



Client Service Agreement

Client agrees to the terms and conditions set forth in the Client Service Agreement, including the State Addendum and any other exhibits or agreements referenced herein, all of which are incorporated into the Customer Order Form between Stitch and Client. Capitalized terms used herein but not otherwise defined are defined in the Customer Order Form (Stitch and Client may be collectively referred to as the "Parties" or individually as "Party").

I. UNDERSTANDING AND RELATIONSHIP. The Parties agree that Stitch will provide professional employer services pursuant to this Agreement. Client agrees for Stitch to co-employ all or a majority of Client's employees. The responsibilities as employers of such Employees are allocated between the Parties herein. Any responsibilities not specifically allocated to Stitch by this Agreement or applicable law remain with Client, unless the Parties mutually agree otherwise.

II. TERM. The Term of this Agreement is for the duration set forth in the Customer Order Form and continues until terminated by either Party in accordance with the Termination provisions contained in Section IX.

III. STITCH DUTIES, OBLIGATIONS AND RIGHTS.

A. Stitch agrees to provide those services listed in this Agreement, in Customer Order Form and in Exhibit A (the "Core Services").

B. Stitch will co-employ Employees with Client on a permanent basis which means the co-employment relationship is intended to be ongoing rather than temporary. Employees covered by this Agreement only include Client's employees who have completed Stitch's employment process and have been accepted and approved for hire by Stitch ("Employees").

C. Stitch will be responsible for the payment of wages to Employees. "Wages" does not include any obligation between Client and an Employee for payments beyond or in addition to the Employee's salary, draw or regular rate of pay, such as bonuses,

commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless these payments are reported to and actually paid by Stitch.

D. Based on complete, timely and accurate reporting by Client of job duties, hours worked, and wages, Stitch will withhold and remit federal, state and local employment taxes.

E. During the Term and for a period of 90 days after termination of this Agreement, at the Client's request, Stitch will provide Client with electronic copies of Employee records regarding payroll, workers' compensation insurance coverage, losses and claims, and Employee benefits, if applicable.

F. Stitch will notify in writing all Employees of the inception and termination of the general nature of the co-employment relationship.

G. In conjunction with the Client, Stitch retains the right to hire, terminate, compensate, and train Employees. Stitch may investigate complaints of Employees as it relates to payroll and workplace safety compliance issues and Client agrees to provide full cooperation during any such investigations. Stitch's right to hire, terminate, compensate and train an Employee may not affect the relationship between Client and Employee. Stitch's rights as an employer do not usurp Client's rights as an employer.

H. Stitch retains a right, but not the duty, to provide for the health, welfare and benefit of Employees in the workplace including the right of direction and control over management of safety, risk and hazard control at Client's worksites and



sites affecting Employees. In providing any safety-related services, Stitch neither guarantees the safety of Client's worksites or other sites nor assumes any liability for workplace health and safety.

I. With respect to Stitch's obligations under this Agreement, Stitch agrees to comply with all applicable federal, state and local employment-related laws.

IV. CLIENT DUTIES AND OBLIGATIONS.

A. In conjunction with Stitch, Client retains the right to hire, terminate, discipline, compensate, train, and otherwise direct or control Client's employees who have completed Stitch's employment process and have been accepted and approved for hire by Stitch ("Employees"). Client is responsible for the day-to-day supervision, direction and control of Employees in the conduct of their work including ensuring the quality, adequacy, and safety of the products or services produced or sold. Client is responsible for verifying the skills and qualifications of Employees and any required licenses.

B. Client is solely responsible for complying with and fulfilling the obligations under all collective bargaining agreements.

C. For all states where Employees work, Client agrees to execute any additional documents necessary for Stitch to provide the same or similar services as contemplated in this Agreement.

D. Client must maintain a record of actual time worked for each Employee and verify the accuracy of any wages, salaries, other compensation and deductions reported to Stitch for each pay period.

E. Client agrees to report to Stitch any complaint, claim, accident, or other employment-related issue raised by an Employee as soon as it becomes known to Client.

F. Client agrees to comply with all applicable federal, state and local employment-related laws, including, without limitation, providing training (to be provided by Stitch and implemented by Client) on sexual harassment and maintaining a respectful workplace free from discrimination and harassment, and whistleblower training and compliance (as applicable).

G. Background checks. Upon request, Stitch will conduct employee background checks as may be permitted under law.

H. Client expressly authorizes Stitch to use and possess any material (including, but not limited to, payroll data and related information) as may be required for Stitch to perform its duties under this Agreement.

I. As required under FMLA and similar state laws, Client agrees to give required notices to employees (such to be prepared by Stitch), provide leave, and make available same or fully equivalent employment opportunities to any Employees eligible for reinstatement following leave.

J. Client is responsible for complying with HIPAA. If Stitch determines Stitch or Client is a covered entity or a business associate pursuant to HIPAA or Stitch is required to sign or obtain a business associate agreement with Client, Client agrees to enter into a business associate agreement with Stitch.

K. If not on Stitch's master health plan, Client is solely responsible for complying with the Patient Protection and Affordable Care Act and, if required by law, for providing health benefits to Employees.

L. Client agrees that for any benefit plan maintained by Client prior to, during or after the



Term, Client is solely responsible for determining eligibility, participation, contribution matters and administration of the plan.

- M. If Client becomes a federal contractor and is subject to affirmative action requirements, Client will be solely responsible for maintaining any affirmative action plan and for abiding by the required affirmative action obligations.
- N. Since it controls its worksite(s), Client agrees to comply, at its expense, with all safety and health laws, regulations and rules, whether federal, state or local. Client will also ensure compliance with safe work practices and use of protective equipment and devices imposed by controlling federal, state and local law such as the ADA and OSHA. All accidents or injuries involving Employees must be reported to Stitch within 24 hours after Client is made aware of such accident or injury.
- O. Client agrees to allow Stitch the right to inspect Client's records, training material and worksites to verify job duties and compensation of employees and to verify compliance with workers compensation safety requirements. Additionally, Client will make reasonable efforts to eliminate all known safety and health hazards, inform employees of dangerous exposures, and take all reasonable protective measures to eliminate such risks. Client's refusal or inability to make reasonable efforts to improve hazardous conditions will constitute a material breach of this Agreement. Client has the sole obligation to remedy and abate any hazardous condition cited by OSHA or other regulatory agency.
- P. Client is solely responsible to obtain and pay the costs of any required license, permit, tax, bond, fine and insurance attributable to or required in connection with the operation of or otherwise related to its business.
- Q. Client agrees Employees perform job functions identified by the workers' compensation

classification codes and at the locations provided by Client. All changes to classification codes for Employees working under Stitch's account are subject to Stitch's approval in advance of any Employees providing services under such new classification codes.

- R. If any Employee is required in the performance of the Employee's duties to deal with confidential or proprietary information of Client, Client agrees to institute control procedures or confidentiality agreements to ensure against disclosure of such information. Client holds Stitch harmless from any and all liability which results from a disclosure whether during or after the Term.
- S. Client agrees to cooperate with Stitch in establishing and implementing a drug-free workplace policy and program.
- T. Client recognizes that Stitch has the right not to enter an employment relationship with a prospective employee and that such right may not affect Client's decision to enter an employment relationship with a prospective employee. Client shall not attempt or purport to hire any person into an employment relationship with Stitch without Stitch's consent.

V. INSURANCE OBLIGATIONS.

- A. Where permitted by applicable law, Client has the obligation to secure and maintain workers' compensation insurance coverage, including employer's liability, which must name Stitch as a labor contractor or similar endorsement. Such coverage must meet the requirements of the state's laws and must be in a form and with a carrier acceptable to Stitch. Client is responsible for paying all premiums, deductibles and retentions under such coverage.
- B. For all states, Client, with the assistance of a licensed insurance producer, must require that all contractors and subcontractors doing work for Client maintain workers' compensation insurance.



C. Client will keep in full force and effect during the Term the insurance policies listed in Exhibit B. Client will also deliver certificates of insurance to Stitch that provide for no less than 30 days' prior written notice to Stitch of cancellation or modification of such policies and that identify Stitch as an additional insured. Client is responsible for payment of all premiums, deductibles and retentions under such policies.

D. Client will not be an insured under any Stitch insurance policy unless Stitch otherwise states in a writing to Client.

