Human–AI Systems

# Master Services Agreement

## Human-AI Systems Limited

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| **VERSION** | 1.0 |
| **EFFECTIVE FROM** | 18 May 2026 |
| **PUBLISHED AT** | human-ai-systems.com/legal/msa-v1.0 |

## 1. Background and Purpose

1.1 **Human-AI Systems Limited**, a company registered in England and Wales with company number **12648495** and registered office at **Thames House, Lower Mill Lane, Somerford Keynes, Cirencester, Gloucestershire, GL7 6BG, United Kingdom** (**"HAS"**), provides advisory and implementation services in the area of artificial intelligence transformation.

1.2 This Master Services Agreement (the **"Agreement"** or **"MSA"**) sets out the standard terms and conditions on which HAS provides Services to its clients. Each engagement is governed by this Agreement together with a project-specific Statement of Work, as described in clause 2.

1.3 By signing a Statement of Work that references this Agreement, the Client agrees that this Agreement applies to the Services described in that Statement of Work.

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## 2. Structure of the Agreement

2.1 The contractual relationship between HAS and the Client comprises:

(a) this Agreement, which sets out the legal and commercial framework that applies to all engagements;

(b) one or more **Statements of Work** (each a **"SOW"**), which describe the specific Services, Deliverables, fees, timeline, and any project-specific terms for a particular engagement; and

(c) any annexes expressly incorporated by reference, including (where applicable) the Data Processing Annex referenced in clause 8.

2.2 Each SOW shall be a separate contract between HAS and the Client incorporating the terms of this Agreement. The Agreement applies to all SOWs entered into between HAS and the Client unless and until expressly replaced or terminated under clause 13.

2.3 **Order of precedence.** In the event of any conflict or inconsistency between the documents:

(a) a fully executed SOW shall prevail over this Agreement, but only as to the specific matter on which the SOW expressly differs;

(b) this Agreement shall prevail over any other document including, for the avoidance of doubt, any of the Client's standard purchase order terms or supplier onboarding terms, unless those terms are expressly accepted in writing by an authorised signatory of HAS;

(c) annexes incorporated by reference shall have the same status as the document into which they are incorporated.

2.4 **Each SOW must include**, at minimum: a description of the Services; the Deliverables (if any); the fees and payment schedule; the engagement duration; named personnel where relevant; and any project-specific variations from this Agreement, which must be expressly identified as such.

2.5 The Client acknowledges that this Agreement has been made available to it at https://human-ai-systems.com/legal/msa-v1.0 and that it has had the opportunity to review the Agreement before signing any SOW. A copy of the Agreement as in force at the time of the SOW shall be attached to the SOW for the avoidance of doubt.

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## 3. Definitions

In this Agreement, capitalised terms have the meanings set out below.

**"Agreement"** has the meaning given in clause 1.2.

**"Affiliate"** means, in relation to a party, any entity that directly or indirectly controls, is controlled by, or is under common control with that party, where "control" means the ownership of more than 50% of the equity or voting rights.

**"AI Output"** means any output generated by an artificial intelligence system used by HAS in the course of providing the Services, whether such system is operated by HAS, by the Client, or by a third party.

**"Background IP"** means all Intellectual Property Rights owned by, or licensed to, a party as at the Effective Date of an SOW or that arise outside the scope of that SOW, including, in the case of HAS, its methodologies, frameworks, prompts, model configurations, agents, tools, software libraries, training materials, and templates.

**"Business Day"** means a day other than a Saturday, Sunday, or public holiday in England.

**"Client"** means the entity named as such in a Statement of Work.

**"Client Materials"** means all materials, data, systems access, documents, and information provided by the Client to HAS for the purpose of receiving the Services.

**"Confidential Information"** has the meaning given in clause 7.

**"Deliverables"** means the tangible or intangible outputs identified as such in a Statement of Work and required to be delivered by HAS to the Client.

**"Effective Date"** means, in relation to an SOW, the date on which it is signed by both parties or such later date as the SOW expressly states.

**"Fees"** means the fees payable by the Client to HAS for the Services, as set out in the relevant SOW.

**"Foreground IP"** means all Intellectual Property Rights created or developed by HAS (whether alone or jointly with the Client) in the course of providing the Services, excluding Background IP.

**"Intellectual Property Rights"** or **"IPR"** means patents, utility models, rights in inventions, registered and unregistered trade marks and service marks, registered and unregistered designs, copyrights and related rights, database rights, rights in confidential information and know-how, and all other intellectual property rights and similar or equivalent rights anywhere in the world, whether registered or unregistered, including all applications and rights to apply for the same.

**"Personal Data"** has the meaning given to it in the UK GDPR.

**"Services"** means the consulting, advisory, and implementation services to be provided by HAS to the Client as described in the relevant SOW.

