



**DEPARTMENT-CONDUCTED RESEARCH PARTNER AGREEMENT
INDUSTRIAL HEMP PROCESSOR (NON-CBD)**

This Department-Conducted Industrial Hemp Processor Research Partner Agreement (“Research Agreement”), dated _____, between the State of New York, acting by and through the New York State Department of Agriculture and Markets, or another agency or department of New York State subsequently designated by the State (the “Department”) and _____ (the “Research Partner”).

WHEREAS, pursuant to Title 7 U.S.C. § 5940, Sections 537 and 729 of the Consolidated Appropriations Act of 2018, and New York State Agriculture and Markets Law Section 505, et seq., the Commissioner of the New York State Department of Agriculture and Markets has been granted the authority to approve sites for the study of the growth and cultivation, sale, distribution, transportation and processing of hemp and products derived from such hemp as part of an agricultural pilot program conducted by the Department; and

WHEREAS, the Department has decided to undertake an agricultural research pilot program with respect to industrial hemp as provided for in 7 U.S.C § 5940 and Section 763 of the Omnibus Budget Bill of 2016 (the “Research Pilot Program”); and

WHEREAS, pursuant to Agriculture and Markets Law Section 506, et seq., the Department has the authority to partner with individuals, businesses and institutions of higher education in connection with its Research Pilot Program;

WHEREAS, the Research Partner has submitted an application to engage in research with respect to the processing of industrial hemp (but excluding research with respect to cannabidiol);

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, the parties do hereby agree as follows:

SCOPE OF RESEARCH

1. The Research Partner shall act as a researcher in connection with the Research Pilot Program.
2. The Research Partner’s authority to study industrial hemp in the manner set forth on its “Application to become a Research Partner in the Department’s Industrial Hemp Research Pilot Program” (attached as Exhibit 1, and herein referred to as the “Scope of Work”) shall commence upon the execution of this agreement by both parties and shall continue unless suspended or terminated, as set forth below.



3. The Research Partner's authority to research industrial hemp is limited to the research set forth in the Scope of Work and the Research Partner shall strictly adhere to the Scope of Work, except as otherwise authorized pursuant to Paragraph 4, herein. The Department will monitor the Research Partner's compliance with the research focus, scope, locations and size as set forth in Scope of Work and shall have the right to monitor compliance by, among other things, having the right to: access the registered premises, engage in periodic, unannounced inspections, inspect the books and records of the Research Partner, and to promptly receive information reasonably requested of the Research Partner with respect to the research project and/or its operations.
4. The Research Partner shall obtain prior written approval from the Department before implementing any modifications to the Scope of Work, including, without limitation, any modification of the research focus, scope, locations, processes or size described in the Scope of Work, and making any changes to any site at which the research is being conducted.
5. Should the Research Partner seek to conduct additional industrial hemp research separate and distinct from that which is described in the Scope of Work, the Research Partner shall make new application for such other research pilot and must be approved by the Department prior to conducting the proposed research. Should the Research Partner desire to grow or cultivate industrial hemp, the Research Partner must make application to the Department to become an industrial hemp grower.

PARTIES CONDUCTING RESEARCH

6. At all times during the term of this Research Agreement, and with respect to the obligations surviving the suspension or termination of the Research Agreement as set forth in Paragraph 58 herein, the Research Partner shall remain responsible for the performance under this Research Agreement. If requested by the Department, the Research Partner shall present evidence of its continuing legal authority to do business in New York State, integrity, experience, satisfactory performance, ability and/or organizational and financial capacity to perform the Scope of Work.
7. The Research Partner shall disclose any felony or drug-related misdemeanor conviction within the last ten years and, upon the Department's request, agrees to provide fingerprints and all necessary consents for the Department to obtain a criminal background check on the Research Partner, if an individual. In the event the Research Partner is not an individual, the Research Partner shall identify (a) the individual(s) in control of the Research Partner; and (b) whether such individuals have been convicted of any felony or drug-related misdemeanor within the last ten years. The Research Partner, upon the Department's request, shall provide fingerprints and deliver all



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necessary consents for the Department to obtain a criminal background check on the individuals listed on Exhibit 2. The felony or drug-related misdemeanor conviction of the Research Partner or any of the individuals listed on Exhibit 2 and may result in the suspension or termination of the Research Agreement. During the term of this Research Agreement, in the event there is a change to the information provided under this paragraph, the Research Partner shall update that information within ten days of its occurrence.