E. Employer Practices Liability Insurance (EPLI)

1. Stitch may secure Employer Practices Liability Insurance (EPLI) that provides coverage for certain employment-related claims. Client understands and agrees that covered claims may include but are not limited to the following: claims under Title VII discrimination, harassment, and retaliation; however, wage and hour claims are excluded. Stitch shall retain the sole discretion to renew or not renew the EPL insurance and shall inform Client of same no later than the termination date for such coverage.

2. Nothing in this Agreement is intended to create rights to insurance in addition to the terms of such insurance policy. To the extent the provisions of this Agreement conflict with such policy, the provisions of the EPLI shall control. In the event that EPLI becomes unavailable on terms acceptable to Stitch (in Stitch's sole discretion), the Client will be notified of the cancellation of such insurance in accordance with the terms of the insurance policy.

3. The EPLI shall not cover any claim or cause of action that arose or existed prior to the effective date of this Agreement and neither Stitch, nor any insurer, shall be obligated to pay for any defense of such claim or cause of action or otherwise participate financially in the resolution of such claim.

4. The EPLI has a retention amount that the Client must pay before the insurance carrier is obligated to make any payment. On claims covered by such EPLI, Client agrees to pay the total retention amount due pursuant to the EPLI policy upon being invoiced by Stitch. In addition, Client agrees:

- i. To act in conformity with the terms of the EPLI and with the terms of this Agreement;
- ii. To cooperate with Stitch in the investigation of proceeding of such claim;
- iii. To settle or compromise such claims upon the terms and conditions satisfactory to Stitch; and
- iv. This Agreement must remain in effect and not be terminated by either the Client or Stitch (without good cause) for a one (1) year period following the resolution of any claim under the EPLI.

VI. CLIENT REPRESENTATIONS AND WARRANTIES.

Client represents and warrants the following:

- A. Client is a legal business entity in good standing and the undersigned officer or representative is duly authorized to enter into this Agreement on behalf of Client.
- B. Client is solvent and is able to pay its bills in the normal course of business as they become due and is not now nor has contemplated at any time in the last 365 days to become subject to any filing under the United States Bankruptcy Code. Client warrants that, if it files or becomes subject to a petition under the Bankruptcy Code, this Agreement is a financial accommodation which cannot be assumed by Client. Additionally, Client agrees it has no right to enforce this Agreement as an executory contract under the Bankruptcy Code.
- C. Client represents that information Client has provided and will provide Stitch is accurate. However, if the information is or becomes



inaccurate, Client agrees to immediately notify Stitch and provide Stitch with accurate information. Additionally, Client warrants it will pay upon notice from Stitch any additional costs Stitch incurs as a result of the inaccuracy.

- D. Non-Disparagement/Non-Solicitation. The parties agree and covenant that they will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the other party or its businesses, or any of its employees, officers and directors. Further, during the term of this Agreement and for a period of one (1) year following the termination of this Agreement, Client shall not, either directly or indirectly, on Client's own behalf or on behalf of others, solicit, divert or hire away, or attempt to solicit, divert, or hire away, any person employed by Stitch without the express written consent of Stitch. Since the services provided by persons employed by Stitch under this Agreement are unique and replacement employees are not readily available on the open market, a breach of this non-solicitation will result in substantial damages to Stitch. If Client violates any requirement in this paragraph, Client shall pay a fee to Stitch of 50% of the employee's annual salary, as liquidated damages, and not as a penalty, for hiring a Stitch employee without Stitch's consent.

VII. INDEMNIFICATIONS.

- A. Client will release, defend, indemnify and hold harmless Stitch and its officers, directors, shareholders, affiliates, subsidiaries, parent companies, employees and agents (collectively, the "Stitch Indemnified Parties") from and against any losses, liabilities, claims, obligations and expenses including, without limitation, court costs and reasonable attorneys' fees (collectively "Damages") that may be incurred by or asserted against any of the Stitch Indemnified Parties, arising directly from or

which are caused by, in whole or in part, (i) the acts, errors or omissions of Client and its agents and the Employees; (ii) any breach of this Agreement by Client; or (iii) except as otherwise provided in this Agreement, any claims asserted by or liability to third parties arising from or related to, in whole or in part, Client's business. Nothing contained in this Agreement may limit the scope or generality of this indemnification.

- B. All indemnifications survive the termination of this Agreement.

VIII. SERVICE FEES.

- A. In consideration for services rendered, Client agrees to pay Stitch all Employees' gross payroll as well as fees authorized by this Agreement including fees listed on the attached Exhibit A and Customer Order Form (collectively "Fees"). Client's Fees continue during normal periods of Employee absence for vacation, sick leave, legal holidays and emergency situations.
- B. Client must pay all Fees 48 hours in advance of each payroll date. Client agrees to pay by the method indicated on the Customer Order Form. However, Stitch retains the right to modify the payment method as Stitch deems reasonable and in light of Client's ability to pay. Stitch may modify payment method and do any or a combination of the following: (i) reverse any deposit or payment made to an Employee or other person or entity; (ii) freeze any other funds without notice to Client or Employee; (iii) revoke Client's ACH privileges; and . (iv) If Client has failed to pay Fees 48 hours in advance, Stitch reserves the right to require a deposit from Client equal to the average payroll run by Client in the prior six (6) months. Stitch shall also have the right to immediately terminate this Agreement after Client's failure to pay Fees 48 hours in advance.
- C. Client grants Stitch a security interest in any deposit and the right to set off a deposit against any amount Client owes to Stitch. Stitch may, at



its discretion, require Client to increase or decrease the amount of a deposit based on past Fees and anticipated future Fees. Any portion of a deposit applied toward an amount Client owes Stitch will be applied to the most recent invoices issued to Client. Client must replenish or adjust a deposit no later than three banking days before the next pay day, after being notified by Stitch.

- D. In the event of a debit return or nonsufficient funds occurrence ("NSF"), Client is required to wire the funds directly to the processor or accounts identified by Stitch within 48 hours of notification by Stitch. Additional fees imposed by Client's bank are separate from Stitch fees and are Client's responsibility.
- E. If Client fails to make payment as provided herein, Client assumes full liability and responsibility for any wages, taxes, insurances, workers' compensation and employment matters arising subsequent to the last pay period for which Client paid according to these terms.
- F. If Client does not pay Fees when due, Client will pay Stitch additional fees as listed. Additional fees may include, but are not limited to, a late fee for each 30-day period that the unpaid balance remains outstanding, but in no event will the late fee exceed the lawful rate of interest. Client agrees that for each debit return, NSF, or unpaid Fees Client will be charged and must pay any costs Stitch incurs including costs of collection.
- G. If Client fails to timely submit payroll data and information at least three business days before payday, Stitch will assess Client a late payroll reporting fee as listed.
- H. Fees may be adjusted due to any increase, including retroactive increases, in employment taxes, insurance rates, benefit rates or any other costs incurred by Stitch or imposed by third parties or governmental entities.

- I. Client agrees to pay for any compensation earned but not paid to Employees prior to, during, upon termination, and subsequent to their employment with Stitch.
- J. Client waives its right to dispute an invoice if it does not notify Stitch of the dispute within 60 days of receiving the invoice.

IX. TERMINATION.

- A. On completion of the first Term, this Agreement shall be automatically extended for successive periods of one (1) year each so long as Client has timely paid all outstanding invoices and Fees due Stitch. Upon termination:
 - 1. Client will pay Stitch for any payments required for unused vacation leave, severance pay or other compensation due to employees upon or after termination of this Agreement.
 - 2. Client will continue to cooperate with Stitch in the investigation or litigation of any claim or complaint. Similarly, Stitch will continue to cooperate with Client in the investigation or litigation of any claim or complaint.
 - 3. Client will assume sole and exclusive responsibility and liability for all legal obligations as an employer to Employees including, but not limited to, continuing to maintain workers' compensation coverage for Employees and/or obtaining its own employment practices liability insurance (EPLI) – at Client's option.
 - 4. Client will assist Stitch with informing all Employees that this Agreement has been terminated; that the Employees' employment relationship with Stitch has ended; that Stitch is no longer paying the Employees' wages and, if applicable, benefits; and that the Employees are not covered under Stitch's workers' compensation insurance.
 - 5. Client will return to Stitch all property,



equipment, handbooks, manuals and other information Stitch provided to Client.

