



## Quality Agreement

The Following is an agreement between:

### **BPAX Labs (Referred to as “Company”)**

License: LICME4421LTRC2022

And

### **Company/Name (Referred to as “Client”)**

License:

#### **1. General Overview**

- 1.01 This quality agreement defines the responsibilities and expected outcomes between the company as a contract laboratory as a service provider and the Client as service requestor in compliance with the Cannabis Act and Cannabis Regulations. Upon signature by both parties, this agreement is binding to both parties
- 1.02 The Company shall obtain and maintain all necessary licenses, permits and associated documentation while providing notices and shall comply with all applicable Canadian laws, ordinances, and government regulations relative to the services to be provided under this agreement.
- 1.03 The client and company are responsible to ensure proper communication by providing designated, responsible points of contacts who will be informed for all technical matters.
- 1.04 The company is responsible for meeting the requirements of regulatory bodies for contract laboratories. Please see section regarding Documentation and Inspections.
- 1.05 If both parties conclude that this agreement cannot be performed without violating client QAA or applicable laws and regulations, the parties will negotiate and modify the agreement to an extent necessary to ensure that both parties will be in full compliance with applicable requirements. If such modifications require a material change in services, the parties will negotiate in good faith to make such changes. Such changes will be made to the document and signed by both parties. In the case that any governmental authority or regulatory body that initiates an action stating that parties under this agreement violates laws or regulations which cannot be readily resolved, either party can terminate this agreement by providing written notice.

## **2. Sample Reception, Handling and Disposal**

### **Client Responsibilities**

- 2.01 The client is responsible for submission of samples to Company and for ensuring that all sample are packaged according to Company instructions and are protected from environmental exposure.
- 2.02 The client is responsible for proper labelling (Sample number/submission form).
- 2.03 The client is responsible for any costs pertaining to shipment.
- 2.04 The client is responsible for providing sufficient quantity of sample for testing purposes.
- 2.05 Client is responsible for informing the Company of any potential health risk associated with handling the sample or any hazardous materials.
- 2.06 Client is responsible for providing testing instructions in regards to approved specifications, test methods and test method references.
- 2.07 Client is responsible for Materials and Safety Data Sheets or any other safety information.

### **Company Responsibilities**

- 2.08 The Company will review all samples against the information contained in the package as outlined in the sample submission form. Company will notify client of any discrepancies.
- 2.09 The Company will examine the integrity of the samples and inspect for damages during transportation. Client will be notified of any damages that occurred.
- 2.10 The Company will register all samples upon receipt.
- 2.11 The Company will store samples as per SOPs in the appropriate environment.
- 2.12 The Company will verify that materials and instruments required to perform testing are available. If not, the client will be contacted.
- 2.13 The company is responsible for retaining the sample for thirty days at the required storage conditions after the data has been processed and received by the client. The samples will then be disposed of according to Company destruction SOP in compliance to Health Canada Regulations.

## **3. Testing and Methods**

- 3.01 Company is responsible for carrying out tests that are requested by the Client.
- 3.02 The company is to ensure all testing done is as identified by Client's specifications and using validated test methods where applicable.
- 3.03 Company ensures compendial method testing as identified by current Pharmacopoeia edition, including any current supplements.
- 3.04 Company shall conduct all analysis according to ISO17025 and GLP standards.
- 3.05 Company shall not subcontract any test to another contract laboratory without the written consent of the Client.
- 3.06 The client is responsible for contacting the Company in regards to negotiation of special requests.
- 3.07 Client will ensure all necessary information is provided to the Company in a timely, clear, complete and accurate manner.

#### **4. Documentation and Inspection**

- 4.01 The company will document all testing observations and results according to guidelines and maintain the documentation in a secure facility for no less than 5 years.
- 4.02 The company will review all raw data generated during testing.
- 4.03 The company will provide electronic signed Certificate of Analysis once testing is completed.
- 4.04 In the case that the company is unable to complete testing withing the agreed upon turnaround time, the Client will be informed immediately with reason for delay and the updated expected time of completion. Compensation may be applied by approved member of the executive team.
- 4.05 If the client requests rush services, additional fees will be charged as agreed upon between the Client and company sales staff. In the case of out of specification requests, company will charge extra fees for further investigation or additional testing if the error is not at fault of company.
- 4.06 The company will permit regulatory authorities for inspections.
- 4.07 The company will inform Client of outcomes of any inspections with regulatory agencies if it directly affects testing and storage of Clients products.
- 4.08 The company is licensed by Health Canada to conduct analytical testing on Cannabis products under GLP guidelines.
- 4.09 If the Client wishes for a site visit and inspection on the Company, Client must inform Company 10 days prior to visit and provide an agenda for audit. This will allow Company to ensure appropriate scheduling and materials for the visit. Client is limited to one audit per year.
- 4.10 Company will provide a response to reviews conducted by client within 30 days of receiving client written report.
- 4.11 The company will maintain up to date QMS.