**"SOW"** has the meaning given in clause 2.1(b).

**"Subcontractor"** means any third party engaged by HAS to provide any part of the Services.

**"UK GDPR"** means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 as it forms part of the law of England and Wales by virtue of section 3 of the European Union (Withdrawal) Act 2018, together with the Data Protection Act 2018.

**"VAT"** means value added tax chargeable under the Value Added Tax Act 1994 or any equivalent or successor tax.

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## 4. Provision of Services

4.1 HAS shall provide the Services described in each SOW with reasonable skill and care, and in accordance with the standards reasonably to be expected of an experienced provider of consulting and AI implementation services.

4.2 The Services shall be provided during normal Business Days and Business Hours unless otherwise agreed in the SOW. HAS may provide Services remotely except where the SOW specifies on-site attendance.

4.3 HAS shall, where reasonably required for the performance of the Services, comply with the Client's reasonable site rules, security policies, and access procedures, provided that these are notified to HAS in advance and do not materially expand HAS's obligations under this Agreement or the SOW.

4.4 **Client cooperation.** The Client shall provide, on a timely basis, such access to its personnel, premises, systems, and information as HAS reasonably requires to perform the Services. HAS shall not be liable for any delay, failure, or impact on the Services caused by the Client's failure to provide such cooperation, and HAS shall be entitled to an equitable adjustment to timelines and to recover its reasonable additional costs.

4.5 **Change control.** Any change to the scope of an SOW, including additions, removals, or material variations to the Services or Deliverables, shall be agreed in writing between the parties by way of a signed change order or amendment to the SOW. HAS is not obliged to perform any work outside the agreed scope until a change order has been signed.

4.6 **Time estimates.** Unless an SOW expressly states that a date is a fixed deadline accepted by HAS as such, all dates and timeframes are estimates only and time is not of the essence.

4.7 **Acceptance of Deliverables.** Where an SOW identifies specific Deliverables:

(a) HAS shall notify the Client when a Deliverable is ready for review;

(b) the Client shall have ten (10) Business Days from receipt to review the Deliverable and either accept it or reject it by written notice to HAS setting out, in reasonable detail, the specific respects in which the Deliverable does not materially conform to the SOW;

(c) if the Client does not provide such a written rejection within the review period, the Deliverable shall be deemed accepted;

(d) if the Client rejects a Deliverable in accordance with (b), HAS shall use reasonable endeavours to correct the non-conformity and re-submit the Deliverable for a further ten (10) Business Day review period; and

(e) acceptance (or deemed acceptance) of a Deliverable is without prejudice to HAS's warranty in clause 9.1(b) and to any latent-defect rights at common law.

4.8 **Information security — Client obligations.** The Client shall:

(a) be responsible for the security of its own systems, networks, applications, and credentials;

(b) determine which of its systems HAS personnel may access and with what level of privilege, and provide and revoke such access as required;

(c) make its own decisions about which third-party AI tools and platforms may be used in connection with the Services, and which of its data may be submitted to such tools, taking account of the Client's own data classification, regulatory obligations, and risk appetite; and

(d) maintain appropriate technical and organisational measures (including, without limitation, multi-factor authentication, password discipline, and least-privilege access controls) to protect its systems and data.

HAS shall use reasonable endeavours to comply with security policies notified to it by the Client under clause 4.3, but does not warrant the security of the Client's systems or that any system, product, or third-party service used by the Client in connection with the Services will be free from unauthorised access or cyber-attack. Nothing in this clause 4.8 limits HAS's own obligations under clause 7 (Confidentiality) or clause 8 (Data Protection) in respect of information or systems entrusted to HAS for the performance of the Services.

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## 5. Fees, Expenses, Payment, and VAT

5.1 **Fees.** The Client shall pay HAS the Fees specified in the relevant SOW. Fees are exclusive of VAT and expenses unless the SOW expressly states otherwise.

5.2 **Standard payment terms.** Unless an SOW expressly provides otherwise, HAS shall invoice monthly in arrears and invoices are payable within **thirty (30) days** of the date of the invoice, in pounds sterling, by bank transfer to the account specified on the invoice.

5.3 **VAT.**

(a) As at the Effective Date of this version of the Agreement, HAS is not registered for VAT and accordingly does not charge VAT on its Fees or expenses.

(b) If, during the term of an SOW or thereafter, HAS becomes registered for VAT, HAS shall be entitled to charge VAT in addition to its Fees and expenses at the prevailing rate from the effective date of its VAT registration, and the Client shall pay such VAT against a valid VAT invoice. HAS shall give the Client reasonable advance notice of any such VAT registration.

(c) All Fees and expenses stated in any SOW shall be deemed to be exclusive of VAT and any other applicable taxes, duties, or levies.

