

Framework Partnership and Collaboration Agreement

(according to § 1746, Par. 2 of Act No. 89/2012 Coll., the Civil Code, as amended)

Contracting Parties:

1. Technical University of Liberec, Faculty of Textile Engineering

Headquarters in: Studentská 2, Liberec 1, 46001
ID: 46747885
VAT No.: CZ46747885
Bank details: XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Account number: XXXXXXXXXXXXXXXXXXXX

Represented by: doc. Ing. Vladimír Bajzík, Ph.D.
Person in charge of the contractual relationship: XXXXXXXXXXXXXXXXXXXXXXXX
Internal contract number: **TUL – 499 385**
(hereinafter referred to as "**TUL**");

and

2. Healthy Apparel Company Ltd.

Headquarters in: 2 - 5085 North Fraser Way, Burnaby, BC V5J 0J2 Canada
ID: 72833 8336 RT0001
VAT No.: N/A
Registered in: British Columbia, Canada
Represented by: Mr. Theodore Venners, CEO
(hereinafter referred to as "**HA**")

Upon agreement led by an effort to strengthen the connection between theory and practice, between educators and manufacturers, and to establish closer relations between the above entities, the Contracting Parties conclude as of this day and year written below this Framework Partnership and Collaboration Agreement.

I.

Preamble

1. TUL is a public university-type higher education institution with self-administration and academic liberties set forth in Act 111/1998 Coll., on Higher Education Institutions, and the Statutes of the TUL.
2. Healthy Apparel Company Ltd. is a company established in the year 2020. Its business is manufacturing and sales of personal protection wear and equipment. The company aims at long-term improvement and development of its products and services.

II.

Subject matter of the Agreement

1. The subject matter of this Agreement is collaboration between the Parties in field of nonwoven fabric development and production from biodegradable and /or compostable materials. (hereinafter referred to as "**Collaboration**").



2. The objectives of Collaboration are 1) improving the manufacturing processes of biodegradable and/or compostable nonwoven fabrics, such as spunblown, and meltblown, using polymers made from polylactic acid (PLA) or PLA in combination with other materials, and 2) establishing longer-term research and development program and projects involving the Parties plus the University of British Columbia (UBC), Canada, which would result in the development of manufacturing processes of biodegradable and/or compostable nonwoven fabrics, such as spunblown, and meltblown, from new types of polymers, or combination of polymers. HA, as the Party with existing relationship with UBC, shall initially secure the invitation and participation of UBC.
3. The subject matter of this Agreement is the stipulation of conditions, activities and other rights and obligations of the TUL and HA when engaged in Collaboration.
4. The subject matter of this Agreement is also to determine ownership of the results of Collaboration under this Agreement.
5. Collaboration between the Parties shall be conducted according to this Agreement and other separate contracts relevant to the type, manner and form of collaboration / orders which will provide specific details to this Agreement.

III.

Division of activities between the TUL and HA within Collaboration

1. The division of activities will be covered by individual appendices / orders to this Agreement.

IV.

Rights and obligations of the Parties

1. Both parties undertake to cooperate with each other without delay in order to meet the objectives of Collaboration.
2. Both parties have an obligation to immediately inform each other in writing upon changing their headquarters, form of business, entering administration, being involved in ongoing insolvency proceedings and any other facts recorded in the Commercial Register.

V.

Rights to tangible assets

If any assets are created or acquired as a result of joint work by the TUL and HA such assets shall be jointly owned by them, with their respective ownership shares being equal to the shares they had in creating the assets; in case of doubt their shares will be equal. Both the TUL and HA shall treat the assets with good stewardship, in particularly safeguarding them against damage, loss or theft, and use them primarily for activities related to Collaboration.

VI.

Intellectual property rights

1. Intellectual property rights shall mean primarily the following:
 - Copyright, rights related to copyright, the database creator's rights and know-how;
 - Industrial rights, protection of the results of technical creative works (inventions and utility models), objects of industrial ownership (industrial designs), rights to marking (trademarks) and semiconductor design layouts (topography of semiconductors).