#### **5. Change Control**

- 5.01 Company will maintain a change control system. This includes the following regulatory systems:
  - Computer Systems
  - Instruments
  - QMS (Laboratory methods, SOPs and Policies)
  - Revalidation (if necessary)
- 5.02 The company will ensure all changes made in regards to testing methodologies are handled according to internal change controls as set by the company policies. Any applicable changes will be notified to the client.

#### **6. Deviations**

- 6.01 The company will notify the Client of any deviations that have an impact on the testing results.
- 6.02 In the case of deviations, company will follow SOP for instigation, evaluation and correction of deviations to the testing and storage of client's products.
- 6.03 If the client requests a retest, the terms and cost will be discussed between client and company sales team.

## **7. Facilities and Equipment**

- 7.01 The company will ensure that the laboratory facilities are designed, equipped and maintained to accommodate the testing required.
- 7.02 If any changes are made to the testing facility that could impact testing, the client will be informed immediately.
- 7.03 The company will ensure all instruments are properly calibrated and maintained to ensure accuracy in testing results.
- 7.04 The company will ensure that suitable storage conditions within the lab.

## **8. Training and Qualification**

- 8.01 The company is responsible for assuring all personnel engaged in testing and storage of samples have an adequate combination of education, experience and training to perform assigned functions.
- 8.02 All training is documented.

## **9. Regulator Compliance**

- 9.01 The company is to perform all testing in accordance with the Cannabis Act and Regulations (unless otherwise requested by Client).
- 9.02 The company does not assume any responsibility for the regulatory acceptance of the Clients submitted tests.
- 9.03 It is the responsibility of the client to assess the testing and validation requirements of their products and quality control systems.
- 9.04 Company will inform the client of testing programs that may need further consideration to ensure regulatory conformance.

## **10. Subcontracting**

- 10.01 The client will be notified in advance of any intent to subcontract all or part of any testing to another company facility or qualified vendor.
- 10.02 The client must agree in writing to the subcontracting process.
- 10.03 The company remains responsible for the acts or omissions of such other Company facility or other qualified vendor.

## **11. Confidentiality**

- 11.01 Unless required by law and regulatory authorities, all information contained in specifications, procedures, test methods, testing data, Certificate of Analysis etc. relating to the client's tests and products is confidential.
- 11.02 No unspecified testing or evaluation of any of the client's products are to be conducted without consent of the client.

**12. Summary of Quality Agreement**

<b>Duties</b>	<b>Client</b>	<b>Company</b>
<b>Obtain/maintain necessary licenses and permits</b>	<b>No</b>	<b>Yes</b>
<b>Communicate any changes to licenses and permits</b>	<b>No</b>	<b>Yes</b>
<b>Ensure appropriate packaging and submission of samples</b>	<b>Yes</b>	<b>No</b>
<b>Provide testing instructions Methods, references and changes when required</b>	<b>Yes</b>	<b>No</b>
<b>Provide product specifications and SDS if applicable</b>	<b>Yes</b>	<b>No</b>
<b>Store samples securely under appropriate conditions</b>	<b>No</b>	<b>Yes</b>
<b>Ensure all instruments are qualified, calibrated and available for testing</b>	<b>No</b>	<b>Yes</b>
<b>Retain samples for 7 days prior to disposal unless otherwise stated</b>	<b>No</b>	<b>Yes</b>
<b>Provide notification of changes to methods</b>	<b>Yes</b>	<b>Yes</b>
<b>Maintain all documentation for at least 5 years</b>	<b>No</b>	<b>Yes</b>
<b>Provide documentation within agreed upon time frame</b>	<b>No</b>	<b>Yes</b>
<b>Communicate Out of Specification testing needs and results</b>	<b>Yes</b>	<b>Yes</b>
<b>Ensure facility is staffed, equipped and maintained for services</b>	<b>No</b>	<b>Yes</b>
<b>Communicate information on regulatory inspections</b>	<b>No</b>	<b>Yes</b>
<b>Allow client to visit site and perform audit and inspection following advanced notice of approx. 10 days</b>	<b>No</b>	<b>Yes</b>
<b>Communicate any intent to subcontract any or all part of sample submitted for testing</b>	<b>No</b>	<b>Yes</b>