8. The Research Partner shall (a) provide a list of other persons (including all subcontractors, agents, independent contractors) who will provide material assistance of any kind to the Research Partner's research described in the Scope of Work and (b) upon the Department's request, provide fingerprints and obtain all necessary consents for background checks for any such persons. During the term of this Research Agreement, in the event there is a change to the information provided under this paragraph, the Research Partner shall update that information within ten days of its occurrence.
9. The Research Partner shall notify the Department of any felony or drug-related misdemeanor conviction rendered against or plea of guilty entered by any individual performing services in connection with the Scope of Work during the term of this Research Agreement, within ten days of its occurrence. Such conviction may result in the disqualification of that person or entity from continued performance of the Scope of Work and/or may result in the suspension or termination of the Research Agreement.
10. The Research Partner's engagement of any subcontractor to perform any work described in the Scope of Work shall be approved in advance by the Department. The Research Partner shall require any subcontractor to provide information requested by the Department to determine whether the proposed subcontractor is a responsible service provider.
11. The Research Partner, notwithstanding any subcontracting, shall remain responsible and liable for all work performed by a subcontractor or under any subcontract with respect to the Scope of Work.
12. Upon execution of a subcontract, the Research Partner shall provide detailed subcontract information, and/or a copy of the subcontract, within fifteen (15) calendar days after execution. In the event the Research Partner chooses to provide only detailed subcontract information, upon the Department's request, the Research Partner shall provide copies of all contracts or subcontracts relating to the work described in the Scope of Work.
13. The Department, during the course of the pilot, retains the discretion to, among other things: (a) determine what persons, entities, and sites may continue to participate in the



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Research Pilot Program; and (b) de-certify and de-register a site used to grow, cultivate or process industrial hemp at any time, following an opportunity to be heard.

14. It is understood and agreed that the legal status of the Research Partner, its employees, agents, partners, or subcontractors is that of an independent contractor and in no manner, shall they be deemed employees or agents of the State of New York and, therefore, are not entitled to any of the benefits associated with such employment or designation.

REPORTS, PUBLICATION AND INTELLECTUAL PROPERTY

15. The Research Partner shall file an annual report summarizing the results of the research described in the Scope of Work and share any data related to the sale, distribution, transportation and processing of hemp and products derived from hemp during the course of that research, including, without limitation the variety used in the processing, the amount of industrial hemp acquired and processed, the disposition and/or use of the industrial hemp crop and the economic viability of the project. Annual reports shall be submitted to the Department on each anniversary of the issuance date set forth on the Research Partner's certification of authorization so long as the Research Partner Agreement is in force.
16. The State shall have a perpetual royalty-free, non-exclusive and irrevocable right to reproduce, publish or otherwise use, and to authorize others to use, data and materials required to be reported to the Department with respect to the Research Partner's agricultural research pilot or the results and accomplishments achieved.
17. All rights and title to intellectual property created, invented or discovered exclusively by the Research Partner in connection with the Research Pilot Program shall vest in the Research Partner. All rights and title to intellectual property created, invented or discovered exclusively by one or more New York State employees without the use of the Research Partner's resources shall vest in New York State. All rights and title to intellectual property created, invented or discovered jointly by one or more employees of the Research Partner and one or more employees of New York State with the use of Research Partner resources shall be jointly owned by the Research Partner and New York State.

CONFIDENTIALITY

18. Any data or records marked as confidential may be used or maintained only for the limited purposes of the Research Pilot Program. The parties agree that (a) the Department's obligation under this section may be limited by the requirements of the Freedom of Information Law or other applicable provisions of State and federal law and



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(b) the parties shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law § 899-aa; State Technology Law § 208).

19. The Research Partner consents to: (a) the Department providing information to law enforcement agencies about the industrial hemp research activities taking place at the agricultural pilot program sites; (b) entry onto all premises where hemp plants, product or materials are located by the Department, with or without cause, with or without advance notice, for inspection, sampling, testing or any other purpose relating to the research being conducted.

