LICENSE CORPORATION

POLICY FOR USE OF ARTIFICIAL INTELLIGENCE IN SOFTWARE DEVELOPMENT

Effective Date: August 14, 2025
Version: 1.0

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1. PURPOSE

The purpose of this policy is to establish expectations and guidelines for the appropriate use of artificial intelligence (AI) in software development activities at License Corporation, including the use of Generative AI (GAI) tools. This policy aims to ensure that AI technology is deployed responsibly and is used in a lawful and ethical manner to enhance productivity, efficiency, and decision-making while complying with applicable law and respecting privacy, confidentiality, and data security.

This policy applies to all employees, independent contractors, consultants, and third-party vendors who develop, review, or maintain code for License Corporation (collectively, "*Personnel*"). It covers all AI technologies used in software development, including Large Language Models, machine learning systems, and AI-powered development tools.

2. CONTRACTUAL OBLIGATIONS AND COMPLIANCE

Personnel are reminded that their use of AI tools must comply with their existing contractual obligations to License Corporation. Employees are bound by the Confidentiality and Proprietary Rights provisions set forth in Section 9 of the Employment Agreement, which prohibits the disclosure of Confidential Information to third parties. Independent Contractors are similarly bound by the Confidential Information provisions in Section 8 of the Independent Contractor Agreement, which requires protection of all Confidential Information and Work Product.

The unauthorized input of Company materials, code, or information into AI platforms constitutes a breach of these contractual obligations. Personnel should note that under the Inventions provisions (Section 10 of the Employment Agreement and Section 11 of the Independent Contractor Agreement), any work product created during engagement with License Corporation belongs exclusively to the Company. However, code generated primarily by AI tools may not qualify for intellectual property protection, potentially jeopardizing our competitive advantage.

3.   DEFINITIONS

For purposes of this policy, "*Generative AI*" or "*GAI*" refers to artificial intelligence systems capable of creating new content, such as code, based on the data they have been trained on. These systems use machine learning algorithms to analyze existing data and generate novel outputs in response to user prompts.

"*Vibe Coding*" refers to the practice of developing software entirely through AI prompts without understanding, reviewing, or manually writing code. This practice involves delegating cognitive responsibility to AI systems and accepting their output without critical evaluation or comprehension.

"*AI-Powered IDE*" means any Integrated Development Environment that incorporates artificial intelligence features for code suggestion, completion, or generation.

4.   GENERAL PRINCIPLES

License Corporation recognizes that AI tools can provide valuable assistance in software development when used appropriately. However, we are dedicated to upholding ethical standards and protecting our intellectual property rights. Personnel must ensure that their use of AI tools respects fundamental principles of code quality, security, and confidentiality.

The Company believes in transparency regarding AI usage. Personnel must be able to explain and understand all code they submit, regardless of whether AI tools assisted in its creation. We actively seek to prevent the introduction of vulnerabilities, inefficiencies, or legal liabilities that may arise from uncritical acceptance of AI-generated code.

5.   APPROVED AI TOOLS AND CONFIGURATION

Personnel may only use AI tools that have been explicitly approved by the Company. The current list of approved platforms includes OpenAI (ChatGPT, GPT-4), Google Gemini, and Perplexity AI. These platforms may be used subject to proper configuration and within the constraints outlined in this policy.

Before using any approved AI tool, Personnel must disable all settings that allow the platform to train on user data. This includes turning off options such as "*Improve the model for everyone*" or similar data collection features. Personnel must use only Company email addresses when creating accounts for approved AI platforms and must never use personal accounts for work-related queries.

The following AI-powered IDEs are strictly prohibited: Windsurf, Trae (trae.ai), and any other "*vibe-coding*" IDEs that expose code repositories to AI services or enable writing entire features

through AI. Trae presents particular security concerns due to its connection to ByteDance, creating risks of international data exposure.

Cursor is the only AI-powered IDE approved for use, subject to the requirement that AI assistance must remain at or under 50% per task. Traditional IDEs such as VS Code and Xcode are approved without restriction. AI assistant plugins integrated into traditional IDEs (such as GitHub Copilot in VS Code) are permitted, as these maintain appropriate boundaries between AI assistance and human code ownership. The distinction is that AI-powered IDEs facilitate complete delegation of coding tasks, while integrated assistants in traditional IDEs maintain developer control and ownership.

6.   PROHIBITED PRACTICES

The practice of Vibe Coding is strictly prohibited. Personnel must not generate entire functions, modules, or significant code blocks through AI prompts without understanding and substantially modifying the output. This prohibition extends to submitting any code that the developer cannot explain in detail or debug independently.

