxes or GST/HST applicable on the payments payable by BCLC;



- (b) all applicable Taxes levied on or in respect of BCLC's net income or gross receipts; and
  - (c) all applicable Taxes levied on or in respect of salaries or payments for BCLC's employees.
- 4.05 BCLC may deduct or withhold from any payments to Vendor any amount required to be withheld or deducted in accordance with applicable laws and regulations and all rules, orders, judgments, directives and other requirements issued by a court of competent jurisdiction or other governing authority having jurisdiction ("**Applicable Laws**") or which BCLC reasonably believes is required, and may remit each withholding amount to the appropriate governing authority. Vendor will be solely responsible for claiming any applicable tax credits related to such deductions or withholdings. Where BCLC subsequently determines that it should have deducted or withheld from any payment to Vendor any amount pursuant to the foregoing, then BCLC may set such amount off against any future amounts payable to Vendor. If BCLC is not able to do so, Vendor will indemnify BCLC for the amounts which were not set off against future amounts payable.
- 4.06 Vendor will indemnify and hold harmless BCLC from and against any and all losses incurred, directly or indirectly, arising from amounts (including Taxes) assessed against BCLC which are the obligation of Vendor hereunder.
- 4.07 Vendor will notify BCLC if there is a change in its Tax status or registration within ten (10) business days.

#### **Article 5 – Regulatory Matters**

- 5.01 Vendor will maintain at all times during the Term, at its own expense, all approvals, permits, licenses, certifications, registrations and other regulatory consents or permissions of Vendor and its personnel, including employees and subcontractors, that are necessary for the fulfilment of this agreement ("**Regulatory Consents**"). Without limiting the generality of the foregoing, Vendor will ensure that all its personnel are properly registered with the Gaming Policy and Enforcement Branch ("**GPEB**"), if required.
- 5.02 Vendor must provide confirmation of Regulatory Consents to BCLC when requested. Vendor will immediately advise BCLC if it or any of its personnel do not have, or cease to maintain in good standing, any required Regulatory Consent.
- 5.03 If Vendor communicates with GPEB with respect to matters related to this agreement, Vendor will promptly: (a) inform BCLC of such communication and its subject matter; and (b) provide such additional related information as may be reasonably requested by BCLC.

#### **Article 6 – Confidentiality and Privacy**

- 6.01 Each party acknowledges that, in connection with the performance of this agreement, it may have access to Confidential Information of the other party. "**Confidential Information**" means any information whether in oral, written, graphic, electronic or other form, that is marked "Confidential" or "Proprietary" or which, under the circumstances, ought to be treated as confidential, and that is furnished by a party (the "**Disclosing Party**") to the other party (the "**Receiving Party**"). For the purposes of this agreement, Confidential Information of either party is deemed to include, but is not limited to, this



agreement and all information relating to that party's operations, sales, marketing, products, services, strategies, plans, policies, procedures, processes, finances, accounting, security, employees, customers, suppliers, and information technology and other assets, Confidential Information of Vendor is deemed to include, but is not limited to, the Vendor Pre-Existing IP, and Confidential Information of BCLC is deemed to include, but is not limited to, the Deliverables.

- 6.02 "Confidential Information" of the Disclosing Party does not include information which the Receiving Party can demonstrate (a) was public knowledge at the time of disclosure; (b) lawfully becomes public knowledge through no fault of the Receiving Party, as of the date of it becoming public knowledge; (c) the Receiving Party possesses at the time of the disclosure and which was not acquired, directly or indirectly, from the Disclosing Party or from any third party who was or could reasonably have been expected to be under an obligation of confidentiality; or (d) was independently developed by the Receiving Party without the use of Confidential Information of the Disclosing party.
- 6.03 Except as otherwise provided in this agreement, the Receiving Party will hold the Disclosing Party's Confidential Information in strict confidence, and will use the Disclosing Party's Confidential Information solely in connection with the performance of the Receiving Party's obligations or exercise of rights under this agreement. The Receiving Party will take at least the same measures as it uses to protect its own Confidential Information and in no event less than reasonable efforts, to prevent the loss, damage, unauthorized modification or destruction of the Disclosing Party's Confidential Information.
- 6.04 The Receiving Party will not disclose any of the Disclosing Party's Confidential Information without the Disclosing Party's prior written consent, provided that the Receiving Party may disclose the Disclosing Party's Confidential Information (a) to its employees, subcontractors and agents who need to know such Confidential Information for the purposes of carrying out the Receiving Party's obligations under this agreement and have signed a written agreement with the Receiving Party containing confidentiality obligations no less restrictive than those contained herein; and (b) which the Receiving Party is required to disclose under Applicable Laws, provided that the Receiving Party will, unless prohibited by the foregoing, provide sufficient notice to the Disclosing Party so that appropriate actions may be taken to protect the confidentiality of the information to be disclosed. For greater certainty, Vendor may disclose BCLC's Confidential Information to Vendor's third party vendors or subcontractors provided that such third party vendor or subcontractor: (i) is providing Products, Services or Deliverables in connection with a SOW; (ii) has a need to know the information; and (iii) and has signed a written agreement with the Receiving Party containing confidentiality obligations no less restrictive than those contained herein.
- 6.05 The Receiving Party acknowledges and agrees any unauthorized use or disclosure of the Disclosing Party's Confidential Information by the Receiving Party's employees, subcontractors, agents or representatives, will constitute a breach of this agreement by the Receiving Party. The Receiving Party will promptly notify the Disclosing Party if the Receiving Party becomes aware of any unauthorized use or disclosure of any of the Disclosing Party's Confidential Information.
- 6.06 As between the parties, the Disclosing Party's Confidential Information will remain the property of the Disclosing Party. The Receiving Party will not acquire any express or implied rights, title or interest in the Disclosing Party's Confidential Information.