RISKS OF INDUSTRIAL HEMP RESEARCH

20. Pursuant to Title 7 U.S.C. § 5940, Sections 537 and 729 of the Consolidated Appropriations Act of 2018, and New York State Agriculture and Markets Law Section 505, et seq., the Department has been granted the authority and has decided to undertake an agricultural research pilot program with respect to industrial hemp as provided for under Federal and state law. The Research Partner acknowledges that absent participation in the Department’s Research Pilot Program, the conduct of the research described herein might constitute a violation of both federal and state law.
21. The Research Partner is aware that: the United States Drug Enforcement Administration (the “DEA”) considers industrial hemp a Schedule 1 Controlled substance under 21 U.S.C. § 801 et seq.; the federal regulatory environment surrounding industrial hemp is in transition; certain aspects of the law relating to industrial hemp research are subject to differing interpretations; and the possession of industrial hemp outside the terms of this Research Agreement or the Scope of Work may constitute a violation of state and/or federal law and that anyone in possession of such materials may be subject to local, state, and/or federal prosecution.
22. The Research Partner is aware that the adoption of a new federal Farm Bill may contain provisions that could materially change the federal and state regulatory approach to industrial hemp.
23. The Research Partner has made and shall continue to make its own independent determination with respect to its legal obligations under federal law with respect to any product it produces under this Research Agreement; nothing in this Research Agreement shall be construed as the Department’s position or determination as to how any product produced hereunder should be categorized and/or regulated under federal law.



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24. The Research Partner is responsible for the testing of the industrial hemp uses to ensure that the delta-9 THC content does not exceed 0.3 percent, on a dry weight basis. The Research Partner consents to the forfeiture or destruction, without compensation, of hemp material found by the Department to have a measured delta-9 THC content of more than 0.3 percent on a dry weight basis. The Research Partner consents to the Department's sampling, testing and inspection, without compensation, of any hemp material or final product identified by the Department at the location described in the Scope of Work for the purpose of verifying the THC content of the hemp material grown, cultivated and/or possessed by the Research Partner.
25. The Research Partner represents that it is aware of the federal and state statutes governing the proposed research project, including the applicable guidance.
26. The Research Partner represents that it is aware of its obligation to comply with all current and future local, state, and federal laws and regulations applicable to, among other things, the processing or manufacture of industrial hemp into products, its distribution and/or transportation with respect to, among other things, food, dietary supplements, and/or cosmetics.
27. The Research Partner acknowledges the inherent risk associated with participation in a research program focusing on a new crop. By entering this Research Agreement and agreeing to perform the Scope of Work, the Research Partner assumes and bears sole responsibility for financial or other losses that may result from the Research Partner's choice to participate as a researcher under the Research Pilot Program to study industrial hemp.
28. The Research Partner represents that it has sought whatever legal or other advice it believes to be appropriate and is not relying upon the Department's approval of its research proposal or any other statement or conduct by the Department in connection with the Research Partner's evaluation of any legal or other risk to which the Research Partner may be exposed in undertaking the project.
29. The Research Partner acknowledges that: (a) the Research Partner is responsible for its research, product testing and product safety; (b) the Department's approval of the Research Partner's application does not constitute an endorsement, approval or warranty, express or implied, as to the safety or effectiveness of any product developed, produced or sold pursuant to this Research Agreement; and (c) the Department expressly disclaims any warranty of merchantability or fitness for a particular purpose for any product developed, produced or sold pursuant to this Research Agreement.
30. The Research Partner agrees that the Department is not responsible for reimbursing or



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compensating it for any actual loss and/or loss of anticipated profits resulting from the Research Partner's involvement with or participation in the Research Pilot Program.

LEGAL STANDARDS/PROCESSING /PRODUCTION REQUIREMENTS

31. The Research Partner acknowledges that the state of the law with respect to industrial hemp is in flux, at both the federal and state level, and that the Department expressly reserves the right, at its sole discretion, to eliminate, modify and/or add requirements concerning the research project, including any process used and/or product produced by the Research Partner, upon 60-days written notice.
32. The Research Partner shall immediately make available to the Department such records relating to sampled specimens or product having a concentration of more than 0.3 percent of delta-9 tetrahydrocannabinol on a dry basis, in a form and at a location satisfactory to the Department.
33. The Research Partner shall promptly dispose of all industrial hemp in its possession reasonably believed, based upon the results of regulatory or other sampling, to have a concentration of more than 0.3 percent of delta-9 tetrahydrocannabinol, on a dry weight basis.
34. It is the responsibility of the Research Partner to ensure that any product produced pursuant to this Research Agreement is safe.
35. The Research Partner is solely responsible for any product, its content, any statements made with respect to the product and its safety.
36. Food and/or ingredients in food (i.e. articles used for food or drink for humans or other animals, or components of such articles) developed and/or produced under this Research Agreement (whether an ingredient, an intermediate or a final product) shall satisfy the requirements of this Research Agreement if manufactured, tested and labeled in accordance with FDA, law, regulations and guidance, including without limitation 21 CFR 117 and 21 CFR 101.
37. No Research Partner: (a) shall add any cannabinoid extract to food or cosmetics, supplement any food or cosmetics with any cannabinoid, use any additive that increases the cannabinoid content of the food or cosmetic and/or process a food or cosmetic containing any part of the industrial hemp plant in a way that materially increases the product's level of cannabinoids to one higher than the level found in the source industrial hemp prior to its processing; and (b) sell that product as food or a cosmetic.
38. Dietary supplements (i.e., a product, other than tobacco, intended to supplement the