5.4 **Expenses.** Reasonable expenses incurred by HAS in providing the Services (including travel, accommodation, subsistence, and third-party costs) shall be reimbursed by the Client at cost, subject to:

(a) any expenses policy specified in the SOW;

(b) prior written approval of any single expense item exceeding £250 or any travel outside the UK; and

(c) production of receipts or other reasonable evidence of expenditure.

5.5 **Late payment.** Without prejudice to any other right or remedy, if the Client fails to pay any undisputed invoice on the due date:

(a) interest shall accrue on the overdue amount at the rate prescribed from time to time by the Late Payment of Commercial Debts (Interest) Act 1998, together with any fixed sum and recovery costs prescribed thereunder;

(b) HAS shall be entitled, on giving five (5) Business Days' written notice, to suspend the Services until payment is received; and

(c) HAS shall be entitled to terminate the relevant SOW in accordance with clause 13.

5.6 **Disputed invoices.** The Client shall give HAS prompt written notice of any disputed item, identifying the disputed item and the reason for the dispute, and in any event no later than thirty (30) days from the date of the invoice. The undisputed balance of the invoice shall be paid on the due date. The parties shall use reasonable endeavours to resolve the dispute promptly.

5.7 **No set-off.** The Client shall pay all sums due without set-off, counterclaim, deduction, or withholding, except (a) as required by law or (b) against undisputed sums owed by HAS to the Client under the same SOW.

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## 6. Intellectual Property Rights

6.1 **Background IP.** Each party retains all right, title, and interest in and to its Background IP. Nothing in this Agreement or any SOW transfers Background IP between the parties.

6.2 **HAS Background IP licence.** HAS grants the Client a non-exclusive, royalty-free licence to use such of HAS's Background IP as is incorporated into the Deliverables, solely to the extent necessary for the Client to receive the benefit of the Deliverables for the Client's internal business purposes and the ordinary commercial operation of the Client's business (including the operation of customer-facing systems where the relevant SOW contemplates such use). This licence is perpetual provided the Client has paid all Fees properly due under the relevant SOW. The licence is not transferable except to a successor to substantially all of the Client's business pursuant to a permitted assignment under clause 15.2.

6.3 **Foreground IP — ownership.** Unless an SOW expressly provides otherwise:

(a) all Foreground IP shall vest in and be owned by HAS upon creation;

(b) HAS grants the Client a **perpetual, worldwide, non-exclusive, royalty-free, irrevocable** licence to use, copy, modify, and create derivative works of the Foreground IP, in each case for the Client's internal business purposes and the ordinary commercial operation of the Client's business (including the operation of customer-facing systems where the relevant SOW contemplates such use), subject to the Client having paid all

Fees properly due under the relevant SOW. The licence is not transferable except to a successor to substantially all of the Client's business pursuant to a permitted assignment under clause 15.2; and

(c) to the extent any Deliverable or AI Output is, as a matter of law, not capable of protection by Intellectual Property Rights, the parties' respective rights to use such material shall nevertheless be construed and given effect as if the licences in this clause 6 applied.

6.4 **Client Materials.** The Client retains all right, title, and interest in and to the Client Materials. The Client grants HAS a non-exclusive, royalty-free licence to use, copy, and modify the Client Materials for the sole purpose of performing the Services.

6.5 **Reuse and learning.** Subject to clauses 7 (Confidentiality) and 8 (Data Protection), HAS shall be entitled to:

(a) retain copies of generic methodologies, frameworks, learnings, code patterns, and prompts developed in the course of any engagement and to apply them in future engagements; and

(b) use anonymised and aggregated information about its engagements (for example, statistical information about adoption rates or measurement of outcomes) for the purpose of improving its Services and producing thought-leadership content,

in each case provided that no Client Confidential Information or Personal Data is disclosed or made identifiable.

6.6 **Third-party AI tools.** The Services may include the use of third-party AI platforms, models, and tools (such as, without limitation, those provided by Anthropic, OpenAI, Google, Microsoft, and others). The Client acknowledges that:

(a) any AI Output is provided subject to the terms of the relevant third-party tool;

(b) the Deliverables may incorporate or be generated with the assistance of such tools; and

(c) the Client is responsible for procuring any third-party licences it requires in order to operate, run, or further develop any system or Deliverable created during the engagement.

6.7 **No infringement warranty in respect of AI Output.** HAS does not warrant that AI Output is free from third-party Intellectual Property Rights infringement. HAS will use reasonable care in selecting the AI tools it uses, but the rapidly evolving state of the law concerning AI-generated outputs means that no provider can reasonably warrant non-infringement of AI Output. This clause does not affect HAS's indemnity in clause 11 in respect of Foreground IP that is *not* AI Output.