- 6.07 Following the end of the Term or at such earlier time as the Disclosing Party may request, the Receiving Party will either return or, if so directed by the Disclosing Party in writing, permanently destroy the Disclosing Party's Confidential Information. Following return or destruction, the Receiving Party will, if requested by the Disclosing Party, confirm such return or destruction in writing. The foregoing return or destruction requirement shall not apply to shadow or back-up copies which may remain within the Receiving Party's computer systems or its back-up and/or electronic archive systems, provided such records shall not be accessible or used by anyone except as necessary and under the same terms and conditions as this agreement.
- 6.08 The Receiving Party acknowledges that its breach of this Article would cause irreparable harm or injury to the Disclosing Party for which damages at law may be an inadequate remedy. Therefore, in the event of an actual or threatened breach of this Article by the Receiving Party, the Disclosing Party may apply to a court of competent jurisdiction for an order restraining the Receiving Party from breaching, and requiring it to comply with, its obligations in this Article. The Receiving Party hereby waives all defenses to the strict enforcement thereof by the Disclosing Party.
- 6.09 Vendor will comply with the terms of the privacy protection schedule attached as **Error!** Reference source not found..

#### **Article 7 – Term and Termination**

- 7.01 The term of this agreement will commence on the Effective Date and will terminate one year from the Effective Date. BCLC may extend the initial term by up to three additional one year periods by providing Vendor with written notice of such extension at least thirty (30) days prior to the expiration of the initial term or then-current extension term. The initial term, together with any extension terms, is referred to in this agreement as the "Term".
- 7.02 In the event of the expiry of this agreement when one or more SOWs are in progress, BCLC may elect to either terminate or require completion of such SOWs. In the event BCLC requires completion of such SOWs, this agreement will continue to apply to such SOWs until they are complete.
- 7.03 Notwithstanding anything to the contrary contained herein, BCLC may terminate this agreement, an individual SOW or both:
- (a) for convenience, upon providing Vendor with ten (10) days' prior written notice, in which case Vendor will commence the orderly wind down of any terminated Services;
  - (b) at any time, upon providing Vendor with written notice if:
    - (i) Vendor materially breaches this agreement and, if such material breach is capable of being cured, fails to remedy such breach within ten (10) days' notice from BCLC;
    - (ii) Vendor ceases to hold any required Regulatory Consent;



- (iii) Vendor becomes insolvent, or takes any action or has any action taken against or in respect of it (A) in bankruptcy, insolvency, liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief, compromise or composition of it or any of its property or debts, or (B) seeking appointment of a receiver, trustee, manager, custodian, liquidator or any other persons with similar authority over Vendor;
- (iv) any administrative, judicial, legislative or regulatory authority passes, issues or orders any decision, policy or enactment that renders performance of this agreement wholly or partially illegal; or
- (v) any other specific termination right set out in this agreement or a SOW occurs.

7.04 In the event of expiry or termination of this agreement:

- (a) Vendor will promptly deliver to BCLC all BCLC Property that is in Vendor's possession or control, as well as all Deliverables and work-in-progress for any incomplete Deliverables;
- (b) BCLC will pay to Vendor all Fees due and payable up to the effective date of expiry or any termination by BCLC for convenience; and
- (c) if BCLC has pre-paid or overpaid any Fees, Vendor will refund any remaining credit balance to BCLC within thirty (30) days.

## **Article 8 – Representations and Warranties**

8.01 Each party represents, warrants and covenants that:

- (a) such party has full power, authority and right to execute and deliver this agreement and to perform its obligations hereunder, and the execution, delivery and performance of this agreement by such party have been duly authorized by all necessary corporate action on the part of such party;
- (b) this agreement has been duly executed and delivered by such party and is valid and binding on such party, enforceable in accordance with its terms, except as enforcement thereof may be limited by or with respect to: (i) applicable insolvency, moratorium, bankruptcy, fraudulent conveyance and other similar laws of general application relating to or affecting the rights and remedies of creditors; (ii) application of equitable principles (whether enforcement is sought in proceedings in equity or at law); and (iii) the fact that the remedy of specific enforcement or of injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought; and
- (c) the execution, delivery and performance of this agreement by such party and the consummation of the transactions contemplated do not and will not contravene the constating documents or enacting legislation of such party (including any certificate of incorporation, by-laws, or charter, as applicable) and do not and will not conflict with or result in a breach or violation of: (i) any indenture, agreement, instrument, judgment, decree, order or ruling to which such party is a party or is otherwise



subject that would materially adversely affect such party's ability to perform its obligations under this agreement; (ii) any Applicable Law; or (iii) any other person's rights.