X. GENERAL PROVISIONS.

- A. **Applicable Law.** Subject to the Enforcement provision, this Agreement will be governed by the laws of Delaware without regard to principles of conflicts of law, and both Parties consent to venue and personal jurisdiction over them in the courts of that state, including the federal courts, for purposes of construction and enforcement of this Agreement.
- B. **Entire Agreement.** This Agreement constitutes the entire understanding between the Parties with respect to its subject matter.
- C. **Modification.** Except as otherwise permitted by this Agreement or to conform to law, this Agreement including its Exhibits may be altered or amended only by written agreement duly executed by the Parties.
- D. **Assignments.** Client cannot assign this Agreement without the written consent of Stitch. However, either party reserves the right to terminate this Agreement upon the other party's sale of all or substantially all of its assets or upon the change of controlling interest in the other party's outstanding stock (i.e., 50% or more). The Parties expressly understand and agree that this Agreement may be assigned by Stitch.
- E. **Confidentiality.** As a result of the dealings between the Parties under this Agreement, certain confidential and proprietary information belonging to Client or Stitch, including but not limited to pricing information, may be divulged to the other Party, which is a valuable proprietary asset of Client or Stitch and disclosure of such would injure Client or Stitch. The Parties shall at all times during and after the Term, not disclose to any third parties any confidential or proprietary information except to comply with law or to carry out their respective obligations under this Agreement.
- F. **Severability.** If any term, condition or provision of this Agreement is held to be invalid or unenforceable, the balance of this Agreement will remain in force and will stand as if the unenforceable part did not exist.
- G. **Notices.** Whenever notices are required to be sent to either Party, the notices must be sent to addresses set forth on the Customer Order Form.
- H. **Waiver.** The failure of any Party to enforce at any time the provisions of this Agreement will not be construed as a waiver of any provision or of the right of such Party thereafter to enforce each and every provision of this Agreement.
- I. **Headings.** The headings of this Agreement are inserted solely for the convenience of reference. They do not define, limit, extend or aid in the construction, extent or intent of this Agreement.
- J. **No Third-Party Beneficiaries.** The Parties acknowledge and agree that this Agreement creates no rights for or in favor of any person or third party not a party to this Agreement, unless otherwise specified in this Agreement, and that no such person may place any reliance hereon.
- K. **Enforcement.** Except for the provisions of this Agreement regarding Client's obligations to make payments to Stitch, the Parties agree to mediate any dispute between the Parties. The Parties agree that such mediation will be conducted by a mutually agreed upon mediator. Mediation must occur within 60 days of the date either Party first notifies in writing the other Party of its good faith intent to have the dispute mediated. The mediation process may not end and neither Party may pursue other available remedies before the expiration of the 60-day mediation period unless both Parties agree in writing to waive mediation. The filing by one Party of a complaint against the other Party, in a court of law or similar body, regarding the dispute along with proper service will constitute written notice of the dispute and will start the mediation period if it has not already begun. Until the mediation period ends, the Party being



sued is not required to file an answer or other responsive pleading and formal discovery is not permitted to begin. The Parties agree to equally share the cost of mediation, except attorney fees and other costs incurred solely by one Party. However, a Party found to have breached this provision by not mediating in good faith must pay the other Party's court costs and reasonable attorney's fees. The Parties additionally agree that any suit and any litigation arising under this Agreement must be brought in an California court of competent jurisdiction in Contra Costa County, California, and such court will have exclusive jurisdiction over the Parties.

- L. **Interpretation.** This Agreement will be interpreted as a whole and in accordance with its fair meaning, and no part of this Agreement will be construed against Stitch on the basis that Stitch drafted it.
- M. **Affiliates.** This Agreement will be binding upon and will inure to the benefit of the Parties and their respective representatives, heirs, predecessors, affiliates, successors and assigns as permitted by this Agreement.

Additional terms of payment, signatures, state addendum (including for Florida) and Exhibits follow.



**STATE ADDENDUM FOR
STITCH
SERVICE AGREEMENT**

This Addendum shall control for Employees located in the respective states listed throughout this Addendum. In the event of any conflict between the Agreement and this Addendum, this Addendum shall prevail. All other terms of the Agreement shall remain in full force and effect. This Addendum may be updated from time to time, with or without notice. If at any time state law changes and new requirements established that are different from the terms contained in this Addendum, Client and Stitch agree that the new terms will apply according to state law.

COLORADO

1. As provided by Colorado Revised Statute Section 8-70-114, Stitch shall have the following rights and responsibilities:
 - a. To assign Employees to the Client's location;
 - b. Retain the right to set Employee's rate of pay;
 - c. Retain the right to pay Employees from its own account;
 - d. Retain the right to direct and control Employees which is shared with Client pursuant to the Agreement; provided that Client retains the right to exercise such direction and control over Employees as is necessary to conduct Client's business, discharge any fiduciary responsibility which it may have, or comply with any applicable licensing requirements;
 - e. Discharge, reassign or hire Employees to perform services for Client;
 - f. Retain the responsibility for the payment of Employee's wages pursuant to the Agreement and collect, withhold, report and pay all Employee payroll-related taxes from its own account, and payment of Stitch sponsored employee benefit plans pursuant to the Agreement;
 - g. Payment of unemployment compensation insurance premiums for Employees as required by Colorado law in relation to which Stitch confirms that it has notified the Colorado Division of Unemployment Insurance of Stitch's election to report and pay unemployment insurance premiums for Employees under its own unemployment accounts and premium rates unless it is required to pay under Client's unemployment accounts and premium rates.
 - h. Provide, maintain, and secure all records and documents required under Colorado unemployment insurance laws;
 - i. Provide workers' compensation insurance as required by Colorado law;
 - j. Retain the right to provide for the health, welfare, and benefit of Employees through such programs as professional guidance, including, but not limited to, employment training, safety, and compliance matters;
 - k. Stitch may aggregate all employees for purposes of sponsoring and administering workers' compensation plans and fully insured health plans, employee pension plans and is entitled to sponsor fully insured employer plans and offer employee benefits to the full extent afforded employers by law; and
 - l. Maintain Employee records.
2. Stitch and Client shall share the responsibility for addressing complaints, claims or requests related to employment, except as otherwise provided pursuant to an existing collective bargaining agreement.
3. Client shall retain responsibility for the policies and procedures related to the actual conduct of the work that leads to the Client's conduct of its business and the production of its goods and services.
4. Stitch intends to retain the right to maintain the employment relationship with Employees on a long-term basis, and not a temporary basis, and shall notify Employees of the co-employment



relationship created by this Agreement and Addendum.

CONNECTICUT

1. As provided in Connecticut General Statute Section 31-221a-h, Stitch:
 - a. Enters into a co-employment relationship with Employees;
 - b. Pays Employees' wages; provided, wages do not include obligations between Stitch and a Employee that exceed a Employee's salary, bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay unless Stitch expressly agrees to assume liability for the additional obligations in the Agreement;
 - c. Withholds, collects, reports and remits payroll-related and unemployment taxes; and
 - d. Makes payments for employee benefits for Employees, as provided for in the Agreement.
2. Stitch shall provide to Employees written notice of the co-employment relationship and a written summary of the obligations and responsibilities of Stitch and Client pursuant to the Agreement.

FLORIDA

1. As provided by the Florida Employee Leasing Statute Section 468.525, Stitch:
 - a. Reserves a right of direction and control over Employees; provided that the Client retains such sufficient direction and control as is necessary to conduct the Client's business, discharge any fiduciary responsibilities; and comply with any applicable licensure, regulatory, or statutory requirements;
 - b. Assumes responsibility for the payment of Employee wages without regard to payment by Client; provided "wages" does not include any obligation between Client and a Employee for payments beyond or in addition to the Employee's salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or

vacation, sick or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in the Agreement;

- c. Assumes full responsibility for the payment and collection of payroll taxes for Employees on its payroll that is reported to and paid by Stitch;
 - d. Retains the authority to hire, terminate, discipline, and reassign Employees; provided Client retains the right to accept or cancel the assignment of any Employees; and
 - e. Retains a right of direction and control over the management of safety, risk and hazard control at the work site including responsibility for performing safety inspections of Client equipment and premises, responsibility for the promulgation and administration of employment and safety policies, and responsibility for providing workers' compensation coverage and the management of workers' compensation claims, claims filings, and related procedures.
2. Stitch shall provide written notice of the relationship between Stitch and Client to Employees.
 3. Pursuant to Florida Regulations Section 61G7-12.001, Client shall permit Stitch or its assigns to conduct an annual onsite physical examination of the Client to confirm proper workers' compensation classification of Employees and to aid in the determination of payroll amounts paid to Employees.
 4. Client shall be responsible for the day-to-day supervision and control of Employees with respect to products or services offered by Client and Stitch shall have no responsibility with regard to Employee's performance of day-to-day job duties. Client expressly absolves Stitch of control over the day-to-day job duties of Employees and over the job site at which, or from which, Employees perform their services. This Agreement in no way alters any responsibilities of Client which arise from Section 768.096, Florida Statutes and Client assumes all responsibilities pursuant to Section 768.096 including, without limitation, responsibility to perform any and all work history, reference checks and background checks in respect of Employees.



