

# Table of Contents

<b>Introduction and Purpose</b>	<b>3</b>
Scope of Agreement	3
<b>Definitions and Interpretations</b>	<b>3</b>
Interpretation	4
Communication	4
<b>Risk Identification and Allocation</b>	<b>4</b>
Financial Risks	4
Operational Risks	5
Legal Risks	5
Excluded Risks	5
Risk Allocation Summary	5
<b>Governance and Management</b>	<b>5</b>
Reporting and Communication	5
Decision-Making Process	6
<b>Financial Responsibilities and Payments</b>	<b>6</b>
Cost Sharing	6
Payment Terms	6
Reimbursement Procedures	7
<b>Confidentiality and Data Protection</b>	<b>7</b>
Confidentiality Obligations	7
Security Measures	7
Data Protection	7
Term	7
<b>Indemnification and Liability</b>	<b>8</b>
Indemnification	8
Limitation of Liability	8
<b>Dispute Resolution Mechanisms</b>	<b>8</b>
Dispute Resolution	8
Escalation	8
Mediation	9
Arbitration	9
<b>Duration, Termination and Renewal</b>	<b>9</b>
Term	9



Termination .....	9
Renewal .....	10
<b>Compliance and Regulatory Requirements .....</b>	<b>10</b>
Data Privacy .....	10
Compliance Documentation and Audits .....	10
<b>Force Majeure .....</b>	<b>10</b>
Qualifying Events .....	11
Notification .....	11
Impact on Obligations .....	11
<b>Miscellaneous Provisions .....</b>	<b>11</b>
Amendments .....	11
Assignment .....	11
Notices .....	11
Entire Agreement .....	12



# Introduction and Purpose

This Risk Sharing Agreement (the "Agreement") is made and entered into as of August 9, 2025, by and between Docupal Demo, LLC, a company organized and existing under the laws of the United States, with its principal place of business at 23 Main St, Anytown, CA 90210 ("DocuPal"), and Acme, Inc ("ACME-1"), a business with its principal place of business at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA.

The purpose of this Agreement is to establish a framework for equitably sharing certain financial, operational, and legal risks associated with ACME-1's implementation and use of DocuPal's document management system. This agreement outlines the responsibilities, obligations, and remedies of each party with respect to such risks.

## Scope of Agreement

This Agreement specifically addresses risks related to project delays, system failures, data breaches, and unexpected costs that may arise during the implementation and ongoing operation of the DocuPal system. It defines how these risks will be allocated and managed between DocuPal and ACME-1.

# Definitions and Interpretations

For the purposes of this Risk Sharing Agreement, the following terms shall have the meanings set forth below. These definitions are intended to ensure consistent interpretation and application of this agreement by both DocuPal Demo, LLC ("DocuPal") and ACME-1 ("Acme").

## Key Definitions:

- **Project Delay:** Any delay in the implementation timeline exceeding [Number] days, not caused by DocuPal or Acme.
- **System Failure:** A material malfunction of the document management system that prevents ACME-1 from performing its essential business functions.
- **Data Breach:** Unauthorized access to, or disclosure of, ACME-1's confidential data.



- **Unexpected Costs:** Unforeseen expenses exceeding the project budget by more than [Percentage]%, excluding costs arising from negligence of either party.
- **Material Adverse Effect:** A significant event or circumstance that impairs ACME-1's ability to realize the anticipated benefits of the document management system.

## Interpretation

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter.

## Communication

Each party will designate a primary point of contact for all communications related to this Agreement. Regular joint meetings will be held to review progress, address concerns, and ensure consistent understanding of the agreement's terms and conditions.

## Risk Identification and Allocation

This section identifies and allocates the financial, operational, and legal risks associated with the DocuPal document management system implementation. Both DocuPal Demo, LLC and ACME-1 acknowledge these risks and agree to the following allocation.

### Financial Risks

A key financial risk involves unexpected cost overruns during the implementation. DocuPal and ACME-1 will share these overruns. The sharing will commence only after a predefined threshold is exceeded. Above this threshold, both parties will bear 50% of the additional costs.



## Operational Risks

System downtime represents a significant operational risk. DocuPal will be responsible for system failures. This responsibility is limited to a capped amount. This cap will be defined in Appendix A.