8.02 Vendor represents, warrants and covenants that:

- (a) Vendor has, and will maintain, the power, authority and capacity to enter this agreement and to do all acts and things as required or contemplated hereunder to be done, observed and performed by it;
- (b) Vendor holds, and will hold, all necessary rights to enable it to perform all of its obligations under this agreement and to grant the rights granted to BCLC hereunder;
- (c) Vendor has, and will maintain, the skills, qualifications, expertise, experience and resources to perform its obligations under this agreement in a professional, effective and workmanlike manner in accordance with best industry standards;
- (d) the Services and Deliverables and BCLC's use thereof do not and will not, in whole or in part, infringe, violate or misappropriate any proprietary, contractual or other right of any third party;
- (e) Vendor has the right to provide all Products to BCLC, and all third party software supplied with Products or Deliverables hereunder is properly licensed and that such software licenses may be properly assigned or sublicensed by Vendor to BCLC;
- (f) Vendor will assign and deliver, and agrees to assign and deliver, to BCLC all representations, warranties and indemnities received by Vendor from Vendor's third party vendors including without limitation, <sup>s 15(1), s 21</sup> to the extent they are assignable or sublicensable and directly relate to the Products, including rights to recovery. Vendor will, upon BCLC's request and at BCLC's cost, enforce such representations, warranties and indemnities that are not assignable or sublicensable and track and notify BCLC of same, and deliver to BCLC any documentation issued by a third party vendor evidencing such representation, warranty or indemnity;
- (g) Vendor will not insert or permit any third party to insert into any Deliverable or BCLC's IT environment any viruses, trojan horses, worm, logic bomb, drop-dead device, backdoor, shutdown mechanism or other harmful components that are intended to damage, detrimentally interfere with, surreptitiously intercept or expropriate any system, data or personal information;
- (h) the Services will meet any service levels described in a SOW;
- (i) all information, statements, documents and reports furnished or submitted by Vendor to BCLC in connection with this agreement, including as part of any competitive process resulting in this agreement, are not, and will not be, misleading and are, and will be, true and correct in all material respects;



- (j) Vendor will comply with BCLC's policies, procedures, processes, and guidelines that are communicated in writing to Vendor upon reasonable prior notice from time to time and are applicable to the activities of Vendor under this agreement; and
- (k) Vendor will, in performing its obligations hereunder, comply with all Applicable Laws, and will refrain from engaging in any unfair or deceptive trade practice, or unethical business practice whatsoever, or any other practice that could unfavorably reflect upon BCLC.

8.03 All Deliverables will be:

- (a) free and clear of all liens and encumbrances at the time of receipt by BCLC;
- (b) in good order and condition at the time of receipt by BCLC;
- (c) unless otherwise agreed in writing by BCLC, compliant with:
  - (i) applicable Canadian Standards Association standards;
  - (ii) applicable Underwriters Laboratories standards;
  - (iii) applicable Underwriters Laboratories of Canada standards;
  - (iv) applicable Software Engineering Institute standards;
  - (v) the specifications agreed to from time to time in a SOW; and
- (d) free from defects in workmanship or material under normal use for a 5 year warranty period from the date of installation.

8.04 Except as expressly set forth in this Agreement or a SOW, and with respect to the <sup>s 15(1), s 21</sup> Software, the limited warranty provided by <sup>s 15(1), s 21</sup>, there are no warranties, representations or conditions of either party, whether express or implied or statutory, including but not limited to the implied warranties or conditions of merchantable quality, merchantability, durability, fitness for a particular purpose, or non-infringement.

**Article 9 – Indemnity**

- 9.01 Vendor will indemnify and hold harmless BCLC and its directors, officers, employees, contractors, agents, representatives and affiliates (collectively, the "BCLC Indemnified Parties") from and against all liabilities, losses, damages, penalties, fines, costs, fees and expenses (including of lawyers, accountants and other experts and professionals) ("Losses") suffered or incurred by any of them, directly or indirectly, arising from or in connection with (a) an act or omission of Vendor or its directors, officers, employees, contractors, agents, representatives or affiliates; (b) breach or inaccuracy of any of Vendor's covenants, representations, warranties or obligations hereunder; or (c) failure by Vendor or its directors, officers, employees, contractors, agents, representatives or affiliates to comply with Applicable Laws.
- 9.02 Vendor will indemnify and hold harmless BCLC Indemnified Parties from and against all Losses suffered or incurred by any of them, directly or indirectly, arising from or in



connection with any third party claim, action or proceeding brought against BCLC to the extent based upon a claim that the use of a Deliverable, Product (for clarity, Product includes Software) or Services as contemplated hereunder and in the applicable SOW violates, infringes, or misappropriates a third party's: (a) copyright; (b) patent; (c) trade secret; (d) trademark; or (e) other intellectual property right (each and collectively, an **"Infringement Claim"**). Should the Deliverable, Product or Services become, or in the opinion of Vendor be likely to become, the subject of an Infringement Claim, Vendor may, at its own expense and without prejudice to the other rights BCLC may have under this agreement: (i) procure for BCLC the right to use the Deliverable, Product or Services; (ii) replace or modify, in whole or in part, the Deliverable, Product or Services to make them non-infringing and substantially comparable in functionality; or (iii) require the return of the Deliverable, Product or Services and promptly refund to BCLC any Fees paid by BCLC to Vendor which are reasonably attributable to such Deliverable, Product or Services. Notwithstanding the foregoing, Vendor assumes no liability for infringement to the extent it is caused by: (A) use of a Deliverable, Product or Services in violation of this agreement; (B) modification of any Deliverable, Product or Services other than by Vendor, anyone authorized by Vendor, or pursuant to Vendor's specifications; (C) the combination of any Deliverable, Product or Services with materials not supplied or recommended by Vendor or pursuant to Vendor's specifications; (D) information supplied by BCLC to Vendor that is included in any Deliverable, Product, or Services; (E) BCLC's use of a superseded version of Software or Deliverable if the infringement could have been avoided by using the latest version of the Software or Deliverable provided by Vendor; or (F) BCLC's failure to comply with the terms of any license agreement or other licensor or manufacturer requirements applicable to any Software or other products provided by Vendor and provided to BCLC in advance of purchase as contemplated herein.