Personnel are prohibited from inputting any Confidential Information, as defined in their respective agreements, into AI platforms. This includes but is not limited to complete source code files, system architecture details, database schemas, API implementations, proprietary algorithms, client configurations, or any information related to our white label partnerships. Even abstracting or modifying such information before input does not make this practice acceptable.

The exposure of any information that could be considered a trade secret under the Company's agreements immediately destroys its protected status and may subject the individual to personal liability under the indemnification provisions of their agreement.

7.   ACCEPTABLE USE GUIDELINES

AI assistance must not exceed fifty percent (50%) per task. This means that for any given feature, function, or code component, Personnel must write or substantially modify at least half of the implementation. AI should serve as a tool to enhance productivity, not as a replacement for human expertise and judgment. The use of AI to write entire features is strictly prohibited as it eliminates code ownership and accountability.

Appropriate uses of AI include seeking syntax assistance for common programming patterns, researching documentation for publicly available libraries, understanding error messages, generating small utility functions of ten lines or fewer, and learning new programming concepts. Personnel may use AI to help refactor code they have personally written, provided they understand and can explain all changes.

When using AI tools, Personnel should formulate specific, narrow queries that do not reveal proprietary information. Queries should focus on general programming concepts and publicly available information. Personnel must never paste entire files, large code blocks, or any code that reveals our business logic or architectural decisions.

8.   CODE QUALITY AND REVIEW REQUIREMENTS

All code, whether AI-assisted or not, must meet License Corporation's quality standards. Before submitting any code, Personnel must thoroughly review every line for accuracy, efficiency, and security. They must test all functionality, ensure no AI-specific artifacts or comments remain, and verify compliance with company coding standards.

Personnel must be prepared to explain any portion of their code during review. The inability to explain code implementation details will be considered evidence of Vibe Coding and may result in disciplinary action. Code reviewers are instructed to flag suspicious patterns that may indicate excessive AI reliance.

9.   MONITORING AND ENFORCEMENT

License Corporation reserves the right to monitor the use of AI tools to ensure compliance with this policy. This monitoring may include reviewing code contributions for AI artifacts, auditing development practices, and examining account activity on approved AI platforms. The Company maintains the right to blacklist any software deemed to pose security risks.

Violations of this policy will be addressed through progressive discipline. First offenses will result in written warnings and mandatory retraining. Second offenses will lead to suspension and final warnings. Third offenses or severe violations will result in termination of employment or contract. Personnel who cannot comply with these restrictions will not be permitted to participate in development cycles.

Severe violations include any action that exposes trade secrets, Confidential Information, client data, or system architecture to AI platforms. Such violations will result in immediate termination and may trigger legal action for breach of confidentiality. Personnel may be held personally liable for damages under the indemnification provisions of their agreements. The use of prohibited tools, particularly those with foreign ownership that could compromise data sovereignty, constitutes a severe violation.

10. INTELLECTUAL PROPERTY CONSIDERATIONS

Personnel must understand that code generated primarily by AI tools may not be eligible for copyright protection and could inadvertently incorporate others' intellectual property. This

uncertainty could compromise License Corporation's ability to protect its software assets and maintain its competitive advantage.

All work product, regardless of AI assistance levels, remains the exclusive property of License Corporation under the Work Product and Inventions provisions of Personnel agreements. However, the Company's ability to enforce these rights may be compromised if the work product is substantially AI-generated.

11. REPORTING AND COMPLIANCE

Personnel have an affirmative obligation to report any accidental exposure of Confidential Information to AI platforms, suspected policy violations by others, or any circumstances where AI tools generate concerning or unexpected outputs. Reports should be submitted immediately to legal@licensecorporation.com

Personnel must complete mandatory AI security training before using any approved AI tools and must attend quarterly updates on best practices. Annual certification and policy acknowledgment are required for continued access to AI tools.

12. AMENDMENTS

AI technology and applicable laws are rapidly evolving. This policy may be amended from time to time to address technological changes, emerging threats, or legal requirements. The Company will provide notice of material changes, and continued use of AI tools following such notice constitutes acceptance of the amended policy.

ACKNOWLEDGMENT

I acknowledge that I have received and read License Corporation's Policy for Use of Artificial Intelligence in Software Development. I understand and agree to abide by its terms. I acknowledge that violation of this policy may constitute a breach of my Employment Agreement or Independent Contractor Agreement and may result in termination and legal action.

I understand that this policy supplements but does not replace my obligations under my existing agreements with License Corporation, including all provisions related to Confidential Information, Work Product, and Inventions.

Signature: _Roger Parkinson_
Signed by:
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Name: Roger Parkinson

Title: Consultant

Date: 12/22/2025