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diet, containing a vitamin, mineral, herb, botanical, amino acid, and/or dietary substances used to supplement a person's diet by increasing the total dietary intake and as further specified in Section 201[ff] of the Food Drug and Cosmetic Act) or a component of a dietary supplement, shall satisfy the requirements of this Research Agreement if manufactured, tested and labeled in accordance with FDA law, regulations and guidance, including, without limitation, 21 CFR 111 and 21 CFR 101.

39. For the purposes of this Research Agreement, products and production methods used shall comply with FDA law, regulation and guidance concerning dietary supplements with respect to the standards for: personnel, facilities, production, process control systems, quality control measures, record retention, packaging, holding and distribution, supply chain management, recalls, returns, complaints and training.
40. In addition to any other testing requirements established by law to ensure the product is manufactured in a consistent manner and safe for human or animal consumption/use, the Research Partner shall obtain confirmation of any self-testing for, among other things, THC content from a laboratory that has been approved by the Department to perform such testing. The Research Partner acknowledges that Department anticipates the development of a guidance document in connection with testing requirements relating to CBD product and agrees to promptly adhere to any additional testing set forth in such guidance following its publication.
41. Any testing required under the Research Partner Agreement is the responsibility of the Research Partner and shall be performed at a lab that has been approved by the Department to perform such testing. The Research Partner shall deliver the results of all such testing to the Department within seven days of receipt.
42. The Research Partner is required to obtain third-party certification from an individual or entity qualified to provide such certification, on an annual basis, to confirm that the Research Partner's manufacturing processes conform to applicable government regulations.
43. Before the Research Partner makes any sale of any product produced under this Research Agreement or otherwise distributes the product to the public, the Research Partner shall deliver to the Department a certification from a third-party individual or entity qualified to certify that the Research Partner's manufacturing processes conform to the standards and requirements set forth in this Research Partner Agreement. No sale or other distribution of this product to the public by the Research Partner shall be permitted, unless and until the Research Partner has received written notification from the Department that it has received a third-party certification of compliance that is acceptable to the Department.



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44. Notwithstanding anything in this Research Agreement, no vaping product or product introducing CBD through inhalation or a suppository is authorized or permitted by this Research Agreement, except upon further written application to the Department and its written approval.
45. The Research Partner shall report to the Department its sales or transfers for further processing of any product or material derived from industrial hemp, to the extent that the product or material is a controlled substance. The Research Partner shall keep records of all such transfers or sales.
46. The industrial hemp used in this research project shall be sourced from authorized New York State industrial hemp producers. The Research Partner may obtain an exemption from this requirement upon a satisfactory showing to the Department that a suitable variety of industrial hemp for the research project is not grown in New York and/or the use of New York sourced hemp is not practicable for the project.
47. The Research Partner shall promptly comply with any additional labeling and disclosure requirements set forth in Departmental guidance following its publication.

SUSPENSION AND TERMINATION

48. The Department, in its sole discretion, reserves the right to suspend any or all activities under this Research Agreement if it discovers information and has reasonable cause to believe that the Research Partner has failed to abide by any of the terms of this Research Agreement, or if the Research Pilot Program is altered or terminated by legislative, judicial or executive action. In the event of such suspension, the Research Partner shall be given written notice outlining the particulars of such suspension. Upon issuance of such notice, the Research Partner shall comply with the terms of the suspension order. Activity under this Research Agreement may resume at such time as the Commissioner or his or her designee issues a written notice authorizing a resumption of performance under the Research Agreement.
49. This Agreement may be terminated by either party without cause upon ninety (90) days prior written notice. In no event shall any suspension or termination by the Department constitute or be deemed a breach of contract, and, therefore, no liability shall be incurred by or arise against the State, its officers or employees for actual losses, anticipated lost profits and/or any other damages.
50. When it is determined that the Research Partner has failed to abide by any of the terms of this Research Agreement, upon written notice and following a reasonable opportunity to be heard, the Commissioner or his or her designee may terminate this



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Research Agreement, without any payment or compensation due to any party.