9.03 BCLC will (a) promptly notify Vendor in writing of any claim, action or demand covered by the indemnities under Section 9.01 or Section 9.02, as applicable, and that is asserted against or sought to be collected from any BCLC Indemnified Parties by a third party (a **"Third Party Claim"**); (b) allow Vendor to control the defense or settlement of any Third Party Claim, and (c) provide all reasonable assistance in connection with any Third Party Claim, at Vendor's request and expense. BCLC may participate in the defense or settlement of any Third Party Claim at its own expense. Vendor agrees that it will not settle any Third Party Claim in a manner which would impose any obligation on BCLC or restrict the BCLC's right, title or interest, including all intellectual property rights, except as set out in Section 9.02 in the case of Infringement Claims, without BCLC's prior written consent.

9.04 For the purpose of enforcing the indemnities in Sections 9.01 and 9.02, Vendor acknowledges and agrees, and BCLC accepts that BCLC is acting as agent and trustee for the other BCLC Indemnified Parties.

#### **Article 10 – Limitation of Liability**

10.01 Except for (a) Vendor's indemnification obligations under 9.02 in respect of Infringement Claims; (b) Vendor's breach of its representation and warranty in Section 8.02(e); (c) either party's breach of Article 6; or (d) personal injury or damage to tangible or real property caused by either party's negligence or willful misconduct, in no event shall either party be liable to the other party for indirect, special, consequential, incidental, punitive or exemplary damages, or for lost revenue, lost profits, lost savings or any commercial or economic loss of any kind, even if it has been advised of the possibility thereof.



- 10.02 The above limitations shall apply irrespective of the nature of the cause of action, demand or claim, including but not limited to, breach of contract, negligence, tort, strict liability or any other legal theory.

#### **Article 11 – Insurance**

- 11.01 Vendor will purchase and maintain, at its own expense, with insurers licensed in Canada and in forms acceptable to BCLC:
- (a) commercial general liability (“CGL”) insurance covering all operations of Vendor including, coverage for property damage, bodily injury, products and completed operations hazards, broad-form property damage, blanket contractual liability, non-owned automobile liability, contingent employer's liability, in an inclusive amount of not less than two million dollars (\$2,000,000) per occurrence per twelve (12) month policy term without an annual aggregate limit; if the CGL insurance policy contains a general aggregate, the annual aggregate limit must be no less than five million dollars (\$5,000,000); the CGL insurance will contain a cross-liability clause;
  - (b) professional liability insurance in an amount of not less than one million dollars (\$1,000,000) per claim and five million dollars (\$5,000,000) in the aggregate per twelve (12) month policy term which covers any loss which may be incurred due to errors or omissions or acts of negligence caused by Vendor under this agreement;
  - (c) all risks insurance including, the perils of fire, lightning, flood, earthquake, sewer back-up, windstorm, vandalism, hail, theft, covering property of Vendor and any property of BCLC which is to enter into or become part of the work under this agreement, for full replacement cost value; and
  - (d) during the Term and for at least six (6) years thereafter, general liability insurance including product liability coverage and in amounts and of a type customarily maintained by companies similarly situated, provided that such insurance will be in an amount of at least two million dollars (\$2,000,000) in coverage per occurrence.
- 11.02 Each CGL policy of insurance as described above will include BCLC as an additional insured. All property insurance maintained by Vendor will include BCLC as a loss payee as its interests may appear and insure any and all property of BCLC while in the care, custody or control of Vendor, against perils of all risks of physical loss or for replacement cost and to include a provision of waiver of subrogation in favour of BCLC.
- 11.03 All insurance maintained by Vendor must be primary and will not call into contribution any insurance maintained by BCLC. All insurance will include endorsements wherein Vendor insurer(s) agree to give at least thirty (30) days' prior written notice by personal delivery to BCLC of any material adverse change in, cancellation of, or termination of such insurance.
- 11.04 Within seven (7) days after execution of this agreement and at each insurance policy anniversary, Vendor will forward to BCLC certificates of insurance from its agents/brokers evidencing that the required insurance is in force. If requested by BCLC, Vendor must provide to BCLC certified copies of the required insurance policies.



- 11.05 Vendor will also provide, maintain and pay for any additional insurance which it is required by law to carry, or which it considers necessary to cover risks not otherwise covered by insurance specified in this Article.
- 11.06 If Vendor subcontracts its obligations hereunder, in whole or in part, Vendor will ensure that its subcontractors obtain and maintain adequate insurance for Vendor to meet its obligations under this agreement. The foregoing is without limitation to any other requirements set out in this agreement with respect to subcontracting.
- 11.07 Vendor will duly and punctually pay or cause to be duly and punctually paid all premiums and other sums of money payable for maintaining any bonding or insurance required to be maintained pursuant to this Article and will, if required from time to time by BCLC, provide or cause to be provided to BCLC evidence, acceptable to BCLC, acting reasonably, of payment of premiums
- 11.08 Vendor's liabilities and obligations will not be restricted to any sums mentioned in any of the insurance clauses contained herein, and the insurance amounts provided for herein will not be construed so as to relieve or limit the liability of Vendor in excess of the coverage and will not preclude BCLC from taking the other actions available to it under any provision of this agreement or otherwise at law or in equity.