6.8 **Retention of records.** Notwithstanding any other provision of this Agreement, HAS may retain copies of Deliverables, Client Materials processed in the course of the Services, and project records for legal, compliance, regulatory, insurance, audit, and archival purposes, subject at all times to its obligations under clause 7 (Confidentiality) and clause 8 (Data Protection).

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## 7. Confidentiality

7.1 **Confidential Information** means all non-public information disclosed by one party (the **"Disclosing Party"**) to the other (the **"Receiving Party"**) in connection with this Agreement or any SOW, whether orally or in writing, and whether or not marked as confidential, that a reasonable person would understand to be confidential.

7.2 The Receiving Party shall:

(a) keep the Disclosing Party's Confidential Information confidential and treat it with at least the same degree of care as it applies to its own confidential information of like importance, and in any event no less than a reasonable standard of care;

(b) not use the Confidential Information for any purpose other than performing its obligations or exercising its rights under this Agreement or the relevant SOW;

(c) not disclose the Confidential Information to any third party except to its personnel, advisors, and Subcontractors who have a need to know and who are bound by confidentiality obligations no less stringent than those in this clause 7; and

(d) on termination of the relevant SOW or on the Disclosing Party's reasonable written request, return or destroy the Confidential Information, save for one archival copy retained for legal record-keeping and the records permitted under clauses 6.5 and 7.4.

7.3 **Exclusions.** The obligations in clause 7.2 do not apply to information that:

(a) is or becomes publicly known other than through breach of this Agreement;

(b) was in the Receiving Party's possession without restriction prior to disclosure;

(c) is lawfully received from a third party not under an obligation of confidentiality;

(d) is independently developed by the Receiving Party without use of the Confidential Information; or

(e) is required to be disclosed by law, court order, or regulatory authority, provided that the Receiving Party gives, where lawful, prompt notice to the Disclosing Party.

7.4 **Survival.** This clause 7 shall survive termination of this Agreement for a period of **five (5) years**, except in respect of information that constitutes a trade secret, where the obligations shall continue for so long as such information remains a trade secret.

7.5 **Publicity.** Subject to clause 7.5(a), HAS shall not use the Client's name, logo, or any case study, testimonial, or detailed description of the engagement in HAS's marketing materials, website, or public communications without the Client's prior written approval. Notwithstanding the foregoing:

(a) HAS may include the Client's name (without logo and without further description) in a list of HAS's clients used for ordinary commercial reference purposes (for example, in proposals, on a "selected clients" page on HAS's website, or in pitch materials), unless the Client objects in writing; and

(b) the Client shall give reasonable consideration to a request from HAS to develop a case study or testimonial.

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## 8. Data Protection

8.1 **Scope of HAS engagement.** The Services as ordinarily provided by HAS do not involve the systematic processing of Personal Data on behalf of the Client. HAS provides advisory and implementation services in which the Client retains operational control of its own systems and is the controller of the Personal Data within them. However, in the course of performing the Services, HAS personnel may have **incidental access** to Personal Data held within the Client's systems.

8.2 **Roles.** Unless an SOW or Data Processing Annex expressly states otherwise:

(a) the Client is the controller of any Personal Data held within its systems and any Personal Data provided to HAS for the purposes of the Services;

(b) HAS is not engaged as a processor of the Client's Personal Data; and

(c) any Personal Data of the Client's personnel processed by HAS in the course of administering its relationship with the Client (for example, contact details of project sponsors) is processed by HAS as an independent controller for its own legitimate business interests.

8.3 **Incidental access obligations.** Where HAS personnel have incidental access to Personal Data held within the Client's systems in the course of providing the Services, HAS shall:

(a) ensure that its personnel and Subcontractors who have such access are bound by appropriate confidentiality obligations;

(b) access such Personal Data only to the extent reasonably necessary to perform the Services and not retain, copy, or extract it except as reasonably necessary for that purpose;

(c) implement appropriate technical and organisational measures to protect any Personal Data temporarily held on HAS systems against unauthorised or unlawful processing and against accidental loss, destruction, or damage;

(d) notify the Client without undue delay, and in any event within seventy-two (72) hours, of HAS becoming aware of any actual or reasonably suspected personal data breach affecting Personal Data accessed in the course of the Services; and

(e) on completion of the Services, securely delete any Personal Data temporarily held on HAS systems, save for any record-keeping required by law.

8.4 **Processor engagements.** Where an SOW does require HAS to act as a processor of Personal Data on behalf of the Client (for example, where the Services include hosting, ongoing operation of a system, or systematic data processing), the parties shall execute the **HAS Data Processing Annex** (which is available on request and forms part of this Agreement when invoked) and the terms of that Annex shall apply in addition to (and, in the event of conflict, in priority to) this clause 8.

8.5 **Restrictions on data submission.** Unless expressly agreed in the relevant SOW:

(a) the Client shall not provide to HAS, or submit through any third-party AI tool used in connection with the Services, any special category personal data (as defined in Article 9 of the UK GDPR), criminal offence data (as defined in Article 10 of the UK GDPR), payment card data subject to PCI DSS, or other personal data subject to enhanced statutory or regulatory protection;

(b) the Client is responsible for redacting, anonymising, or otherwise restricting the personal data it provides or makes accessible to HAS to the minimum necessary for HAS to perform the Services; and

(c) HAS shall be entitled to refuse, suspend, or escalate any aspect of the Services that, in its reasonable judgement, would involve handling personal data outside the scope of (a) above without an appropriate SOW amendment and (where relevant) the Data Processing Annex referred to in clause 8.4.

8.6 **Compliance.** Each party shall comply with its respective obligations under the UK GDPR, the Data Protection Act 2018, and any other applicable data protection legislation in connection with this Agreement.

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## 9. Warranties

9.1 **HAS warranties.** HAS warrants that:

(a) it has the right and authority to enter into this Agreement and each SOW;

(b) the Services will be performed with reasonable skill and care; and

(c) it will comply with all applicable laws in providing the Services.

9.2 **Client warranties.** The Client warrants that:

(a) it has the right and authority to enter into this Agreement and each SOW;

(b) all Client Materials provided to HAS may lawfully be used by HAS for the purpose of providing the Services without infringing the rights of any third party; and

(c) it will comply with all applicable laws in receiving and using the Services and Deliverables.

9.3 **Exclusion of other warranties.** To the maximum extent permitted by law, and except as expressly set out in this Agreement, all warranties, conditions, and other terms implied by statute or common law are excluded from this Agreement and each SOW. In particular, and without limitation:

(a) HAS gives no warranty as to the achievement of any specific business outcome, cost saving, productivity improvement, or commercial result;

(b) HAS gives no warranty as to the accuracy, completeness, suitability for purpose, or reliability of any AI Output;

(c) HAS does not warrant that any system or Deliverable will be free from defects, errors, or interruptions; and

(d) HAS does not warrant the continued availability of any third-party AI platform, model, or tool used in the course of the Services.

9.4 **AI Output and human oversight.** The Client acknowledges that AI Output may contain inaccuracies, hallucinations, or omissions and that the Client is responsible for reviewing, validating, and exercising appropriate human oversight over any AI Output before relying on it for any purpose. HAS shall make the Client aware of relevant limitations of any AI Output it provides as part of the Services.

9.5 **Excluded uses.** Unless expressly agreed in the relevant SOW, neither the Services nor the Deliverables (including any AI Output) are intended or warranted for use in:

(a) safety-critical systems, including any system on which human life or physical safety depends;

(b) medical diagnosis, medical advice, treatment decisions, or any other regulated clinical use;

(c) legal advice, legal decision-making, or any regulated legal service;

(d) regulated financial advice, lending, insurance underwriting, or other regulated financial decisions;

(e) solely automated employment decisions, performance management decisions, or recruitment decisions affecting individuals (for the avoidance of doubt, this clause 9.5(e) does not exclude advisory, analytical, or informational use in HR, workforce planning, or recruitment design where final decisions are made by appropriately qualified human decision-makers); or

(f) any other solely automated decision-making producing legal effects concerning, or similarly significantly affecting, an individual within the meaning of Article 22 of the UK GDPR.

The Client shall be responsible for ensuring that the Services and Deliverables are not used in any of the contexts in (a) to (f) without HAS's prior written agreement and (where appropriate) a specific SOW addressing the additional risk allocation and assurance such use requires.

9.6 **Client deployment responsibility.** The Client is responsible for:

(a) all decisions about the operational deployment, use, and continued use of the Services and Deliverables (including any AI Output) within the Client's business;

(b) the approval of any third-party AI tools or platforms used in the operation of any Deliverable; and

(c) ongoing compliance of its use of the Services and Deliverables with applicable law and regulation. HAS does not warrant that any Deliverable will remain compliant with applicable law or regulation after the date of delivery.

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## 10. Limitation of Liability

10.1 **Liabilities that cannot be excluded.** Nothing in this Agreement excludes or limits either party's liability for:

(a) death or personal injury caused by its negligence;

(b) fraud or fraudulent misrepresentation;

(c) any other liability which cannot, as a matter of English law, be excluded or limited.

10.2 **Excluded losses.** Subject to clause 10.1, neither party shall be liable to the other, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any:

(a) loss of profits;

(b) loss of revenue;

(c) loss of business or business opportunity;

(d) loss of anticipated savings;

(e) loss of goodwill or reputation;

(f) loss of data (save to the extent of the reasonable costs of restoring data from back-up);

(g) losses arising from inaccuracies, hallucinations, or omissions in any AI Output, or from the Client's reliance on any AI Output without appropriate human review and validation as required by clause 9.4;

(h) regulatory fines or penalties imposed on the Client arising from the Client's deployment or use of any Deliverable or AI Output, except to the extent such fines or penalties arise directly from HAS's wilful misconduct or fraud; or

(i) indirect, special, or consequential loss or damage,

in each case howsoever arising.

10.3 **Aggregate cap.** Subject to clauses 10.1 and 10.4, the total aggregate liability of HAS to the Client under or in connection with each SOW, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed the **greater of**:

(a) the total Fees paid by the Client to HAS under that SOW in the twelve (12) months immediately preceding the event giving rise to the liability; or

(b) **twenty-five thousand pounds (£25,000)**.

10.4 **Sub-cap for specific matters.** In respect of:

(a) liability for breach of clause 7 (Confidentiality) by HAS;

(b) liability for breach of clause 8 (Data Protection) by HAS, and any associated fines or compensation payable to data subjects to the extent caused by HAS's breach;

(c) liability under the IP indemnity in clause 11.1,

HAS's total aggregate liability shall not exceed **two (2) times** the amount calculated under clause 10.3.

10.5 **Allocation of risk.** The Client acknowledges that the Fees have been calculated on the basis of the allocation of risk reflected in this clause 10, and that the limitations and exclusions set out in this clause 10 are reasonable in the circumstances. The Client has had the opportunity to take independent legal advice in relation to this Agreement.

10.6 **Mitigation.** Each party shall use reasonable endeavours to mitigate its losses arising in connection with this Agreement or any SOW.

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## 11. Indemnities

11.1 **HAS IP indemnity.** Subject to clauses 10 (Limitation of Liability) and 11.3, HAS shall indemnify the Client against any losses suffered by the Client as a result of any third-party claim that the Client's use of the Foreground IP, when used as authorised in clause 6.3, infringes the Intellectual Property Rights of that third party in any jurisdiction in which the Client is authorised under the relevant SOW to use the Foreground IP. Where

the relevant SOW does not specify jurisdictions of intended use, the indemnity is limited to the United Kingdom. **This indemnity does not apply to AI Output as such**, in respect of which clause 6.7 governs.

11.2 **Client indemnity.** The Client shall indemnify HAS against any losses suffered by HAS as a result of any third-party claim arising from:

(a) the Client Materials, or HAS's use of the Client Materials in accordance with this Agreement;

(b) the Client's use of the Services, Deliverables, or AI Output outside the scope of the licence granted in this Agreement or in breach of applicable law; or

(c) the Client's breach of clause 7 (Confidentiality) or clause 8 (Data Protection).

11.3 **Indemnity conditions.** The party seeking to rely on an indemnity in this clause 11 (the **"Indemnified Party"**) shall:

(a) give prompt written notice of the claim to the indemnifying party (the **"Indemnifying Party"**);

(b) not make any admission, settlement, or compromise of the claim without the Indemnifying Party's prior written consent (not to be unreasonably withheld);

(c) give the Indemnifying Party sole authority to defend and settle the claim, provided that any settlement does not require the Indemnified Party to admit liability or pay any sum that is not fully indemnified; and

(d) cooperate reasonably with the Indemnifying Party in the defence of the claim, at the Indemnifying Party's reasonable expense.

11.4 **Mitigation by HAS.** If any claim is made or HAS reasonably anticipates that any claim may be made against the Client to which clause 11.1 applies, HAS shall be entitled at its option and expense to:

(a) procure for the Client the right to continue using the relevant Foreground IP;

(b) modify the Foreground IP so that it is no longer infringing while remaining materially equivalent in function; or

(c) replace the Foreground IP with non-infringing material of materially equivalent function,

and if none of (a) to (c) is reasonably practicable, HAS may, on written notice to the Client, terminate the relevant SOW and refund a fair and equitable proportion of the Fees paid in respect of the affected Foreground IP, and the cap in clause 10.3 shall apply to any remaining liability.

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## 12. Insurance

12.1 HAS shall maintain at its own cost throughout the term of this Agreement and any SOW, with reputable insurers:

(a) Professional Indemnity insurance of not less than **one million pounds (£1,000,000)** per claim, or such higher amount as may be agreed in an SOW; and

(b) Public Liability insurance to such amount as is appropriate for the nature of the Services and, where relevant, the Client's site requirements.

12.2 HAS shall, on reasonable written request, provide the Client with a certificate of insurance evidencing the cover required by this clause 12.

12.3 The Client's recourse for any breach of this Agreement by HAS is limited as set out in clause 10, and HAS's maintenance of insurance is not a waiver of the limitations and exclusions in clause 10.

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## 13. Term and Termination

13.1 **Term.** This Agreement commences on the Effective Date set out at the top of this document and continues until terminated in accordance with this clause 13. Each SOW commences on its Effective Date and continues until completion of the Services or earlier termination in accordance with this clause 13.

13.2 **Termination for convenience by Client.** Unless an SOW expressly provides otherwise, the Client may terminate any SOW for convenience on **thirty (30) days'** prior written notice to HAS. On termination for convenience, the Client shall pay HAS:

(a) all Fees and expenses properly accrued up to the effective date of termination;

(b) Fees for work in progress on a time-and-materials basis up to the effective date of termination; plus

(c) any non-cancellable third-party costs reasonably committed to in performing the SOW.

13.3 **Termination for convenience by HAS.** HAS may terminate an SOW for convenience on **sixty (60) days'** prior written notice to the Client. On any such termination HAS shall use reasonable endeavours to minimise disruption to the Client.

13.4 **Termination for material breach.** Either party may terminate this Agreement and/or any SOW on written notice to the other party if:

(a) the other party is in material breach of this Agreement or that SOW and fails to remedy the breach (if capable of remedy) within thirty (30) days of written notice requiring it to do so;

(b) the other party is in repeated breach of its obligations such that, taken together, the breaches constitute a material breach; or

(c) the other party becomes insolvent, suffers the appointment of an administrator, liquidator, or receiver, ceases or threatens to cease to carry on its business, or is unable to pay its debts as they fall due (or any equivalent event in any jurisdiction).

13.5 **Effect of termination.** On termination of this Agreement or any SOW for any reason:

(a) the Client shall pay all sums due to HAS up to and including the effective date of termination, including any sums payable under clause 13.2 in the case of termination for convenience by the Client;

(b) each party shall return or destroy the other's Confidential Information in accordance with clause 7.2(d);

(c) the licences granted under clause 6 in respect of Deliverables for which Fees have been paid in full shall survive in accordance with their terms;

(d) any licence granted under clause 6 in respect of Deliverables for which Fees have not been paid in full may be suspended by HAS until payment is made; and

(e) clauses that by their nature are intended to survive termination (including, without limitation, clauses 5 (in respect of amounts accrued), 6, 7, 8, 9, 10, 11, 12 (in respect of run-off cover and for so long as required to respond to any claim arising under this Agreement), 14, 15, 16, and 17) shall survive.

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## 14. Personnel and Subcontractors

14.1 **HAS personnel.** HAS shall be entitled to determine which of its personnel perform the Services, subject to any named personnel commitments in the SOW. Where the SOW names specific individuals, HAS shall use reasonable endeavours to ensure those individuals provide the Services, but may substitute personnel of comparable experience on reasonable prior notice to the Client.

14.2 **Subcontractors.** HAS may use Subcontractors to perform any part of the Services. HAS remains responsible to the Client for the performance of the Services by any Subcontractor as if HAS had performed the Services itself.

14.3 **Independent contractor.** HAS provides the Services as an independent contractor. Nothing in this Agreement or any SOW creates any partnership, joint venture, agency, or employment relationship between the parties.

14.4 **Non-solicitation.** During the term of any SOW and for **six (6) months** after its termination, the Client shall not, without HAS's prior written consent, directly or indirectly solicit for employment or engagement any individual who has been substantially

engaged by HAS in providing the Services to the Client during the six (6) months prior to such solicitation. This clause does not prohibit general recruitment advertising not specifically targeted at HAS personnel, nor the engagement of any individual who responds to such advertising. If the Client engages any such individual in breach of this clause, the Client shall pay HAS, as a genuine pre-estimate of HAS's recruitment and replacement costs, a sum equal to **thirty per cent (30%)** of the individual's annual gross remuneration as at the date of engagement.

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## 15. General

15.1 **Force majeure.** Neither party shall be liable for any failure or delay in performing its obligations (other than payment obligations) to the extent caused by an event beyond its reasonable control, including acts of God, war, terrorism, civil unrest, fire, flood, epidemic or pandemic, governmental action, and failure of telecommunications or internet infrastructure. A failure or unavailability of a third-party AI service constitutes a force majeure event only where such failure or unavailability (i) results in the service being materially unavailable for a continuous period of more than five (5) Business Days, and (ii) materially prevents HAS from performing the Services; for the avoidance of doubt, ordinary changes in commercial terms, pricing, deprecation of models, or changes to terms of use by an AI provider do not constitute force majeure events. The affected party shall notify the other party promptly and shall use reasonable endeavours to mitigate the effect (including, in the case of AI service unavailability, consideration of substitute services). If the event continues for more than sixty (60) days, either party may terminate the affected SOW on written notice.