## Legal Risks

Data breach liability is a critical legal risk. ACME-1 will be responsible for liabilities arising from misuse of the system. Misuse includes unauthorized access and non-compliance with data protection regulations by ACME-1's employees or agents.

## Excluded Risks

This agreement excludes risks arising from ACME-1's gross negligence or willful misconduct. DocuPal will not be liable for issues stemming from such actions by ACME-1.

## Risk Allocation Summary

The following chart illustrates the allocation of identified risks between DocuPal and ACME-1:

# Governance and Management

The administration of this Risk Sharing Agreement will be overseen by a joint steering committee. This committee will include representatives from both DocuPal Demo, LLC and ACME-1.

## Reporting and Communication

Both parties will adhere to the following reporting and communication protocols to ensure transparency and effective risk management:

- **Monthly Progress Reports:** DocuPal Demo, LLC will provide ACME-1 with monthly progress reports detailing the project's status, key milestones achieved, and any potential risks identified.



- **Immediate Risk Notification:** Both DocuPal Demo, LLC and ACME-1 will immediately notify each other of any event that could potentially impact the agreed-upon risk parameters.
- **Quarterly Review Meetings:** The joint steering committee will conduct quarterly review meetings to assess the overall effectiveness of the risk-sharing arrangement, discuss any emerging issues, and make necessary adjustments to the agreement.

## Decision-Making Process

All decisions regarding risk management and the interpretation of this agreement will be made by the joint steering committee. Unanimous approval from both DocuPal Demo, LLC and ACME-1 representatives is required for any decision to be implemented. This ensures that both parties are in agreement on the course of action.

This structure ensures collaborative governance, shared responsibility, and proactive risk mitigation throughout the term of this agreement.

## Financial Responsibilities and Payments

DocuPal Demo, LLC will provide the document management system and necessary support services. Acme, Inc. will provide the required data and infrastructure for system implementation and operation.

### Cost Sharing

Shared costs will include expenses directly related to the risk-sharing initiatives outlined in this agreement. These costs will be calculated based on actual expenses incurred by either party.

### Payment Terms

Acme, Inc. will remit payments to DocuPal Demo, LLC within thirty (30) days of receiving an invoice. Late payments will incur a penalty of one percent (1%) per month on the outstanding balance.



## Reimbursement Procedures

DocuPal Demo, LLC will submit invoices to Acme, Inc. for shared costs, including detailed documentation supporting the expenses. Acme, Inc. will review the invoices and reimburse DocuPal Demo, LLC within thirty (30) days of the invoice date.

# Confidentiality and Data Protection

DocuPal Demo, LLC and ACME-1 agree to protect each other's confidential information. This includes customer data, pricing details, and system architecture. Both parties will treat this information as strictly confidential.

## Confidentiality Obligations

Both parties will limit access to confidential information. Access will only be granted to employees or agents who need to know the information. Each party will protect the confidential information with the same level of care they use to protect their own confidential information.

## Security Measures

ACME-1 and DocuPal Demo, LLC will implement appropriate security measures. These measures include encryption, access controls, and regular security audits. Both parties will also provide employee training on data protection.

## Data Protection

All data will be handled according to applicable data protection laws.

## Term

The confidentiality obligations persist for five years after the termination of this agreement.





# Indemnification and Liability

## Indemnification

DocuPal Demo, LLC ("DocuPal") will indemnify, defend, and hold harmless Acme, Inc ("ACME-1") from and against any and all losses, liabilities, damages, costs, or expenses (including reasonable attorneys' fees) arising out of or resulting from failures of the document management system provided under this Agreement.

ACME-1 will indemnify, defend, and hold harmless DocuPal from and against any and all losses, liabilities, damages, costs, or expenses (including reasonable attorneys' fees) arising out of or resulting from data breaches caused by ACME-1's misuse of the document management system.

## Limitation of Liability

DocuPal's total liability to ACME-1 under this Agreement will be limited to the total fees paid by ACME-1 to DocuPal under this Agreement. This limitation will not apply to liability arising from DocuPal's gross negligence or willful misconduct. Likewise, ACME-1's liability is not limited in cases of gross negligence or willful misconduct.

# Dispute Resolution Mechanisms

## Dispute Resolution

DocuPal Demo, LLC and ACME-1 commit to resolving disagreements efficiently and in good faith. This section outlines the process for addressing disputes related to this Risk Sharing Agreement.

## Escalation

Initially, any dispute will be escalated to the senior management of both DocuPal Demo, LLC and ACME-1. These individuals will collaborate to find a resolution.





## Mediation

If senior management cannot resolve the dispute within thirty (30) days, the parties agree to participate in non-binding mediation. A mutually agreed-upon mediator will be selected. The mediation will take place in Delaware, unless both parties agree to an alternate location.

## Arbitration

If mediation is unsuccessful, the dispute will be settled by binding arbitration administered in accordance with the rules of the American Arbitration Association. The arbitration will be conducted by a single arbitrator with expertise in contract law and the document management systems industry. The decision of the arbitrator will be final and binding on both parties. The arbitration will take place in Delaware, unless otherwise agreed. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The governing jurisdiction for any legal proceedings related to this agreement is the State of Delaware.

# Duration, Termination and Renewal

## Term

This Risk Sharing Agreement will begin on August 9, 2025, and continue for an initial term of three (3) years.

## Termination

This Agreement may be terminated under the following circumstances:

- **Material Breach:** Either party may terminate this Agreement if the other party materially breaches any of its obligations, and fails to cure such breach within thirty (30) days after receiving written notice of the breach.
- **Insolvency:** Either party may terminate this Agreement if the other party becomes insolvent or enters into bankruptcy proceedings.
- **Mutual Agreement:** This Agreement may be terminated by mutual written agreement of both parties.



## Renewal

Following the initial three-year term, this Agreement will automatically renew for successive one-year terms. Either party may prevent automatic renewal by providing written notice of termination to the other party at least ninety (90) days prior to the end of the then-current term.

## Compliance and Regulatory Requirements

DocuPal Demo, LLC and ACME-1 acknowledge that this Risk Sharing Agreement is subject to various laws, regulations, and industry standards. Both parties commit to complying with all applicable requirements.

### Data Privacy

This agreement and its execution must adhere to data privacy regulations. These include HIPAA, GDPR, and other relevant data protection laws. Both parties must maintain policies and procedures. These must ensure the privacy, security, and integrity of protected data.

### Compliance Documentation and Audits

DocuPal Demo, LLC will provide ACME-1 with necessary compliance documentation. This includes SOC 2 compliance reports, data privacy policies, and security audit reports. To ensure ongoing compliance, annual audits and reviews of relevant systems and processes will be conducted. These audits will assess adherence to regulatory requirements and contractual obligations. Both parties will cooperate fully during these reviews.

## Force Majeure

DocuPal Demo, LLC and ACME-1 will not be liable for any failure or delay in performance. This applies if such failure or delay is due to circumstances beyond its reasonable control.



## Qualifying Events

These circumstances include, but are not limited to, natural disasters, acts of war, and new government regulations.

## Notification

If a force majeure event occurs, the affected party must provide immediate written notice to the other party.

## Impact on Obligations

The obligations of the affected party will be suspended for the duration of the force majeure event.

# Miscellaneous Provisions

## Amendments

This Agreement may be amended only by a written instrument signed by authorized representatives of both DocuPal Demo, LLC and ACME-1. Any modification must clearly state the specific provisions being amended and the nature of the changes.

## Assignment

Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Such consent shall not be unreasonably withheld. Any attempted assignment without such consent shall be void.

## Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed effectively given upon the earlier of: (a) receipt, if delivered personally; (b) three (3) business days after deposit in the United States mail, postage prepaid, certified mail, return receipt requested; or (c) upon successful transmission, if sent



by email, with confirmation of receipt. Notices shall be sent to the addresses set forth in the introductory section of this Agreement, or to such other address as a party may designate by notice given in accordance with this section.

## Entire Agreement

This Agreement constitutes the entire agreement between DocuPal Demo, LLC and ACME-1 with respect to the subject matter hereof and supersedes all prior or contemporaneous communications and proposals, whether oral or written, between the parties with respect to such subject matter.