#### **Article 12 – General**

- 12.01 Vendor will not publicize or promote its relationship with BCLC without the express prior written approval of BCLC which may be withheld for any reason. For further clarity, Vendor will not refer to BCLC on client lists, references, media releases, case studies, websites or similar uses without the express prior written approval of BCLC.
- 12.02 It is expressly agreed and understood that the parties have entered into an arms' length independent contract and that Vendor and its employees, agents, servants and contractors are not the employees, agents or servants of BCLC. This agreement will not be deemed to constitute or create any partnership, joint venture, master-servant, employer-employee, principal-agent or any other relationship apart from an independent contractor and contractee relationship.
- 12.03 This agreement does not grant Vendor exclusive rights or bind BCLC to an exclusive relationship with Vendor, and will not restrict BCLC from itself providing any products or services or obtaining any products or services from any other supplier at any time.
- 12.04 Vendor will disclose to BCLC any situation that could constitute or be perceived as a real or apparent conflict of interest with BCLC. Failure to disclose any potential real or apparent conflict of interest will be deemed a material breach of this agreement.
- 12.05 During the Term and for a period of three (3) months thereafter, Vendor agrees not to, directly or indirectly, solicit for employment or other engagement by Vendor or any other party any employee of BCLC. For greater certainty, this restriction will not apply if an employee of BCLC seeks employment with Vendor as a result of a general solicitation (newspaper, trade journal, or other advertisement or job fair).
- 12.06 This agreement, which includes, for clarity, all Schedules, constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior

understandings and agreements with respect thereto. In the event of any conflict between this agreement and a purchase order, this agreement will prevail.

- 12.07 This agreement will only be amended by an instrument in writing signed by both parties.
- 12.08 Vendor will not assign all or any part of this agreement without the express prior written consent of BCLC, which consent may be withheld for any reason.
- 12.09 Vendor will not delegate or subcontract, in whole or in part, its obligations under this agreement without the prior written consent of BCLC, provided that delegation or subcontracting by Vendor to its third party vendors providing Products in connection a SOW will not require the prior content of BCLC. The delegating or subcontracting of all or any part of Vendor's obligations set out in this agreement will not relieve Vendor from any obligation or liability under this agreement.
- 12.10 This agreement will enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, successors and permitted assigns.
- 12.11 If any provision herein is determined to be illegal or unenforceable by a court of competent jurisdiction, that provision will be severed from this agreement and the remaining provisions will remain in full force and effect so long as the economic or legal substance of the agreement is not affected in a manner materially adverse to either party.
- 12.12 The failure of either party to enforce any provision of this agreement will in no way be construed to be a waiver of such provision, nor in any way affect the right of either party to thereafter enforce any or all provisions. A waiver will only be effective if made in writing and signed by the waiving party and, unless otherwise provided, will be limited to the specific breach waived.
- 12.13 Neither expiration nor any termination of this agreement shall relieve either party of any obligation or liability accruing prior to such expiration or termination. The provisions of this agreement which expressly or by their nature extend beyond the termination of this agreement will survive any termination of this agreement.
- 12.14 All notices or other communications to be given in connection with this agreement will be given in writing by personal delivery, electronic means or registered mail (return receipt requested) by a reputable overnight delivery service addressed as follows:

if to BCLC, at:

2940 Vitual Way  
Vancouver BC  
V5M 0A6

Attention: Laird Robinson, BCLC Manager, Corporate Security and Compliance  
Email: LRobinson@bclc.com

with a copy to:

74 West Seymour Street  
Kamloops, BC V2C 1E2



Attention: Contract Management  
Email: contractmanagement@bcllc.com

if to Vendor, at:

Attention: Joe Morris, Paladin Manager P3's & Major Accounts  
Email: jmorris@paladintechnologies.com

Any such notice or other communication will be deemed to have been given and received on the day on which it was delivered or transmitted by electronic means (or, if such day is not a business day, on the next following business day) or, if mailed, on the third business day following the date of mailing, provided, however, that if at the time of mailing or within three (3) business days thereafter there occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder will be delivered or transmitted by electronic means as specified above.

- 12.15 Unless otherwise stated herein, the rights and remedies of the parties under this agreement are cumulative and not exclusive to each other, and will not be deemed or construed to affect any right or remedy which a party is entitled at law, in equity or otherwise.
- 12.16 This agreement will be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without reference to any choice of law or conflict of law principles. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of British Columbia and all courts competent to hear appeals therefrom. The International Sale of Goods Act of British Columbia and the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this agreement or to the transactions contemplated by this agreement.
- 12.17 Unless the context of this agreement otherwise requires, to the extent necessary so that each clause will be given the most reasonable interpretation, the singular number will include the plural and vice versa, the verb will be construed as agreeing with the word so substituted, words importing the masculine gender will include the feminine and neuter genders, words importing persons will include firms and corporations and words importing firms and corporations will include individuals.
- 12.18 The headings and captions of sections and paragraphs contained in this agreement are all inserted for convenience of reference only and are not to be considered when interpreting this agreement.
- 12.19 This agreement may be executed in one or more counterparts, each of which will be deemed an original and will, together, be deemed to constitute one and the same instrument. Signatures exchanged via facsimile or digital scans of signatures will be deemed originals.

(Signature page follows.)

IN WITNESS WHEREOF the parties have executed this agreement as of the date first above written. For clarity, no further signatures are required for the Initial SOW which forms part of this agreement and is entered into as evidenced by the signatures below.