Upon becoming known by Client, Client shall immediately provide Stitch with written notice of the assertion of any and all claims, complaints, charges, allegations or incidents of tortious misconduct or workplace safety violations.

5. Client understands that pursuant to Florida law, it may not enter into an employee leasing relationship with Stitch if Client owes a current or prior employee leasing company any money pursuant to any service agreement which existed between that current or prior employee leasing company and Client, or if Client owes a current or prior insurer any premium for workers' compensation insurance. Client hereby represents and warrants to Stitch that it has met and paid any and all prior premium obligations in relation to workers' compensation premiums or other insurance carriers and all fee payments to any employee leasing company.

ILLINOIS

1. As provided in Illinois Unemployment Insurance Act, 820 ILCS 405/206.1, Stitch:
 - a. Pays Employees from Stitch's accounts;
 - b. Retains the right to direct and control Employees in the performance of services in conjunction with the Client; and
 - c. Retains the right to hire and terminate Employees, in conjunction with Client.
2. Notwithstanding the foregoing, Client shall be considered the reporting entity for state unemployment purposes if: (a) the contribution rate, or, where applicable the amended contribution rate, of the Client is greater than the sum of the fund building rate established for the year pursuant to Section 1506.3 of the Illinois Unemployment Act plus the greater of 2.7% or 2.7% times the adjusted state experience factor for the year; or (b) the contribution rate, or, where applicable, the amended contribution rate, of Stitch is less than the contribution rate, or, where applicable, the amended contribution rate of Client by more than 1.5% absolute.

INDIANA

1. As provided by Indiana Statute §27-16-7-2, Stitch:
 - a. Is responsible for payment of wages to Employees, and withholding, collection, reporting, and remittance of payroll related and unemployment taxes to the extent Client has funded the obligations; provided "wages" do not include any obligation between Client and a Employee for payments beyond or in addition to the Employee's salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in this Agreement; and
 - b. Is responsible for, to the extent Stitch has assumed responsibility in the Agreement, making payments for employee benefits for Employees.
2. Client retains the exclusive right to direct and control Employees as necessary to conduct Client's business, discharge Client's fiduciary responsibilities, and comply with the licensure requirements that apply to Employees.
3. The responsibility to obtain workers' compensation coverage from a carrier licensed to do business in Indiana is the responsibility of Client; if the responsibility is allocated to Stitch, then Stitch agrees to maintain and provide to Client at the termination of the Agreement, if requested by Client, records regarding the loss experience related to workers' compensation insurance provided to Employees.
4. Stitch will provide Employees with a written notice of the general description of the relationship between Stitch and Client.
5. Client is solely responsible for:
 - a. The quality, adequacy, and safety of goods or services produced or sold in the Client's business;
 - b. Directing, supervising, training, and controlling the work of a Employee with respect to the business activities of the Client; and
 - c. The acts, errors, or omissions of a Employee with respect to the business activities of Client.



6. Client expressly agrees to indemnify, defend and hold Stitch harmless from any and all claims or liabilities which may arise for acts which occurred prior to the inception of this Agreement including but not limited to any claims or liabilities which result due to Stitch being deemed a successor employer under Indiana unemployment insurance law including liability for unpaid unemployment insurance premiums, new or pending claims, blended rate adjustments, negative reserve balances, and accompanying interest and penalties.

KANSAS

1. As provided by the Kansas Professional Employer Organization Registration Act (“Act”), K.S.A. 44-1707, Stitch:
 - a. Shall have responsibility to pay wages to Employees; provided wages does not include any obligation between Client and a Employee for payments beyond or in addition to the Employee’s salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing, or vacation, sick, or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in the Agreement;
 - b. Shall have responsibility to withhold, collect, report, and remit payroll-related and unemployment taxes in relation to Employees;
 - c. Along with Client, shall have a right to hire, discipline and terminate Employees to fulfill Stitch’s responsibilities under the Act and the Agreement; and
 - d. To the extent Stitch has assumed responsibility in the Agreement, to make payments for employee benefits for Employees.
2. Stitch will provide Employees with a written notice of co-employment and the relationship between Stitch and Client.
3. Stitch shall provide, and Client shall post in a conspicuous place at Client’s worksite, the following:

- a. Notice of the general nature of the co-employment relationship between and among Stitch, Client, and any Employees; and
- b. Any notice required by the state of Kansas relating to unemployment compensation and the minimum wage.

MAINE

1. As required by Maine Revised Statute Title 32, Chapter 125 Sections 14051 and 14055(5), Stitch makes the following disclosures:
 - a. Direction and control of Employees is shared between Stitch and Client; provided Client retains the exclusive right of direction and control over Employees as is necessary to conduct Client’s business and without which Client would be unable to conduct its business, to discharge any fiduciary responsibility that Client may have; or to comply with any applicable licensure, regulatory, or statutory requirements of Client or any Employee;
 - b. Client shall have a right to hire, discipline, and terminate Employees;
 - c. The services to be rendered, including costs, and the respective rights and obligations of the parties are contained in the Agreement; and
 - d. Client may report any complaints regarding Stitch to the Maine Bureau of Consumer Credit Protection.

MASSACHUSETTS

1. As provided by Massachusetts General Laws Chapter 149, Sections 193-203 (the “Act”), Stitch:
 - a. Shall have a right to hire and terminate Employees as may be necessary to fulfill Stitch’s responsibilities under the Act or as actually delegated by Client; provided that Client shall have a right to hire, discipline and terminate Employees;
 - b. Shall provide Client a notice, which Client agrees to post in a conspicuous place in Client’s worksite, either in hard copy or by electronic means containing the following information:



- i. the general nature of the co-employment relationship between Stitch, Client and Employees;
 - ii. the name and telephone number of the Massachusetts Department of Labor Standards;
 - iii. Stitch's name and telephone number;
 - iv. disclosure as to whether benefit plans are self-funded or not fully insured;
 - v. the name of the workers' compensation carrier and policy number;
 - vi. whether Stitch or Client maintain the workers' compensation policy and performs safety inspection at the workplace;
 - vii. a phone number or contact to report injuries and hazardous worksite conditions; and
 - viii. multilingual tagline on notice provided by the Massachusetts Department of Labor Standards that includes the telephone number of the Department.
2. Client retains the exclusive right to direct and control Employees as necessary to conduct Client's business, discharge Client's fiduciary responsibilities, and comply with the licensure requirements that apply to Client or Employees.
 3. Upon termination of the relationship between Stitch and Client, Stitch shall provide Employees with a written notice of the termination of the relationship.
 4. Client is solely responsible for workplace safety, risk and hazard control including the responsibility for disclosing information about workplace injuries and illness required by the federal Occupational Safety and Health Act and for performing workplace safety inspections of all premises where Employees are employed.

MICHIGAN

1. As provided by the Michigan Professional Employer Organization Regulatory Act ("Act"), Michigan Compiled Law Section 338.3737, Stitch shall:
 - a. Pay wages to Employees; provided wages do not include any obligation between Client and a

Employee for payments beyond, or in addition to, the Employee's salary, draw, or regular rate of pay, including bonuses, commissions, severance pay, deferred compensation, profit sharing, or vacation, sick, or other paid time off pay, unless Stitch has expressly agreed to assume liability for those payments in the Agreement;

- b. Withhold, collect, report and remit payroll-related and unemployment taxes;
 - c. Make payments for employee benefits for Employees, to the extent Stitch has assumed responsibility in the Agreement; and
 - d. Retain a right to hire, discipline, and terminate Employees, as may be necessary to fulfill Stitch's responsibilities under the Act and the Agreement; provided Client may also hire, discipline, and terminate a Employee.
2. Client and Stitch each retain responsibility to comply with the workers' disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941.
 3. Employees whose services are subject to sales tax are considered the employees of Client for purposes of collecting and levying sales tax on the services performed by the Employee. The Act does not relieve Client of any sales tax liability with respect to its goods or services.
 4. As provided by the Michigan Professional Employer Organization Regulatory Act ("Act"), Michigan Compiled Law Section 338.3739:
 - a. Client is solely responsible for the quality, adequacy, or safety of the goods or services produced or sold in the Client's business;
 - b. Client is solely responsible for directing, supervising, training, and controlling the work of the Employees with respect to the business activities of Client and is solely responsible for the acts, errors, or omissions of the Employees regarding those activities;
 - c. Client is not liable for the acts, errors, or omissions of Stitch or of any Employee when the Employee is acting under the express direction and control of Stitch; and
 - d. Stitch is not liable for the acts, errors, or omissions of Client or of any Employee or direct



employee of Client when the Employee or direct employee is acting under the express direction and control of Client.

5. Stitch shall provide written notice to each Employee affected by the Agreement regarding the general nature of the co-employment relationship between and among Stitch, Client, and the Employee.
6. As provided in Michigan Administrative Code Section 421.190, Client acknowledges that neither Stitch, nor any individual owner of Stitch, has an ownership interest of more than 20% in Client, if any, nor does Stitch have direct or indirect control over Client, including any Client subsidiaries or affiliates, and Client does not have more than a 20% ownership interest in Stitch, if any.

NEBRASKA

1. As provided by Nebraska Revised Statute §48-2701, *et seq.* of the Nebraska Professional Employer Organization Registration Act (“Act”), Stitch:
 - a. Shall have responsibility to pay wages to Employees; provided wages does not include any obligation between Client and a Employee for payments beyond or in addition to the Employee’s salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing, or vacation, sick, or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in the Agreement;
 - b. Shall have responsibility to withhold, collect, report, and remit payroll-related and unemployment taxes;
 - c. Along with Client, shall have a right to hire, discipline and terminate Employees to fulfill Stitch’s responsibilities under the Act and the Agreement; and
 - d. Assumes responsibility, to the extent Stitch has assumed responsibility in the Agreement, to make payments for employee benefits for Employees.
2. The responsibility to obtain workers’ compensation coverage from a carrier licensed to do business in Nebraska is the responsibility of Stitch unless Client maintains their own coverage as agreed in the Agreement. Client shall not be relieved of its obligations under the Nebraska Workers’ Compensation Act to provide workers’ compensation coverage in the event that Stitch fails to obtain workers’ compensation insurance for which it has assumed responsibility.
3. If the responsibility to obtain workers’ compensation coverage is allocated to Stitch, Stitch shall:
 - a. Advise Client of the provisions of subdivisions (9) (regarding election of insurance by corporation executive officers) and (10) (regarding election of insurance by partners. LLC members and self-employed individuals) of section 48-115 of the Nebraska Workers’ Compensation Act;
 - b. Advise Client of its obligation to obtain an additional workers’ compensation insurance policy if Stitch’s policy limits coverage to Employees as specified in the Agreement; and
 - c. Provide Client with the name of the insurer providing coverage, the policy number, claim notification instructions, and any itemized charges that are to be made for workers’ compensation coverage within ten (10) days after enrollment.
4. Stitch will provide Employees with a written notice of co-employment and the relationship between Stitch and Client.
5. Stitch shall provide, and Client shall post in a conspicuous place at Client’s worksite, the following:
 - a. Notice of the general nature of the co-employment relationship between and among Stitch, Client, and any Employees; and
 - b. Any notice required by the state of Nebraska relating to unemployment compensation and the minimum wage.
6. Client shall be solely responsible for:
 - a. The quality, adequacy, or safety of the goods or services produced or sold in Client’s business;
 - b. Directing, supervising, training, and controlling the work of the Employees with respect to the business activities of Client or when such Employees are otherwise acting under the express direction and control of Client; and



- c. The acts, errors, or omissions of the Employees with regard to such activities or when such Employees are otherwise acting under the express direction and control of Client.
 - d. Client retains the exclusive right to direct and control the Employees as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to Employees
 - e. If either Stitch or Client receives notice of a claim or charge of discrimination made by any Employee, the receiving Party agrees to inform the other Party of the claim or charge of discrimination and transmit a copy of the claim or charge of discrimination to the other Party within ten (10) business days after such receipt.
 - f. Making payments for health or other benefits for Employees, to the extent the Agreement calls for Stitch to provide such benefits;
 - g. Complying with all laws, rules, and regulations for employee leasing companies under the Agreement or as required by New Hampshire or the federal government;
 - h. Paying the tax imposed by RSA 77-E and inclusion in its compensation portion of the base tax those wages paid to Employees;
 - i. Providing to each Employee an employee manual outlining the terms and conditions of employment with Stitch; and
 - j. Providing an employee grievance system for Employees;
2. As provided by New Hampshire Revised Statutes § 277-B:9, Client shall be solely responsible for the following:

NEW HAMPSHIRE

1. As provided by New Hampshire Revised Statutes § 277-B:9, Stitch will assign individuals, including individuals previously employed by Client, to perform services for Client on an on-going basis, and shall be solely responsible for the following:
- a. Paying wages to Employees; provided Stitch may rely on initial hiring documentation of wages, ongoing pay change documentation, and reported payroll documentation regarding hours worked or other measured unit of employee compensation received from Client;
 - b. Preparing and issuing of W-2 forms for Employees;
 - c. Calculating, collecting, and remitting all payroll taxes, including income tax and social security tax, as required by law with respect to Employees;
 - d. Complying with state and federal unemployment compensation requirements, including the reporting of wages paid, making required contributions, and processing claims for benefits on a timely basis as required by New Hampshire law;
 - e. Paying for workers' compensation insurance for Employees;
 - a. Directing and controlling Employees as necessary to conduct Client's business, discharge any applicable fiduciary duty, or comply with any licensure or regulatory or statutory requirement;
 - b. The goods and services produced by Client and its direct and leased Employees;
 - c. The acts, errors, and omissions of Employees committed within the scope of Client's business or under the direction and control of Client;
 - d. Providing accurate personnel and payroll information, and a record of hours and wages to Stitch and the Department of Labor when requested, as a co-employer on all Employees as required of employers under RSA 279:27;
 - e. Complying with all wage and hour laws, including recordkeeping requirements and determinations of exempt and non-exempt status;
 - f. Providing a safe workplace to Employees free of all hazards in compliance with the Occupational Safety and Health Act of 1970 and regulations or any similar law;
 - g. Complying with all laws prohibiting employment discrimination, harassment, and



retaliation on the basis of any protected class or characteristic;

- h. Paying all expenses arising from unionization, negotiating collective bargaining agreements, and processing grievances and unfair labor practice charges related to Client or Employees;
 - i. Complying with all applicable professional license or bonding requirements pertaining to the Client's business and maintaining professional liability coverage;
 - j. Assuming and accepting responsibility for all compensation paid to any Employee that is not paid through Stitch or reported to Stitch; responsibility shall include but shall not be limited to all payroll taxes, federal and state taxes, additional premium for insurances including but not limited to workers' compensation insurance, and additional matching contributions if any; and
 - k. Assuming and accepting all responsibilities, as defined under New Hampshire law, of an employer when hiring or employing individuals separately and not included in the Agreement with Stitch.
3. Pursuant to New Hampshire Revised Statutes § 277-B:17, until Stitch has been in business in New Hampshire for a period of 2 years, Client shall be jointly and severally liable with Stitch for the payment of unemployment contributions as calculated under the provisions of RSA 277-B:9, VI.
4. Client retains the statutory obligation of providing workers' compensation coverage for employees that are not provided, supplied, or assigned by Stitch.

NEW JERSEY

1. The Agreement between Stitch and Client is one of co-employment. As provided by NJS § 34:8-68, Stitch:
- a. Reserves a right to direct and control Employees; provided that Client retains the right to exercise such direction and control over Employees as is necessary to conduct Client's business, discharge any fiduciary responsibility

which it may have, or comply with any applicable licensing requirements;

- b. Retains authority to hire, reassign, discipline, and terminate Employees; provided no Employee shall be reassigned to another client without the Employee's consent and Client has the right to accept or cancel the assignment of any Employee;
 - c. Assumes responsibility for the payment of wages to Employees without regard to payment by Client, except this provision shall not affect Client's obligation with respect to the payment of wages to Employees; and further provided the term "wages" does not include any obligation between Client and a Employee for payments beyond or in addition to the Employee's salary, draw or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless Stitch has expressly agreed to assume liability for these payments in the Agreement; and
 - d. Assumes responsibility for the payment and collection of payroll taxes for Employees.
2. Stitch, except in relation to newly established business entities, shall hire its initial employee compliment from employees of the Client at the time of the execution of the Agreement at comparable terms and conditions of employment as are in existence at the Client at the time of the execution of the Agreement and as designated by Client. Throughout the Term of the Agreement, Employees shall be considered employees of Stitch and Client, and upon termination of the Agreement, Employees shall be considered employees of the Client.
3. If at the time Stitch and Client enter into an Agreement, and Client has a collective bargaining agreement in place for Employees, the following provision applies:
4. Client shall continue to honor and abide by the terms of any applicable collective bargaining agreements, and upon expiration thereof, any obligations of Client to bargain in good faith in connection with such collective bargaining



agreements shall not be affected in any manner by the Agreement entered into between Stitch and Client.