- The Contracting Parties undertake not to use the intellectual property contributed to Collaboration by one of the Contracting Parties in contradiction with its purpose, with the purpose of Collaboration under this Collaboration Agreement, to the benefit of third parties other than under this Agreement or to its own benefit unrelated to the subject matter of Collaboration unless otherwise agreed.
2. The Contracting Parties agree that the intellectual property rights arising through Collaboration under this Agreement (hereinafter referred to as the "**new intellectual property**") shall be owned by the Contracting Party which created such property using its workforce and its material and financial input without any contribution from the other Party (hereinafter referred to as the "**Owner**").
 3. If new intellectual property is created through contribution from the other Contracting Party (hereinafter referred to as the "**new joint intellectual property**"), such intellectual property shall be jointly owned by the Contracting Parties (hereinafter referred to as "**Joint Owners**"). The Contracting Parties agree that the proportion of their ownership shares and the manner of managing the new intellectual property shall always be governed by a written agreement.
 4. The Contracting Parties are obliged to protect intellectual property in such a manner that is the most beneficial for each particular intellectual property type. The Owner or Joint Owner (in proportion to their ownership shares) shall bear the cost of corresponding procedures leading to the provision of the most beneficial type of protection.
 5. Each of the Contracting Parties shall have the right to use new intellectual property in science, research and education and also commercially, that is within the scope of production launch, actual manufacturing, offering, sales and promotion including market launch, without any production or sales volume limitations or territorial limits. The Contracting Parties undertake to keep separate accounting records related to the use of IP under this clause. The Contracting Parties are obliged to use new joint intellectual property in such a way which will not interfere with the justified interest of the other Joint Owner.
 6. The Contracting Parties agree that in the event that one of the Contracting Parties uses new joint intellectual property commercially (this Party is hereinafter referred to as the "Obligor"), this Party shall grant the other Contracting Party (hereinafter referred to as the "Beneficiary") a share in such use of new joint intellectual property. This share shall be calculated from the volume of production turned out by the Obligor at a rate of 3% from actual production output (APO). Actual production output shall mean, within the sense of this clause, the monetary expression of sales excluding VAT applied according to Act No. 235/2004 Coll., as amended, arising from the Payer's production output.
 7. Neither of the Contracting Parties shall have the right to grant rights to use (hereinafter referred to as the "**licence**") new joint intellectual property to a third party without prior written consent of the other Contracting Party. A licence may be granted through a separate agreement the parties to which will be the TUL and the other Contracting Party acting as co-licensors. A licence also includes sub-licences. A fee from a licence granted shall be divided between the Contracting Parties according to their ownership shares unless otherwise agreed.
 8. HA shall have no right to grant a licence or sub-licence to a party which is associated to the Joint Owner in business (a controlling person, a controlled person, a managed person, a managing person, a concern, a holding company etc.) without prior written consent from the TUL.
 9. Agreement by both Joint Owners is necessary in order to transfer new joint intellectual property to a third party. Should a share in joint ownership or its part be transferred, the other Contracting Party (hereinafter referred to as the "Eligible



- Party") shall have the right of first option. It shall inform the other Contracting Party (hereinafter referred to as the "Assignor") regarding the exercise of its right of first option within a time limit of one month from receiving a written offer of transfer in which the Assignor shall specify, among other things, the price of the joint ownership share to be transferred, which will be determined as a market value reflecting supply and demand at the time or, if the price of the joint ownership share (hereinafter referred to as the "price of the share") cannot be determined in this manner, it will be determined by expert valuation, and the period of time for which the Assignor's offer will be binding.
10. If the Eligible Party informs the Assignor within a time limit of one month that the Eligible Party decided to exercise its right of first option, the Eligible Party has an obligation to conclude a corresponding agreement to transfer the share or its part and purchase that share for the price quoted in the offer within the term for which this offer is binding under the previous clause. If such an agreement is not concluded for reasons on the part of the Assignor, the Assignor shall pay the Eligible Party a contractual penalty for failed transfer in the sum amounting to one third of the price of the share. If the Eligible Party fails to pay the price of the share within the term specified, the entire transfer agreement shall be cancelled and the Eligible Party's right of first option shall be deemed to have expired for this particular offer. At the same time, the Eligible Party shall pay the Assignor a contractual penalty for failed transfer in the sum amounting to one third of the price of the share.
 11. If the Eligible Party does not want to exercise its right of first option, it will notify the Assignor of this decision within the above one-month term and confirm that decision in a binding manner by making a statement to that effect in and signing a joint ownership share transfer agreement between the Assignor and the third party purchasing that share for the price according to Clause 9, Article VI of this Agreement (the agreement must reflect the shares and the manner of treating and using IP under this Agreement). Such an agreement must be signed no later than by the end of the term for which the offer is binding (Clause 9 of this article). After the expiry of this term, the Eligible Party shall no longer be bound by its decision not to exercise its right of first option. In the event that the Eligible Party does not intend to exercise its right of first option but at the same time refuses to make a corresponding statement in and sign an agreement to transfer a share in ownership between the Assignor and a third party, the Assignor shall have the right to conclude this agreement with a third party even without such a statement. Should the Assignor transfer its share for a price lower than the price of the share under Clause 9 of this article, such a share transfer agreement will become invalid.
 12. Each of the Contracting Parties has the right to make claims for breach of its IP rights separately unless they agree to act jointly.

VII.