**BRITISH COLUMBIA LOTTERY  
CORPORATION**

s 22

Per: \_\_\_\_\_

Authorized Signatory

Name: Laird Robinson

Title: Manager, Corp. Sec. & Compliance

Date: 20/December/2018

**B.C. LOTTOTECH INTERNATIONAL INC.**

s 22

Per: \_\_\_\_\_

Authorized Signatory

Name: Laird Robinson

Title: Manager, Corp. Sec. & Compliance

Date: 20/December/2018

**PALADIN TECHNOLOGIES INC.**

s 22

Per: \_\_\_\_\_

Authorized Signatory

Name: Brady Carthy

Title: Executive Vice President

Date: December 20, 2018



**SCHEDULE A  
FEES**

**Fees for Certain Services**

Regular Business Hours M to F (8:00 to 16:30 PST)	Software Development	s 21
Regular Business Hours M to F (8:00 to 16:30 PST)	Installation	
Regular Business Hours M to F (8:00 to 16:30 PST)	Consulting	
Regular Business Hours M to F (8:00 to 16:30 PST)	Training	

\*All above prices excludes GST

## SCHEDULE B PRIVACY PROTECTION

### Definitions

1. In this Schedule,
  - (a) "access" means disclosure by the provision of access;
  - (b) "Act" means the *Freedom of Information and Protection of Privacy Act* (British Columbia), as amended from time to time;
  - (c) "contact information" means information to enable an individual at a place of business to be contacted and includes the name, position name or title, business telephone number, business address, business email or business fax number of the individual;
  - (d) "personal information" means recorded information about an identifiable individual, other than contact information, collected or created by Vendor as a result of this agreement or any previous agreement between BCLC and Vendor dealing with the same subject matter as this agreement but excluding any such information that, if this Schedule did not apply to it, would not be under the "control of a public body" within the meaning of the Act.

### Purpose

2. The purpose of this Schedule is to:
  - (a) enable BCLC to comply with its statutory obligations under the Act with respect to personal information; and
  - (b) ensure that, as a service provider, Vendor is aware of and complies with its statutory obligations under the Act with respect to personal information.

### Collection of personal information

3. Unless this agreement otherwise specifies or BCLC otherwise directs in writing, Vendor may only collect or create personal information that is necessary for the performance of Vendor's obligations, or the exercise of Vendor's rights, under this agreement.
4. Unless this agreement otherwise specifies or BCLC otherwise directs in writing, Vendor must collect personal information directly from the individual the information is about.
5. Unless this agreement otherwise specifies or BCLC otherwise directs in writing, Vendor must tell an individual from whom Vendor collects personal information:
  - (a) the purpose for collecting it;
  - (b) the legal authority for collecting it; and



- (c) the title, business address and business telephone number of the person designated by BCLC to answer questions about Vendor's collection of personal information.

#### **Accuracy of personal information**

- 6. Vendor must make every reasonable effort to ensure the accuracy and completeness of any personal information to be used by Vendor or BCLC to make a decision that directly affects the individual the information is about.

#### **Requests for access to personal information**

- 7. If Vendor receives a request for access to personal information from a person other than BCLC, Vendor must promptly advise the person to make the request to BCLC unless this agreement expressly requires Vendor to provide such access and, if BCLC has advised Vendor of the name or title and contact information of an official of BCLC to whom such requests are to be made, Vendor must also promptly provide that official's name or title and contact information to the person making the request.

#### **Correction of personal information**

- 8. Within 5 business days of receiving a written direction from BCLC to correct or annotate any personal information, Vendor must annotate or correct the information in accordance with the direction.
- 9. When issuing a written direction under section 8, BCLC must advise Vendor of the date the correction request to which the direction relates was received by BCLC in order that Vendor may comply with section 10.
- 10. Within 5 business days of correcting or annotating any personal information under section 8, Vendor must provide the corrected or annotated information to any party to whom, within one year prior to the date the correction request was made to BCLC, Vendor disclosed the information being corrected or annotated.
- 11. If Vendor receives a request for correction of personal information from a person other than BCLC, Vendor must promptly advise the person to make the request to BCLC and, if BCLC has advised Vendor of the name or title and contact information of an official of BCLC to whom such requests are to be made, Vendor must also promptly provide that official's name or title and contact information to the person making the request.

#### **Protection of personal information**

- 12. Vendor must protect personal information by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure or disposal, including any expressly set out in this agreement.

#### **Storage and access to personal information**

- 13. Unless BCLC otherwise directs in writing, Vendor must not store personal information outside Canada or permit access to personal information from outside Canada.

#### **Retention of personal information**

14. Unless this agreement otherwise specifies, Vendor must retain personal information until directed by BCLC in writing to dispose of it or deliver it as specified in the direction.

#### **Use of personal information**

15. Unless BCLC otherwise directs in writing, Vendor may only use personal information if that use is for the performance of Vendor's obligations, or the exercise of Vendor's rights, under this agreement.

#### **Disclosure of personal information**

16. Unless BCLC otherwise directs in writing, Vendor may only disclose personal information inside Canada to any person other than BCLC if the disclosure is for the performance of Vendor's obligations, or the exercise of Vendor's rights, under this agreement.
17. Unless this agreement otherwise specifies or BCLC otherwise directs in writing, Vendor must not disclose personal information outside Canada.

#### **Notice of foreign demands for disclosure**

18. In addition to any obligation Vendor may have to provide the notification contemplated by section 30.2 of the Act, if in relation to personal information in its custody or under its control Vendor:
  - (a) receives a foreign demand for disclosure;
  - (b) receives a request to disclose, produce or provide access that Vendor knows or has reason to suspect is for the purpose of responding to a foreign demand for disclosure; or
  - (c) has reason to suspect that an unauthorized disclosure of personal information has occurred in response to a foreign demand for disclosure

Vendor must immediately notify BCLC and, in so doing, provide the information described in section 30.2(3) of the Act. In this section, the phrases "foreign demand for disclosure" and "unauthorized disclosure of personal information" will bear the same meanings as in section 30.2 of the Act.

#### **Notice of unauthorized disclosure**

19. In addition to any obligation Vendor may have to provide the notification contemplated by section 30.5 of the Act, if Vendor knows that there has been an unauthorized disclosure of personal information in its custody or under its control, Vendor must immediately notify BCLC. In this section, the phrase "unauthorized disclosure of personal information" will bear the same meaning as in section 30.5 of the Act.