5. The responsibility to obtain workers' compensation coverage for Employees from a carrier licensed to do business in New Jersey shall be assumed by Stitch unless Client maintains its own workers' compensation coverage as agreed to in the Agreement. The party assuming responsibility for providing workers' compensation insurance, shall provide notice to the New Jersey Department of Labor and Workforce Development ("Department") within thirty (30) days of the election. If assumed by Client, Client shall provide a copy of the Agreement to the insurance carrier licensed in New Jersey that issues the policy for the Employees prior to the issuance of the policy or upon entering into the Agreement and Stitch shall notify the Department within thirty (30) days of the election and provide the Department with the name of the Client, name of carrier and policy number. Client shall be obligated to update Stitch's address, which is contained in the Agreement, if it changes during the policy period. In the event that a policy issued to Client is cancelled pursuant to R.S.34:15-81, the insurance carrier licensed in the State of New Jersey that issues the policy shall provide Stitch copies of all notices required to be issued to Client pursuant to R.S.34:15-81 with at least ten (10) days' notice by regular mail at the address set forth in the Agreement, as updated. Notwithstanding the provisions of this paragraph, if Client, having elected to assume the responsibility of providing the workers' compensation insurance coverage for Employees, fails to provide workers' compensation insurance coverage as required by law during the period of the Agreement, then Stitch shall provide workers' compensation insurance for Employees under the Agreement.
6. The right of direction and control over management of safety, risk and hazard control of the work site including responsibility for performing safety inspections of Client equipment and premises, responsibility for promulgation and administration of employment and safety policies, and responsibility for the management of workers'

compensation claims and filings shall be allocated to Client.

7. Pursuant to NJS § 34:8-74, with respect to Employees employed in the State of New Jersey, Stitch shall calculate the unemployment benefit experience contribution rates and temporary disability contribution rates with respect to such Employees upon the inception and termination of this Agreement in accordance with the following method.
8. **Calculation of Unemployment Benefit Experience.** Upon the effective date of this Agreement, Stitch shall report wages and pay contributions for those employees of Client who are co-employed by Stitch and work in the State of New Jersey ("Stitch NJ Employees") pursuant to the "Unemployment Compensation Law," N.J.S.A.43:21-1 *et seq.*, based on the benefit experience assigned to Stitch under N.J.S.A.43:21-7. With respect to any employee of Client working in the State of New Jersey who is not co-employed by Stitch ("Client NJ Employee"), Client shall continue to report wages and pay contributions for the Client NJ Employees using Client's contribution rate based on the benefit experience assigned to Client under N.J.S.A.43:21-7.
9. Pursuant to N.J.S.A. 34:8-73, upon a termination of this Agreement by Client or Stitch ("Termination"), if the Stitch NJ Employees have been co-employed for less than two full calendar years, Stitch shall provide to the New Jersey Department of Labor ("NJDOL") the data required by the NJDOL to calculate the benefit experience associated with the Stitch NJ Employees to the extent required by applicable law. The NJDOL shall combine that benefit experience with Client's existing benefit experience to determine Client's new rate as of the following July 1st. Client shall continue to use Stitch's contribution rate for the period beginning on the date of the termination of this Agreement and ending the following July 1st; provided, however, that if Stitch did not co-employ all employees of Client, Client must use its own contribution rate for the period beginning on the date of the termination of this Agreement and ending the following July 1st.
10. Pursuant to N.J.S.A. 34:8-73, upon a Termination



which occurs after the Stitch NJ Employees have been co-employed for at least two full calendar years, Client shall be assigned the rate of a new employer under N.J.S.A.43:27-7 until Client is eligible for a rate based on benefit experience pursuant to that section of the "Unemployment Compensation Law" or enters into another professional employer organization agreement; provided, however, that if Stitch did not co-employ all employees of Client, the benefit experience associated with that portion of the Client's employees that were co-employed by Stitch shall not be transferred to Client and shall not be used in the calculation of Client's future contribution rates.

11. Pursuant to N.J.S.A. 34:8-73, if Client enters into a subsequent professional employer organization agreement with another professional employer organization with respect to the Stitch NJ Employees immediately after a Termination, the payroll relative to Client shall be reported and paid at the rate assigned the second professional employer organization.
12. **Calculation of Temporary Disability Contribution Rates.** For as long as Stitch maintains an approved private plan of disability benefits under the "Temporary Disability Benefits Law," Client and Stitch are exempt from the requirement to contribute to the New Jersey State Disability Benefits Fund pursuant to N.J.S.A. 43:21-7 with respect to wages paid to the Stitch NJ Employees. Client shall instead be required to pay the premium amount established by Stitch and its insurance carrier. Upon a Termination, Stitch shall provide to the NJDOL the data required thereby to calculate the temporary disability rates of the Stitch NJ Employees to the extent required by applicable law. Client remains obligated to contribute to the New Jersey State Disability Fund pursuant to N.J.S.A. 43:21-7 with respect to wages paid to any Client NJ Employees unless Client is subject to an exemption in accordance with applicable law.
13. Client hereby acknowledges receipt of the information set forth above as required by N.J.S.A. 34:8-74.
14. Stitch shall provide written notice of the relationship

between Stitch and Client to Employees.

NEW YORK

1. Stitch agrees to co-employ all or a majority of the employees providing services for Client and the arrangement is intended to be an on-going, not temporary, basis.
2. As provided by §922 of the New York Professional Employer Act, Stitch:
 - a. Reserves a right to direct and control Employees; provided that Client retains the right to exercise such direction and control over Employees as is necessary to conduct Client's business, discharge any fiduciary responsibility which it may have, or comply with any applicable licensing requirements;
 - b. Retains authority to hire, discipline and terminate Employees;
 - c. Assumes responsibility for the payment of wages and the withholding and remittance of payroll related taxes and employee benefits for Employees from Stitch's own accounts as long as the Agreement remains in force; and
 - d. Will be considered an employer for the purposes of withholding state income taxes for Employees.
3. Stitch agrees to pay unemployment insurance according to law and to obtain required workers compensation coverage either in its own name or in the Client's name as long as the Agreement remains in force.
4. Stitch will provide Employees with a general description of the relationship between Stitch and Client.
5. Client shall have all newly hired assigned employees provide written confirmation of receipt of the Notice and Acknowledgment of Pay Rate and Payday under Section 195.1 of the New York State Labor Laws, as required by applicable law.
6. The Agreement describes the duties and responsibilities of each party, including the responsibility for hiring, firing, and disciplining of Employees.



NORTH CAROLINA

1. As provided by the North Carolina Professional Employer Organization Act, §58-89A-100 (the “Act”), Stitch:
 - a. Assumes responsibility for the payment of Employee wages as agreed to in the Agreement; provided “wages” does not include any obligation between Client and a Employee for payments beyond or in addition to the Employee’s salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in this Agreement
 - b. Assumes responsibility for the payment and collection of payroll taxes for Employees on payroll that is reported to and paid by Stitch;
 - c. Retains a right to hire, terminate, and discipline Employees as may be necessary to fulfill Stitch’s responsibilities under the Act and the Agreement; and
 - d. Retains a right of direction and control over the adoption of employment policies, responsibility for the management of workers’ compensation claims, claim filings, and related procedure in accordance with applicable federal and North Carolina laws.
 - e. The responsibility to obtain workers’ compensation coverage for Employees, from an entity authorized to do business in North Carolina and otherwise in compliance with all applicable requirements, shall be the responsibility of Stitch, and Stitch agrees to maintain and provide to Client, at the termination of this Agreement if requested by Client, records regarding the loss experience related to workers’ compensation insurance provided to Employees unless Client is required to maintain its own workers’ compensation. Therefore, Client agrees to provide Stitch a copy of the workers’ compensation certificate confirming coverage and naming Stitch as an alternate employer if applicable.

- f. Client shall have a continuing obligation to provide workers’ compensation coverage as required by Chapter 97 of the North Carolina General Statutes, the Workers’ Compensation Act, for any Client employees who are not Employees and not otherwise covered under a policy described in this Addendum.
2. Client retains the exclusive right of direction and control over Employees as is necessary to conduct Client’s business and without which Client would be unable to conduct its business, to discharge any fiduciary responsibility that Client may have; or to comply with any applicable licensure, regulatory, or statutory requirements of Client or any Employee. Client shall have a right to hire, discipline, and terminate Employees.
 3. By signing below, Client certifies and agrees that it does not owe its current or prior workers’ compensation carrier any premium for workers’ compensation insurance, or if Client owes its current or prior professional employer organization (“PEO”) amounts due under the PEO agreement, those are only for premiums or amounts due that are subject to dispute. Client further certifies that Client has met any and all prior premium or fee obligations.
 4. Stitch shall provide written notice of the relationship between Stitch and Client to Employees not later than the first payday after the date on which that individual becomes a Employee. Stitch shall also give each Employee written notice when the Employee ceases to be a Employee covered by the Agreement and this Addendum.
 5. Client acknowledges that any employment responsibilities not allocated to Stitch by this Agreement or the Act, remain with the Client.

OHIO

1. As provided by O.R.C. §4125.01, *et. seq.* and OAC 4123-17-15, *et. seq.*, Stitch will perform the following functions:
 - a. Pay wages and related payroll taxes in relation to Employees which is not contingent on receipt of payment from Client;



- b. Maintain workers' compensation coverage in accordance with applicable state law, and pay all Client's workers' compensation premiums, maintain a record of workers' compensation claims, and manage all workers' compensation claims, filings and related procedures in relation to Employees in compliance with Ohio law;
 - c. Maintain workers' compensation coverage under Stitch's workers' compensation risk number for all payroll reported under Stitch's tax identification number for federal tax purposes;
 - d. Maintain complete records separately listing the payroll and workers' compensation claims for Client by payroll reporting period;
 - e. Maintain payroll in a manner that clearly identifies manual classifications of Client and the payroll reported to each manual classification for each payroll reporting period;
 - f. Report Client's payroll, claims and classification data under a separate and unique subaccount to the Ohio Bureau of Worker's Compensation ("BWC"); and
 - g. Maintain adequate and required employment-related records for Employees, and for reporting such information as may be required by appropriate governmental agencies.
2. Stitch will assign Employees to perform services for Client on an on-going or permanent basis pursuant to the Agreement and this Addendum. "Permanent basis" is used as defined under O.R.C. §5739.01(JJ) to distinguish Stitch's services from that of a temporary employment service and simply means that there is no definitive amount of time Employees will be assigned to Client. The use of the term "permanent basis" should not be construed as a guarantee of employment for any specific length of time and all Employees are employed on an at-will basis.
 3. This Agreement and Addendum shall commence on the Effective Date and remain in full force and effect for a period of two (2) years thereafter ("Initial Period") in relation to Ohio Employees, unless terminated by either Party with sixty (60) days written notice prior to the Initial Period expiration

date or as provided in Paragraph II of the Agreement. After the Initial Period, this Agreement shall automatically renew for one (1) year periods in relation to Ohio Employees until terminated by either Party with sixty (60) days written notice prior to the renewal period expiration date or as provided in Paragraph 2 of the Agreement.

4. Client shall maintain individual active workers' compensation coverage with BWC for all Employees and Client's regular employees working for Client during the Term of the Agreement.
5. Within fourteen days after receiving notice from the BWC that a refund or rebate will be applied to workers' compensation premiums, Stitch shall provide a copy of that notice to Client if it applies to Client.
6. Stitch shall provide written notice to Employees of the relationship between Stitch and Client and of the responsibilities of Stitch and Client.

OREGON

1. As provided by the Oregon Administrative Rules, 436-180-0140(3)(l), et. seq. governing worker-leasing companies, Stitch is responsible for ensuring that Client provides adequate training, supervision, and instruction for Employees to meet the requirements of the Oregon Safe Employment Act, Oregon Revised Statute Chapter 654. Client agrees to cooperate in providing such training, supervision, and instruction.
2. Client agrees that it is the "host employer" as defined in the Oregon Occupational Safety and Health Division Department of Consumer and Business Services Program Directive A-246. As the host employer, Client directs and controls Employee's work and therefore retains sole responsibility for hazard control, site-specific training of all Employees including hazard communication programs, and the provision of personal protective equipment including use and maintenance, safety meetings, accident reporting and investigation, and recordkeeping under the Oregon Administrative Rules.



3. The responsibility to obtain workers' compensation coverage from a carrier licensed to do business in Oregon is the responsibility of Stitch, unless the Client is required to obtain coverage per the Agreement. If the responsibility is allocated to Stitch, then Stitch will provided a sufficient copy of Form 1188, "Notice of Compliance," to be posted at the Client's premises in a conspicuous manner about the place of business, and in a sufficient number of places to inform Employees about the coverage.

SOUTH CAROLINA

1. As provided by the Regulation of Professional Employer Organizations, S.C. Code Ann. § 40-68-60:
 - a. Stitch and Client agree that for the purposes of the South Carolina Code of Laws, Title 42, Workers' Compensation, the jurisdiction of the Client is the jurisdiction of Stitch and its workers' compensation insurer.
 - b. Stitch agrees that Stitch and its workers' compensation insurer are bound by and subject to the awards, judgments, or decrees rendered against them under the provisions of South Carolina Code of Laws, Title 42, Workers' Compensation.
 - c. Stitch and Client agree that insolvency, bankruptcy, or discharge in bankruptcy of Stitch or Client does not relieve Stitch, Client, and their respective workers' compensation insurers from payment of compensation for disability or death sustained by an employee during the life of a workers' compensation insurance policy.
 - d. Notice to or acknowledgement of the occurrence of an injury on the part of Client is notice to or knowledge on the part of the licensee and its workers' compensation insurer.
 - e. Stitch assumes the responsibility to pay wages without regard to payments by Client. Stitch reserves the right to reassign Covered Employees.
 - f. Stitch retains a right of direction and control over the adoption of employment and safety policies and the management of workers'

compensation claims, claim filings, and related procedures.

- g. Stitch retains the right to hire, fire, and discipline Covered Employees.
- h. Stitch is in a co-employment relationship with Client and is licensed and regulated by the South Carolina Department of Consumer Affairs. Any questions or complaints regarding Stitch should be directed to the Department at 293 Greystone Boulevard, Suite 400, Columbia, SC 29210, or by mail at P.O. Box 5757, Columbia, SC 29250-5757, phone: 803-734-42003600; www.sccconsumer.gov.

TENNESSEE

1. As provided by the Tennessee Professional Employer Organization Act, §62-43-108, Stitch:
 - a. Reserves a right of direction and control over Employees assigned to Client; provided that Client retains such sufficient direction and control as is necessary to conduct the Client's business, discharge any fiduciary responsibilities; and comply with any applicable licensure, regulatory, or statutory requirements;
 - b. Assumes responsibility for the payment of Employee wages from its own accounts without regard to payment by Client; provided "wages" does not include any obligation between Client and a Employee for payments beyond or in addition to the Employee's salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in this Agreement;
 - c. Assumes responsibility for the payment and collection of payroll taxes for Employees on payroll that is reported to and paid by Stitch from its own accounts, without regard to payment by Client;
 - d. Assumes responsibility for the payment of Employee benefits agreed to be provided to Employees under the Agreement from its own



- accounts, without regard to payment by Client; and
 - e. Retains authority to hire, terminate, discipline, and reassign Employees; provided Client retains the right to accept or cancel the assignment of any Employees.
2. Stitch agrees to provide written notice of the general nature of the relationship between Stitch and Client to each Employee assigned to perform services at the Client's worksite.