15.2 **Assignment and subcontracting.** Neither party may assign, transfer, or otherwise deal with its rights or obligations under this Agreement or any SOW without the other party's prior written consent (not to be unreasonably withheld), save that either party may assign on written notice to an Affiliate or to a successor to its business by way of share or asset sale, provided that the assignee assumes the assigning party's obligations in full.

15.3 **Entire agreement.** This Agreement and each SOW constitute the entire agreement between the parties relating to their subject matter and supersede all prior agreements, understandings, and communications, whether written or oral. Each party acknowledges that it has not relied on, and shall have no remedy in respect of, any representation, statement, or warranty not expressly set out in this Agreement or the relevant SOW. Nothing in this clause limits liability for fraud or fraudulent misrepresentation.

15.4 **Variation.** No variation of this Agreement or any SOW shall be effective unless in writing and signed by an authorised representative of each party. A new version of this Agreement published by HAS will not apply to an SOW already in force; the version of the Agreement attached to or referenced in the SOW continues to govern that SOW.

15.5 **Waiver.** No failure or delay by a party to exercise any right or remedy provided under this Agreement or by law shall constitute a waiver of that or any other right or remedy.

15.6 **Severance.** If any provision of this Agreement is or becomes invalid, illegal, or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal, and enforceable, or, if such modification is not possible, deleted, and the remaining provisions shall continue in full force.

15.7 **Notices.** Any notice given under this Agreement shall be in writing and sent to the address set out in the relevant SOW (or in the case of HAS, its registered office or the email address used in commercial correspondence in respect of the SOW). Notices shall be deemed received: if delivered by hand, at the time of delivery; if sent by first-class post, two Business Days after posting; if sent by email, at the time of transmission, provided no bounce-back is received.

15.8 **Counterparts and electronic signatures.** This Agreement and any SOW may be executed in counterparts and by electronic signature. Each counterpart, when executed and delivered, shall constitute an original, and all counterparts together shall constitute one and the same agreement.

15.9 **Third-party rights.** A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

15.10 **No exclusivity.** Nothing in this Agreement or any SOW restricts HAS from providing services to any other client, including a competitor of the Client, subject always to HAS's obligations under clause 7 (Confidentiality).

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## 16. Compliance, Export Controls, and Open Source

16.1 **Anti-bribery and modern slavery.** Each party shall comply with all applicable laws relating to anti-bribery and anti-corruption (including the Bribery Act 2010) and modern slavery (including the Modern Slavery Act 2015).

16.2 **Policies.** Each party shall maintain its own policies and procedures, where required by applicable law, to ensure compliance with the laws referred to in clause 16.1.

16.3 **Sanctions and export controls.** Each party shall comply with all applicable economic sanctions, trade embargoes, and export control laws (including those of the United Kingdom, the European Union, and the United States) in connection with this Agreement. Without limitation, the Client shall not use, export, re-export, or make the Services or Deliverables available to: (a) any person, entity, or country subject to UK, EU, or US sanctions where such use would constitute a breach; or (b) any end-use that requires an export licence or governmental authorisation that has not been obtained.

The Client acknowledges that many AI tools used in the course of the Services are subject to US export control rules and that the Client is responsible for the consequences of any use of those tools or their outputs that breaches such rules.

16.4 **Open-source software.** Where Deliverables include or are built on open-source software, HAS shall use reasonable endeavours to identify such open-source software to the Client and the licence terms applicable to it. The Client is responsible for complying with the terms of any such open-source licence in its use of the Deliverables. HAS shall not incorporate open-source software with strongly copyleft licence terms (for example, GPL or AGPL) into Deliverables in a manner that would require the Client to license its own code on copyleft terms, without the Client's prior written consent.

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## 17. Governing Law and Jurisdiction

17.1 This Agreement, each SOW, and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with **the laws of England and Wales**.

17.2 The parties irrevocably agree that the **courts of England and Wales** shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Agreement, any SOW, or their subject matter.

17.3 **Dispute resolution.** Before commencing court proceedings (other than for injunctive or equitable relief or to enforce payment of an undisputed sum), the parties shall use reasonable endeavours to resolve any dispute by good-faith discussions between the individuals having day-to-day responsibility for the engagement; if the dispute is not resolved at that level within fifteen (15) Business Days of written notice of the dispute, it shall be escalated to a senior representative of each party for a further fifteen (15) Business Days of good-faith discussions. Either party may at any time propose mediation by an accredited mediator and the other party shall give reasonable consideration to such proposal.

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*This Agreement is the standard form on which Human-AI Systems Limited contracts with its clients. It is published at https://human-ai-systems.com/legal/msa-v1.0 and is incorporated by reference into each Statement of Work that references it. This Agreement does not require separate signature; it is accepted by the Client through the execution of any Statement of Work that references it.*