Responsibility and penalties

1. If a contracting Party shall commit a substantial breach of obligations, the injured Party shall have the right to immediately terminate this agreement.
2. A substantial breach of obligations shall include particularly the following:
 - Failure to provide necessary cooperation (Article IV, Clause 1 of the Agreement);
 - Breach of Article VI of this Agreement – intellectual property rights (Article VI, Clause 4,7,8,9,10 and 11);
 - Breach of confidentiality (Article VIII of this Agreement).

The termination of the Agreement by the injured Party does not preclude a claim for damages resulting from a breach.



3. If a Contracting Party commits a minor breach of its obligations under this Agreement, the injured Party shall have the right to suspend further Collaboration and set a period for remedy through written notice.
4. If the breaching Party fails to remove the breach of obligations under this Agreement within the set period, the injured Party shall have the right to terminate this Agreement. The notice of termination shall be delivered to the other Contracting Party in writing, stating the cause of such termination.
5. The Contracting Parties' liability to third parties shall be governed by general third-party liability rules.

VIII.

Confidentiality

1. The Contracting Parties undertake to keep confidential all information related to their Collaboration under this Agreement and all other contracts / orders in connection thereto regardless of their form and manner of transmission and reception until such information is disclosed (hereinafter referred to as the "confidential information"). The Contracting Parties' workforce shall also be bound by this obligation of confidentiality. For the purposes of this Agreement, the Contracting Parties' workforce shall mean a Contracting Party's employees or other persons engaged in conducting activities for a Contracting Party based on any demonstrable legal relation whatsoever which are related to the performance of obligations under this Collaboration Agreement.
2. The provision of confidential information does not constitute any right to licences, trademarks, patents, rights of us or dissemination of authored works or any other intellectual property rights. The provision of such information to the other Contracting Party does not grant any right to that party to raise objections to priority claims in intellectual property protection procedures. All information shall remain ownership of the Contracting Party which provided it.
3. The obligation of confidentiality does not apply to information which:
 - may be disclosed without breaching the above provisions,
 - will be made publically available or disclosed in a manner other than breach of obligations by one of the Contracting Parties (e.g. by granting a patent),
 - will be lawfully requested by a court of justice, a public prosecutor's office or an authority having subject-matter jurisdiction over contracts of this type and will be used only for such purposes.

IX.

Final provisions

1. This Agreement is concluded for an indefinite period of time. Following the termination of this Agreement the provisions contained herein which govern confidentiality obligations, intellectual property protection, dispute resolution and the imposing of penalties shall remain in force.
2. This Agreement can also be terminated by mutual agreement between the Contracting Parties by written notice, termination under Article VII of this Agreement and termination without cause. The period of notice is 30 days and begins to run from the day following the day of delivery of the notice of termination. The Contracting Parties are obliged to settle their mutual obligations after the termination has taken effect.
3. The Agreement reflects the free and serious expression of the will of the Parties. Legal relations not regulated by this Agreement will be governed in accordance with the provisions of Act No. 89/2012 Coll., the Civil Code, as amended.



4. The rights and obligations arising from this Agreement pass on to any legal successors of the Contracting Parties. The rights and obligations under this Agreement may only be transferred with the prior written consent of the other Contracting Party.
5. In the event that certain provisions of this Agreement become invalid, ineffective or unenforceable, this will not affect the validity, effectiveness or enforceability of the other provisions of this Agreement.
6. The Agreement has been executed in 2 equivalent copies, each of which shall be valid as an original, with 1 original being delivered to each Party hereto.
7. Amendments and additions to this Agreement may only be made by written and sequentially numbered appendices mutually agreed upon by the Parties.
8. In the event of doubt, all documents addressed to either party shall be deemed to have been delivered on the 10th working day after verifiable dispatch by a postal services provider.
9. The Agreement shall enter into force on the date of signature by authorised representatives of the Contracting Parties or on the date on which it is signed by the authorised representative of the Contracting Party signing the Agreement later. The Agreement shall take effect on the day of its publication in the Register of Contracts. Performance of the subject matter of this Agreement which took place before the Agreement came into effect shall be considered performance under this Agreement and the rights and obligations arising thereof shall be governed by this Agreement.
10. If the Agreement meets the conditions for publication in the Register of Contracts, it shall be published by the TUL according to Act No. 340/2015 Coll., on the Register of Contracts, in the Register of Contracts kept by the Ministry of the Interior CZ, with which both parties expressly agree.
11. All disputes between the Contracting Parties arising from this Agreement shall be settled amicably. If no amicable settlement is reached, the Contracting Parties agree on the local jurisdiction of the competent court determined according to the headquarters of the TUL.
12. Both Contracting Parties declare that they have read the Agreement carefully and attach their signatures as proof of their agreement with the above provisions:

Signature HA	Stamp and signature TUL
..... Theodore Venners, CEO In Burnaby, Canada on 26 Aug 2021 doc. Ing. Vladimír Bajzík, Ph.D. In Liberec on 30.8.2021