**Approval of the Quality Agreement**

**We agree with the foregoing terms and conditions and, in testimony whereof, we have signed:**

**Company:** \_\_\_\_\_

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

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

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

**Signature:** \_\_\_\_\_

**Client:** \_\_\_\_\_

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

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

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

**Signature:** \_\_\_\_\_

## **ATTACHMENT: General Conditions of Service**

### **1. General**

- a) Unless otherwise agreed in writing or except where they are at variance with
- (i) the regulations governing services performed on behalf of governments, government bodies or any other public entity or
  - (ii) the mandatory provisions of local law,
  
  - all offers or services and all resulting contractual relationship(s) between any of the affiliated companies of BPAX Labs and Client (the “Contractual Relationship(s)”) shall be governed by these general conditions of service (hereinafter the “General Conditions”).
- b) The Company may perform services for persons or entities (private, public or governmental) issuing instructions (hereinafter, the “Client”).

### **2. Provision of Services**

- a) The Company will provide services using reasonable care and skill as other service providers in the same industry as the Company and in accordance with Client's specific instructions as confirmed by the Company or, in the absence of such instructions:
- 1) the terms of any standard order form or standard specification sheet of the Company; and/or
  - 2) any relevant trade custom, usage or practice; and/or
  - 3) such methods as the Company shall consider appropriate acting reasonably on technical, operational and/or financial grounds.
- b) Information stated in Reports of Findings is derived from the results of inspection or testing procedures carried out in accordance with the instructions of Client, and/or our assessment of such results on the basis of any technical standards, trade custom or practice, or other circumstances which should in Company's professional opinion be taken into account.
- c) Should Client request that the Company witness any third-party intervention, Client agrees that the Company's sole responsibility is to be present at the time of the third party's intervention and to forward the results, or confirm the occurrence, of the intervention. Client agrees that the Company is not responsible for the condition or calibration of apparatus, instruments and measuring devices used, the analysis methods applied, the qualifications, actions or omissions of third-party personnel or the analysis results.
- d) Reports of Findings issued by the Company will reflect the facts as recorded by it at the time of its intervention only and within the limits of the instructions received or, in the absence of such instructions, within the limits of the alternative parameters applied as

provided for in clause 2 (a). The Company is under no obligation to refer to, or report upon, any facts or circumstances which are outside the specific instructions received or alternative parameters applied.

- e) The Company may delegate the performance of all or part of the services to an agent or subcontractor and Client authorizes Company to disclose all information necessary for such performance to the agent or subcontractor. Client must authorize subcontracting in writing prior to samples being sent and disclosure of Confidential Information. Company shall remain responsible for any services performed by such subcontractor.
- f) Should Company receive documents reflecting engagements contracted between Client and third parties or third-party documents, such as copies of sale contracts, letters of credit, bills of lading, etc., they are considered to be for information only, and do not extend or restrict the scope of the services or the obligations accepted by the Company.
- g) Client acknowledges that the Company, by providing the services, neither takes the place of Client or any third party, nor releases them from any of their obligations, nor otherwise assumes, abridges, abrogates or undertakes to discharge any duty of Client to any third party or that of any third party to Client.
- h) All samples shall be retained for a period no greater than 90 days and then disposed of at the Company's discretion after which time Company shall cease to have any responsibility for such samples.

### **3. Obligations of Client**

#### **The Client will:**

- a) Ensure that sufficient information, instructions and documents are given in due time (and, in any event not later than 48 hours prior to the desired intervention) to enable the required services performed.
- b) Provided the Company has given Client three (3) weeks prior notice, procure all necessary access for the Company's representatives to the premises where the services are to be performed and take all necessary steps to eliminate or remedy any obstacles to, or interruptions in, the performance of the services.
- c) Supply, if required, any special equipment and personnel necessary for the performance of services.
- d) Ensure that all necessary measures are taken for safety and security of working conditions, sites and installations during the performance of services and will not rely, in this respect, on the Company's advice whether required or not.

- e) Inform Company in advance of any known hazards or dangers, actual or potential, associated with any order or samples or testing including, for example, presence or risk of radiation, toxic or noxious or explosive elements or materials, environmental pollution, or poisons; and
- f) Fully exercise all its rights and discharge all its liabilities under any relevant sales or other contract with a third party and at law.