#### **Inspection of personal information**

20. In addition to any other rights of inspection BCLC may have under this agreement or under statute, BCLC may, at any reasonable time and on reasonable notice to Vendor, enter on



Vendor's premises to inspect any personal information in the possession of Vendor or any of Vendor's information management policies or practices relevant to its management of personal information or its compliance with this Schedule and Vendor must permit, and provide reasonable assistance to, any such inspection.

#### **Compliance with the Act and BCLC's Information Security requirements**

21. Vendor must in relation to personal information comply with:
  - (a) the requirements of the Act applicable to Vendor as a service provider, including any applicable order of the commissioner under the Act;
  - (b) BCLC's information security requirements in respect of the personal information as may be provided to Vendor from time-to-time; and
  - (c) any direction given by BCLC under this Schedule.
22. Vendor acknowledges that it is familiar with the requirements of the Act governing personal information that are applicable to it as a service provider.

#### **Notice of non-compliance**

23. If for any reason Vendor does not comply, or anticipates that it will be unable to comply, with a provision in this Schedule in any respect, Vendor must promptly notify BCLC of the particulars of the non-compliance or anticipated non-compliance and what steps it proposes to take to address, or prevent recurrence of, the non-compliance or anticipated non-compliance.

#### **Termination of Agreement**

24. In addition to any other rights of termination which BCLC may have under this agreement or otherwise at law, BCLC may, subject to any provisions in this agreement establishing mandatory cure periods for defaults by Vendor, terminate this agreement by giving written notice of such termination to Vendor, upon any failure of Vendor to comply with this Schedule in a material respect.

#### **Interpretation**

25. In this Schedule, references to sections by number are to sections of this Schedule unless otherwise specified in this Schedule.
26. Any reference to "Vendor" in this Schedule includes any sub-contractors or agent retained by Vendor to perform obligations under this agreement and Vendor must ensure that any such sub-contractors and agents comply with this Schedule.
27. The obligations of Vendor in this Schedule will survive the termination of this agreement.
28. If a provision of this agreement (including any direction given by BCLC under this Schedule) conflicts with a requirement of the Act or an applicable order of the commissioner under the Act, the conflicting provision of this agreement (or direction) will be inoperative to the extent of the conflict.

**SCHEDULE C  
INITIAL SOW(S)**

**STATEMENT OF WORK**

**Project Name: Facial Recognition Project  
Bid Process: 1314 – 130530DD**

This Statement of Work ("SOW") is made effective August 30, 2018 (the "Effective Date") between British Columbia Lottery Corporation and B.C. Lottotech International Inc. (collectively, "BCLC") and Paladin Technologies Inc. ("Vendor"). BCLC and Vendor have entered into a Master License and Services Agreement made effective August 30, 2018 (as it may be amended or replaced from time to time, the "Agreement"). This SOW is subject to and incorporated into the Agreement. Vendor will perform the Services and provide the Deliverables set out herein in accordance with this SOW and the Agreement.

**SERVICES LOCATION**

s 15(1), s 17(1)

(the "Site")

**BCLC PROJECT MANAGER**

Laird Robinson

Manager, Corporate Security & Compliance

Phone: 604-228-3054

Email: [lrobinson@bclc.com](mailto:lrobinson@bclc.com)

**TERM**

This SOW will be effective from the Effective Date to September 8, 2019.

**SERVICES**

**A) Configuration and Integration**

The Vendor shall provide technical services to ensure the facial recognition product and system provided is effective to support the prompt detection of Voluntarily Self-Excluded Patrons and alerting function to a surveillance operator at the Site, through the integration and interface of s 15(1), s 21 through an API into the s 15(1) network infrastructure. Vendor will:

- Prepare for and participate in a project requirements workshop with BCLC to ensure all required project requirements (including all system requirements) are elicited, understood, and documented;
- Complete an assessment of the Site;
- Procure for BCLC the required facial recognition camera hardware and software license(s) for the Site as set out in the Products section below (the "Pilot Equipment");
- Configure, integrate and set up the Pilot Equipment, including:
  - a. installing and verifying operation of cameras, servers, network and server connectivity, surveillance monitoring station and VSE enrollment center;
  - b. all installation work to be carried out, in alignment with site requirements and use of certified trades as directed by BCLC's Site casino service provider;
  - c. installing network infrastructure to BCLC specifications and in the BCLC Communication room under the direction of BCLC and in accordance with the network diagram attached as Appendix A to this SOW;
  - d. installing and initial configuration for video capture;



- e. reviewing and determining if supplemental IR lighting is required;
- f. verify alerting function is successful for the communication between facial recognition software and BCLC<sup>s 15(1)</sup>;
- g. troubleshooting and resolving issues as required;
- h. providing an interface to the<sup>s 15(1)</sup> that enables <sup>s 15(1)</sup> alerts to be processed by <sup>s 15(1)</sup>
- i. providing any required support/troubleshooting applications;
- j. providing support documentation; and
- k. providing ongoing integration support.
- Create and deliver the pilot reports to BCLC, including confirmation of success indicators and identified issues, using pre-approved volume and mechanisms for reporting metrics;
  - a. System testing shall include various environmental factors, not dissimilar to standard casino entrance and patron activities.
  - b. Monitor performance metrics and provide support to BCLC as required, including being available for telephone support; and
  - a. Recommendations and post-mortem (lessons learned that can be applied to a possible Production deployment)
- Ensure all servers meet system security requirements provided by BCLC.
- All servers shall be purged of sensitive and private information at the end of the pilot, and certificates of destruction provided by the Vendor. See NIST Special Publication 800-88 (<https://nvlpubs.nist.gov/nistpubs/specialpublications/nist.sp.800-88r1.pdf>) for Purge requirements.
- Provide training as reasonably required by BCLC to applicable personnel covering the provided software. Staff required to be trained include the<sup>s 15(1)</sup>, <sup>s 17(1)</sup> surveillance supervisors, surveillance operators, security personnel, and BCLC security representatives.

#### **B) Support**

- Vendor will ensure the Pilot Equipment and system are operating at a high functioning capacity, and maintained in good working order for the duration of the pilot project. The Vendor is responsible for any required repairs or material corrective actions that are not due to the direct actions of BCLC or BCLC's Site casino service provider.
- BCLC's Site casino service provider will contact BCLC Tier 1 support for escalation to Vendor. Corrective action is to be initiated within 72h upon receipt of request of on-site support from BCLC.
- Remote access is not available. System access for support purposes must be performed on site with prior written approval from BCLC.
  - o Additional approval from BCLC must be obtained before reviewing any surveillance media.
  - o Access is subject to the confidentiality provisions of the Agreement.
- All other support requests must be approved by BCLC prior to engagement.

#### **Products**

Vendor will sell hardware and license software to BCLC for the administration of a facial recognition pilot project at the Site. The products outlined below were outlined to cover all three public entrances and be of sufficient capacity to support continuous operations at peak times.

#### **Hardware:**

<sup>s 15(1)</sup>, <sup>s 21</sup>

s 15(1), s 21

Software:

s 15(1), s 21

#### DELIVERABLES

- Vendor will deliver pilot reports along with a presentation to BCLC to discuss results of the pilot upon closing of the pilot. At minimum, reports will include the following:
  - monthly reports on percentile rates for identification of test subjects entering facility
  - monthly reports on capture of VSE patrons entering the premises of Casino<sup>s 15(1), s 17(1)</sup>
  - monthly reports on percentile rates for false positives, coupled with explanation of what caused a false positive to occur
  - collated final results report on entire testing period within 2 weeks of conclusion of test period.
- Vendor will provide training to the personnel described above in "Configuration and Integration" section to facilitate the intended use of the system.

#### SCHEDULE

Services Task/ Deliverable	Start Date	Completion/ Delivery Date
Facial Recognition Site Installation and optimization	September 8th, 2018	December.21.2018
Site operator training	December.20.2018	January.11.2019
3 month system validation testing (ensure optimization remains)	December.21.2018	March.21.2019
6 month success indicator report	December.21.2018	June.21.2019
Pilot conclude	December.21.2018	December.21.2019
Final documentation and optimization report	n/a	December.21.2019

#### VENDOR PERSONNEL

Vendor will assign the following personnel to the Services:

Name	Title	GPEB #	GPEB Expiry
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s 15(1), s 19, s 21, s 22	Operations Manager, BC Interior	s 15(1), s 22	25-Jan-21
	Integrated Systems Technician		10-Jan-21
	Integrated System Technician		

Any addition to or replacement of such personnel must be pre-approved by BCLC in writing using the change process set out below.

#### FEES

Flat Rate, \$71,658.03 plus GST as Fees for the purchase, install, configuration, and support of Pilot Equipment, inclusive of expenses, and, consisting of the following charges:

#### Fees for Hardware:

s 15(1), s 21	\$18,937.68 (GST Extra)*
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#### Fees for Software:

QTY	s 15(1), s 21	Unit \$	Total \$
1		\$37,236.00	\$37,236.00
1		\$ 4,499.35	\$ 4,499.35

Labour \$ 10,985.00

Materials \$ 41,735.35

Grand Total for software \$ 52,720.35 - GST @ 5% Extra

#### Fees :

The Fees will be payable in installments as follows:

(a) \$57,326.43 payable upon BCLC providing written acceptance of the Pilot Equipment being installed, configured and operational, and

(b) \$14,331.60 payable upon conclusion of the SOW term and BCLC providing written acceptance of all Deliverables.

**CHANGE PROCESS**

Changes to this SOW are only effective if made in writing using a Change Request Form ("CRF") in substantially the form attached hereto as Appendix B. Following execution of a CRF by both BCLC and Vendor, such CRF will form part of this SOW.

The parties have entered into this SOW as of the date first above written as evidenced by the signatures for the agreement.



**Appendix A**  
**NETWORK DIAGRAM**

Begins at next page - Green highlight areas of Vendor responsibility; Grey highlights areas of BCLC responsibility.

s 15(1)(l)



**APPENDIX B**  
**Change Request Form**  
**Bid Process:** [insert bid process]

**Project Name:** [insert project name]

**Change Request #:** [insert number]

**Purchase Order # of original Statement of Work:** [insert SAP PO number(s)]

**Date of Change Request:** [insert Change Request creation date]

**BCLC Requestor:**

**Vendor Requestor:**

**Description of Change:** [insert description of change]

**Justification for Change:** [insert justification for change]

**Effective Date:** [insert effective date for change]

**Revision to Total Amount:** [insert incremental increase and revised total amount for SOW]

**Personnel Name(s):** [Insert Vendor Personnel Name(s)]

**BRITISH COLUMBIA LOTTERY  
CORPORATION**

**B.C. LOTTOTECH INTERNATIONAL INC.**

Per: example only - no signature required  
Authorized Signatory

Per: example only - no signature required  
Authorized Signatory

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**PALADIN TECHNOLOGIES INC.**

Per: example only - no signature required  
Authorized Signatory

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

The Change Request Form can only be used to change a Statement of Work and cannot be used to change or add terms and conditions to the Agreement.