TEXAS

1. As provided by the Texas Professional Employer Organization Act, §91.032, Stitch:
- a. Shares with Client a right of direction and control over covered Employees, subject to paragraph 3 below;
 - b. Assumes responsibility for the payment of covered Employee wages as defined in §91.001(17) without regard to payment by Client; provided Client is solely obligated to pay any wages for which the obligation to pay is created by an agreement, contract, plan, or policy between the Client and the Employee, and for which Stitch has not contracted to pay;
 - c. Assumes responsibility for the payment and collection of payroll taxes for covered Employees on payroll that is reported to and paid by Stitch;
 - d. Shares with Client the right to hire, fire, discipline and reassign covered Employees, subject to paragraph 3 below;
 - e. Shares with Client the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures, subject to paragraph 3 below.
2. Notwithstanding paragraph 1 of this Addendum, Client retains sole responsibility for:
- a. the direction and control of covered Employees as is necessary to conduct the Client's business, discharge any applicable fiduciary responsibilities, and comply with any applicable licensure, regulatory, or statutory requirements;
 - b. the goods and services produced by Client; and
 - c. the acts, errors, and omissions of covered Employees committed within the scope of the Client's business.
3. Stitch shall provide written notice of the relationship between Stitch and Client to covered Employees including specific reference to the requirements contained in paragraph 2(b) above no later than the first payday after the date on which the individual becomes a covered Employee.
4. **ANY UNRESOLVED COMPLAINTS CONCERNING Stitch OR QUESTIONS CONCERNING THE REGULATION OF PROFESSIONAL EMPLOYER ORGANIZATIONS MAY BE ADDRESSED TO THE: TEXAS DEPARTMENT OF LICENSING AND REGULATION, P.O. BOX 12157, AUSTIN, TEXAS 78711, (512) 463-6599.**
5. Stitch and Client have elected to obtain workers' compensation insurance coverage for covered Employees. If elected, the responsibility to obtain and maintain workers' compensation coverage from a carrier licensed to do business in Texas and otherwise in compliance with all applicable state law requirements is the responsibility of the Client. If Client is responsible for maintaining workers' compensation insurance coverage, Client shall pay workers' compensation insurance premiums for covered Employees based on the experience rating of Client. Client agrees to maintain workers' compensation coverage for any Client employee who is not a covered Employee under this Agreement.
6. Stitch and Client certify that this Agreement meets the requirements and conditions set forth in Texas Tax Code §151.057 and, 34 Texas Administrative Rule 3.364 in that Texas sales tax is not due on the staff leasing services provided under this Agreement since:
- a. at least 75% of the covered Employees providing services under this Agreement were previously employees of Client for a period of at least three (3) months immediately prior to commencement of the Agreement;
 - b. none of the covered Employees were employed previously by Stitch (unless the previous employment was through a shared



employment relationship) or by an entity that previously provided or currently provides taxable services to Client; and

- c. a shared employment relationship exists between Stitch and Client as to Employees.

UTAH

- d. As provided by §31A-40-202 of the Utah Professional Employer Organization Licensing Act ("Act"), Stitch:
- e. Together with Client, retains a right to hire, discipline or terminate Employees, as defined in §31A-40-203 of the Act, to the extent necessary to fulfill Stitch's obligations under the Agreement and the Act;
- f. Shall pay compensation to Employees, as defined in §31A-40-203 of the Act, and withhold, collect, report, and remit payroll and related unemployment taxes; provided "compensation" does not include any obligation between Client

and an Employee for payments beyond or in addition to the Employee's salary, draw, or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay, unless Stitch has expressly agreed to assume liability for such payments in this Agreement

- g. Retains responsibility to make payments for Employee benefits as agreed to in the Agreement.
- 7. Stitch shall obtain or assist Client in obtaining workers compensation coverage for Employees consistent with §31A-40-209 of the Act, and in accordance with §34A-2-201(1) or (2) of the Act and the rules of the Labor Commission.
- 8. Stitch shall provide written notice to Employees, as defined in §31A-40-203 of the Act, of the general nature of the co-employment relationship between and among Stitch, Client and the Employee.



EXHIBIT A

Other Fees and Rates

In addition to Employee’s gross payroll and the fees listed below, Client agrees to pay all Employee costs and expenses, including but not limited to costs and expenses related to Employee payroll taxes, approved benefits, vacations, holidays, health, welfare and pension plans, workers’ compensation and other reimbursable expenses.

Federal & State Rates

Item	Rate	Note
Medicare	% or current federal rate	Based on Gross wages**
Social Security	% or current federal rate	Based on Gross wages**
FUTA	Client’s contribution rate	Based on Gross wages**
SUTA	Client’s contribution rate	Based on Gross wages**

* Per employee fee totals are estimated based on the employee count provided and listed above and will increase or decrease as your employee count increases or decreases. Implementation and non-recurring fees are due in full within one week from the execution of this Agreement and can be paid by credit card or by ACH.

** Subject to wage base limit

Payroll Fee Schedule

Item	Fee	Frequency
New Employee Setup – Stitch Entry	\$50	Per new hire
Delivery Fee	\$25	Per delivery
Additional/Supplemental Payroll Runs	\$25	Per additional payroll run + \$3.00 per check
Late Fee/Returned Payroll	3%	Per month on past due invoice amount
Late Payroll Submission	\$150	Per late submission
Same Day Payroll Processing	\$150	Per payroll batch and \$3.00 per EE direct deposit
Customized General Ledger (GL) Set up	\$250	One time custom programming
Custom Reporting	\$125	Per hour; based on scope requested



Benefits and Retirement Services

Item	Fee	Frequency
Medical Plans	TBD	Per Paycheck based on premiums
Voluntary Benefits	TBD	Per Paycheck based on premiums
Existing 401(k) Plan Conversion Fee	\$350	One time
Retirement Plan Annual Minimum Participation Fee	\$350	Annually
ACA 1094C & 1095C Report Preparation (non-Stitch masterplan)	\$0.50	Per employee, per week
COBRA Administration Implementation (non-Stitch masterplan)	\$300	One-time fee
COBRA Administration Processing (non-Stitch masterplan)	\$1	Per COBRA participant per month, min. \$75
COBRA Administration – Post Stitch Relationship (Stitch plan)	\$75	Per COBRA participant per month

Employment Screening

Item	Fee	Frequency
5-Panel or 10-Panel Drug Test	TBD	Per test
Breath Alcohol Test	TBD	Per test
Worksite Employee Physical Examination (includes Drug Testing)	TBD	Per test
Background, NCIB Database Only	TBD	Per test
Background, 7 year Criminal Recommendation	TBD	Per test
Background, 10 year Criminal Recommendation	TBD	Per test
Federal Criminal Check	TBD	Per test
Education Verification	TBD	Per verification
Employer Verification	TBD	Per verification
Professional License Verification	TBD	Per verification
Employment Credit Verification	TBD	Per test
Motor Vehicle Report (include DOT)	TBD	Per test

Workers Compensation

Quoted workers' compensation premiums are based on projected gross wages and assigned class codes. Final premium amounts may differ and can include additional carrier-imposed charges such as expense constants, state assessments, surcharges, schedule credits or debits, minimum premiums, and audit adjustments.

These charges are determined by the insurance carrier and applicable regulatory authorities and cannot be predicted in advance. Any such amounts assessed will be billed accordingly.



EXHIBIT B

Client Insurance Requirements

- a. If any Employee is required to drive a vehicle of any kind for Client, Client will provide liability insurance which will insure against public liability for bodily injury, death and property damage with a minimum combined single limit of one million dollars (\$1,000,000) and uninsured motorist insurance with a minimum combined single limit of one million dollars (\$1,000,000), in states where no fault laws apply. Not later than five business days after its execution and delivery of this Agreement, Client shall cause its insurance carrier to issue a certificate of insurance to Stitch verifying such coverage and providing for not less than 30 days' prior written notice to Stitch of cancellation of or any changes to such coverage and identify Stitch as an additional insured.
- b. Client agrees to keep in full force and effect at all times during the Term a comprehensive general liability insurance policy in the minimum limit of one million dollars (\$1,000,000) insuring Client against bodily injury and property damage caused by Client's premises operations or completed operations. Not later than five business days after its execution and delivery of this Agreement, Client shall cause its insurance carrier to issue a certificate of insurance to Stitch verifying such coverage and providing for not less than 30 days' prior written notice to Stitch of cancellation of or any changes to such coverage and identify Stitch as an additional insured.
- c. If any Employee performs any duties which requires the maintenance of a professional license and corresponding professional liability insurance, Client agrees to keep in full force and effect during the Term professional liability insurance which shall cover any acts, errors or omissions including, but not limited to, the negligent acts of the professional employee with a minimum limit of one million dollars (\$1,000,000). Not later than five business days after the execution and delivery of this Agreement, or within five business days if this Agreement is already in effect, Client shall cause its insurance carrier to issue a certificate of insurance to Stitch identifying Stitch as an additional insured and verifying such coverage and providing for not less than 30 days' prior written notice to Stitch of cancellation of or any changes to such coverage.