#### **4. Fees and Payment**

- a) Client will be billed upon completion of the online order form (an invoice is automatically generated and emailed to the client's accounting department). Non-credit accounts require payment in-full before results are released. Accounts with credit are required to pay within 30 days of billing.
- b) Samples will be processed immediately; exceptions: samples are from a new account that has not completed the approval process, the account has outstanding invoices, sample is not in acceptable condition. In this case the samples will be held in quarantine until approved by the Company.
- c) COA will not be released under orders have been paid for. For accounts with credit, COA's will not be released to delinquent accounts.
- d) When sample processing is completed, an invoice reminder email will be automatically sent to the client's Accounting department.
- e) Upon further delinquency a call will be made to the customer to arrange payment.
- f) If the account remains delinquent 2 business days following the payment date, a notice of delinquency, a decision will be made regarding how to move forward; for example: account suspension, termination of account, etc.
- g) Accounts in arrears may be suspended or terminated without notice.
- h) Client shall pay all of the Company's reasonable and documented collection costs, including reasonable and documented attorney's fees and related costs.
- i) In the event any unforeseen problems or expenses arise in the course of carrying out the services the Company shall inform Client prior to incurring any additional costs, and Client shall agree to such additional costs prior to any further services being performed.



## **5. Turnaround time guarantee and rush orders**

- a) Rush orders will be invoiced an additional 50% premium.
- b) Rush orders will be completed within 3 business days or the Client will receive a 50% credit, not including shipping.
- c) Samples must be received within 4 business days of completing the Order form or will fail to qualify for our guaranteed turnaround time.
- d) Company assumes no responsibility for samples that are lost, damaged or delayed in transit.
- e) Orders received after 11am will be considered the “next business day”.
- f) Out of specification/non-conformance/out of expectation results may disqualify order from guaranteed turnaround time.

## **6. Suspension or Termination of Services**

Either party shall be entitled to immediately and without liability either suspend or terminate provision of the services in the event of:

- a) failure by the other party to comply with any of its obligations hereunder and such failure is not remedied within 10 days that notice of such failure has been notified to that party; or
- b) any suspension of payment, arrangement with creditors, bankruptcy, insolvency, receivership or cessation of business by the other party; or
- c) 60 days’ notice of termination provided by one party to the other.

## **7. Liability and Indemnification**

### **Limitation of Liability:**

- a) The Company is neither an insurer nor a guarantor and, other than for breach of applicable laws, fraud, negligence, willful misconduct and/or bad faith on the part of the Company or anyone acting on their behalf, disclaims all liability in such capacity. Clients seeking a guarantee against loss or damage should obtain appropriate insurance.
- b) Reports of Findings are issued on the basis of information, documents and/or samples provided by, or on behalf of, Client and solely for the benefit of Client who is responsible for acting as it sees fit on the basis of such Reports of Findings. Neither the Company nor any of its officers, employees, agents or subcontractors shall be liable to Client nor any third party

for any actions taken or not taken on the basis of such Reports of Findings, nor any incorrect results in each case directly arising from unclear, erroneous, incomplete, misleading or false information provided to the Company by the Client.

- c) The Company shall not be liable for any delayed, partial or total non-performance of the services arising directly or indirectly from any event outside the Company's reasonable control including failure by Client to comply with any of its obligations hereunder.
- d) The liability of each party in respect of any third-party claim for loss, damage or expense of any nature and howsoever arising under this Agreement shall in no circumstances exceed five times (5x) the amount of the fee paid in respect of the specific service.
- e) Each party shall have no liability for any indirect or consequential loss (Including loss of profits).

## **8. Miscellaneous**

- a) If any one or more provisions of these General Conditions are found to be illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- b) During the course of providing the services and for a period of one year thereafter Client shall not directly or indirectly entice, encourage or make any offer to Company's employees to leave their employment with the Company, provided that this provision shall not apply to any such employees that respond and/or are hired pursuant to a general solicitation of employment.
- c) Use of either party's corporate name or registered marks for advertising purposes is not permitted without the other party's prior written authorization.

## **9. Governing Law, Jurisdiction and Dispute Resolution**

Unless specifically agreed otherwise, all disputes arising out of or in connection with Contractual Relationship(s) hereunder shall be governed by the substantive laws of the Province of Ontario exclusive of any rules with respect to conflicts of laws and be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules, each party to bear its own costs. The arbitration shall take place in Toronto, Ontario.