LIABILITY

51. The Research Partner shall be fully liable for the actions of its employees, agents, partners, or subcontractors and shall fully defend, indemnify, and hold harmless the State, its officers, and employees from suits, actions, proceedings, claims, losses, damages, and costs of every name and description relating to any and all accidents, personal injury and damage to real or personal tangible property caused by any intentional act or negligence of the Research Partner, or its employees acting within the scope of their employment, agents, partners and/or subcontractors in connection with this Research Agreement, without limitation; provided, however, that the Research Partner shall not be obligated to indemnify the State, its officers, or employees for any claim, loss, damage, or cost arising from this Research Agreement to the extent caused by the negligent act, failure to act, gross negligence, or willful misconduct of the State, its officers, or employees.
52. The State shall not be liable for any consequential, indirect or special damages of any kind which may result directly or indirectly from this Research Agreement.

TAXES

53. In the performance of any work under the Research Agreement, the Research Partner will be responsible for all applicable federal, State, and local taxes and for all FICA contributions that the Research Partner may be required to make on its own behalf or on behalf of its employees, agents, partners, or subcontractor.

FORCE MAJEURE

54. Neither party hereto will be liable for losses, defaults, or damages under this Research Agreement that result from delays in performing, or inability to perform, all or any of the obligations or responsibilities imposed upon it pursuant to the terms and conditions of this agreement, due to or because of acts of God, a public enemy, acts of government, earthquakes, floods, strikes, civil strife, terrorism, fire or any other cause beyond the reasonable control of the party that was so delayed in performing or so unable to perform, provided that such party was not negligent and shall have used reasonable efforts to avoid and overcome such cause. Such party will resume full performance of such obligations and responsibilities promptly upon removal of any such cause. Notwithstanding the occurrence of any event described above, the Department's



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right of access to the Registered Premises shall not be denied.

ASSIGNMENT /CHANGE OF CONTROL

55. This Research Agreement is not assignable or transferrable by the Research Partner. Any change of control or ownership of the Research Partner or of the individuals doing research pursuant to this Research is subject to and permitted only upon the prior written approval of the Department, which approval may be granted or withheld, in the Department's sole discretion.

The Department may assign, transfer and/or delegate the administration of this Research Partner Agreement to another agency or department of the State of New York. The Department shall provide written notice of any assignment, transfer or delegation, at least 15 days prior to its effective date.

NOTICES

56. Any notice or communication by any party to the other required or permitted hereunder shall be in writing and shall be deemed duly served as of: (a) the date it is delivered by hand; (b) three business days after having been mailed by certified mail, postage prepaid, return receipt requested, or (c) the next business day after having been sent for delivery on the next business day, shipping prepaid, by a nationally recognized overnight courier, in each case to the receiving party at the address set forth on the signature page of this Research Agreement, or at such other address as a party may designate by written notice to the other party sent in the manner set forth herein.

SEVERABILITY

57. If any one or more of the provisions of this Research Agreement shall for any reason be declared unenforceable under the laws or regulations in force, such provision will have no effect on the validity of the remainder of this agreement, which shall then be construed as if such unenforceable provision had never been written or was never contained in this Research Agreement.

SURVIVAL

58. The provisions of Section 16 (Publication/Publicity), Section 17 (Intellectual Property), Sections 18, 19 (Confidentiality), Sections 51, 52 (Liability) and Section 53 (Taxes) of this Research Agreement shall survive its suspension or termination.

ENTIRE AGREEMENT



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59. This Research Agreement and any referenced exhibits constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings of the parties, whether written or oral, with respect to the subject matter hereof. No statement, promise, condition, understanding, inducement or representation, oral or written, express or implied that is not contained herein shall be binding or valid. This Research Agreement may not be changed, modified or altered in any manner except by an instrument in writing executed by the Department and the Research Partner.

IN WITNESS WHEREOF, the parties hereto have executed this Research Agreement as of the day and year first written above, and the persons signing this agreement represent and warrant that they are duly authorized to sign on behalf of the respective parties.

THE STATE OF NEW YORK,
acting by and through the Commissioner of
the Department of Agriculture and Markets

RESEARCH PARTNER

By: _____
Name:
Title:

By: _____
Name:
Title: