

APPENDIX A

Incorporated Research Institutions for Seismology Guidelines for Outside Counsel

Purpose and Goals

The purpose of these guidelines (“Guidelines”) is to set forth general principles governing the retention of outside counsel (“Outside Counsel”) by the Incorporated Research Institutions for Seismology (“IRIS”). Expressed most broadly, IRIS seeks a cooperative and collaborative relationship with Outside Counsel with the goal of serving IRIS’s mission with ethical and exceptional legal services in the most effective and cost efficient manner possible. Outside Counsel retained by IRIS must acknowledge receipt of and agree to follow these Guidelines unless Outside Counsel and IRIS have agreed to specific modifications prior to performing services.

I. General Provisions

Communication. The Sponsored Projects Office (“SPO”) is responsible for all IRIS legal affairs. Unless otherwise advised, all communications between Outside Counsel and IRIS should be routed to SPO. SPO expects timely updates from Outside Counsel in order to be able to effectively participate in significant decisions regarding legal strategy.

Public Comment. Outside Counsel is not authorized to offer media or other public comment on IRIS or on matters being handled for IRIS or to respond to requests for comment. Any inquiries or proposed public comment about IRIS or any IRIS matter must be referred to SPO.

Deadlines. Outside Counsel must provide SPO sufficient time prior to deadline to review and comment upon drafts of all significant documents that will be provided to third parties on IRIS’s behalf, including contracts, pleadings, briefs and correspondence.

Confidentiality. IRIS expects Outside Counsel to protect IRIS’s interests by exercising the attorney-client privilege and the work product doctrine. IRIS will likely provide Outside Counsel with documents, records, communications and written materials that are subject to the attorney-client privilege and work product doctrine; Outside Counsel may also be provided with copies of confidential and proprietary information, including intellectual property, trade secrets, internal policies, business plans, customer information, organizational charts, standard forms or other materials relevant to the work Outside Counsel is performing on IRIS’s behalf. All such documents should be maintained in confidence and used only in connection with representation of IRIS.

Conflicts of Interest. Outside Counsel will conduct conflicts checks both prior to and periodically during representation, and will promptly notify SPO of identified conflicts. SPO must resolve any potential or actual conflict to its satisfaction before representation may commence or continue. Waivers may be granted by letter agreement on a case-by-case basis.

Files and Records. All files and records of any kind created or maintained by Outside Counsel in its representation of IRIS are the property of IRIS and, upon request, shall be promptly transferred

APPENDIX A

to IRIS or its designee. Copies of all correspondence and pleadings must be sent to SPO at the time of sending or filing.

Technology. The effective use of technology in legal matters is critical to generating work product efficiently, at a reasonable cost and in an environmentally sound manner. IRIS expects that unless another format is required or agreed to by IRIS, Outside Counsel will utilize software and technology compatible with IRIS's technology. IRIS will not be responsible for any costs associated with the purchase or installation of hardware or software by Outside Counsel for handling IRIS matters.

II. Staffing

IRIS asks Outside Counsel to name a lead counsel ("Lead Counsel") with primary responsibility for handling IRIS's matter. That lawyer should be personally and directly involved in the representation and is responsible for assuring that IRIS's objectives are met with respect to the engagement. Lead Counsel should review all invoices prior to submission to IRIS and communicate on a timely basis with SPO regarding all matters related to the representation. Should Lead Counsel require assistance, he or she should assign work in a manner that ensures the most efficient and productive use of legal expertise. The engagement letter must list the attorneys expected to be involved and, if necessary, Lead Counsel will contact this office for approval prior to incurring legal fees for more than two (2) hours of time of non-listed attorneys. Lead Counsel will also assure that each lawyer involved in IRIS assignments is aware of other assignments (past and current) handled by Outside Counsel that might bear on the lawyer's work.

IRIS acknowledges that circumstances occasionally require consulting among firm principals, but Lead Counsel should do so in a manner that minimizes legal expenses charged to IRIS. IRIS expects the Outside Counsel to use paralegals when a task does not require a law degree. Associates should not be used routinely for services, such as legal research that can be performed by law clerks; and paralegals or legal assistants should not be used for work that can be performed by administrative staff.

Retention of experts, vendors, and other consultants requires advance approval from SPO. Unless agreed otherwise, experts, vendors, and consultants shall be retained, supervised, and paid by the Outside Counsel and their fees included on the Outside Counsel's invoice to IRIS. This procedure is designed to protect privilege and to ensure that a full accounting is available if costs are reimbursable.

IRIS expects Outside Counsel to actively promote diversity in the workplace by recruiting, retaining and promoting women, minority, disabled and veteran status lawyers. In selecting Outside Counsel, we will consider the Outside Counsel's commitment and progress to equal employment opportunity.

III. Budgets, Fees, Disbursements, and Invoices

Budgeting. Outside Counsel should acknowledge all SPO assignments in a written letter or email

APPENDIX A

and such acknowledgment shall include a good faith cost estimate to accomplish the assignment. We realize that with some matters, particularly litigation, it can be difficult to provide accurate estimates. In significant matters, estimates may be given for various stages of a matter. Unless otherwise agreed by the SPO and Outside Counsel, the estimates are not binding – they are estimates – but we expect counsel to have given thoughtful consideration in providing the estimates. Budgets for matters other than litigation should contain the scope of work, broken out by task where possible, with the projected total allocated to each task. When budgets must be revised, IRIS approval must be requested and received prior to exceeding the budget.

Fees. The budget and all subsequent invoices shall provide a schedule showing the billing rate for each individual assigned to the matter. The scheduled billing rates will remain in effect for the duration of the engagement unless SPO agrees in writing to the contrary. In no event shall billing rates be increased more than once in any twelve month period. IRIS expects Outside Counsel to consider IRIS's non-profit status when establishing rates to be charged.

IRIS expects Outside Counsel to consider and encourages Outside Counsel to propose, in appropriate cases, alternatives to conventional hourly-rate fees. For example, patent counsel may propose a fixed fee for filing patent applications. Blended rates may be used in other matters. Other hybrid arrangements, risk-sharing and contingent fees may be appropriate and will be considered by IRIS either at the inception of the engagement or later.

Services. IRIS will not pay for the following services:

- a. Clerical work, including but not limited to filing, preparation of invoices, the maintenance of internal databases, date stamping, and scheduling of meetings;
- b. Client development activities;
- c. Conflict review;
- d. Summer associate time;
- e. Charges normally associated with firm overhead;
- f. Lexis, Westlaw, or other online research charges, copying or facsimile charges, or other electronic service charges unless approved in advance;
- g. "Learning time" required by the substitution of new attorneys or paralegals working on the matter, or basic research on topics considered to be within the firm's scope of expertise;
- h. Legal research exceeding two (2) hours without advance approval;
- i. Travel time, unless Outside Counsel works on IRIS business during such travel time;
- j. More than one attorney attending external meetings or depositions, unless expressly approved in advance by SPO; and
- k. Excessive copies; advances in technology, specifically transmission of information and documentation by e-mail, scanning, imaging, sharing of documents on secure web sites, etc., have made routine copying, faxing and delivery of hard copy documents less critical and, in many cases, unnecessary.

Disbursements. IRIS expects that Outside Counsel will use best efforts to minimize reimbursable expenses by using competitively priced service providers and avoiding unnecessary expenditures. IRIS will reimburse for reasonable expenses actually incurred with no mark-up. All charges, other

APPENDIX A

than fees based on hourly rates, must be clearly itemized and described in sufficient detail. Payments to court reporters, expert witnesses, outside contractors and the like must identify the recipient by name.

When travel is required, IRIS will only reimburse required travel costs, which include coach airfare, mid-size rental cars and documentation for all expenses greater than \$25. Travel expenses incurred which involves service to more than one client, must be appropriately apportioned among all clients, with expenses charged to IRIS clearly identified.

Invoices. Unless an alternative fee structure has been agreed upon, bills should reflect actual time expended with sufficient description of activity. Lead Counsel should review all invoices, which must be supported by appropriate documentation maintained by Outside Counsel. IRIS reserves the right to request copies of the Outside Counsel's billing records and other documentation for audit purposes.

All invoices shall be submitted electronically within thirty (30) days after the end of the month in which the services were rendered and each invoice shall contain the following information:

- a. Total hours worked by each timekeeper
- b. The hourly rate of each timekeeper
- c. Detailed description of the specific work performed
- d. Itemized expenses and disbursements
- e. Total fees and disbursements
- f. Total fees and disbursements billed and paid to date from the date of retention
- g. Unless otherwise directed, the time for each activity should be separately stated.

From time-to-time, IRIS may ask for projected activity and billing by Outside Counsel over a 30 or 60-day period, in order to budget and accrue expenses, especially at the end of the fiscal year (September 30). SPO expects Outside Counsel's cooperation and assistance with these budget projections.

IV. Litigation Reporting

In the event Outside Counsel represents IRIS in litigation, Outside Counsel shall submit regular written reports regarding the status of each litigation matter handled on behalf of IRIS. The first report should be made no more than two months after Outside Counsel begins work on the matter. Subsequent updates should be made no less frequently than quarterly and may be incorporated in the monthly billing process.

For cases in which IRIS is a defendant, the initial report should include a discussion of the factual bases for, and the strengths and weaknesses of, the allegations against IRIS and the defenses available to IRIS, as well as a preliminary strategy for the defense of the matter and a preliminary evaluation of the potential exposure faced by IRIS. Outside Counsel should also discuss the desirability, likelihood, and potential range of settlement. In those cases in which IRIS is the plaintiff, Outside Counsel will provide to IRIS at the time the initial budget is submitted, an analysis of the facts, strengths and weaknesses of the case and the likelihood of

APPENDIX A

success. Outside Counsel will evaluate the potential exposure to IRIS of proceeding with the lawsuit. Each subsequent update should address the current status of litigation and any other facts or developments, including change in relevant case law that might affect Outside Counsel's previous analysis of the strengths and weaknesses of the case.

V. Compliance

IRIS expects Outside Counsel to comply with all applicable federal equal opportunity laws, orders and regulations, including without limitation, Executive Order 11246, the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1972, the Rehabilitation Act of 1973, the Vietnam Era Veterans Readjustment Assistance Act of 1974, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991 and the Foreign Corrupt Practices Act.

VI. Information Security

Outside Counsel certifies that it and all of its affiliates, vendors, consultants, contractors and other parties engaged by the Outside Counsel in contact with IRIS data, information, and content ("IRIS Data") have established, implemented, and will maintain comprehensive information security programs detailing administrative, technical, and physical safeguards designed to ensure the security and confidentiality of IRIS Data, protect against anticipated threats or hazards to the security and integrity of IRIS Data, protect against unauthorized access to or use of IRIS Data, and provide for the proper disposal of IRIS Data, all as required by applicable law or agreement between Outside Counsel and IRIS. IRIS reserves the right to assess the Outside Counsel's controls and security practices to ensure compliance with these requirements.

Network Security. Outside Counsel must have commercially reasonable and efficient network security protections in place and functioning properly to secure both wired and wireless networks. All direct and wireless connections to the Internet must be firewalled and secure. For wireless connections, the wireless hardware (i.e., router) must be configured to use at least WPA or WPA2 encryption.

Host Security. Outside Counsel shall use commercially reasonable efforts to ensure that operating systems and applications that are associated with IRIS Data must be patched within a commercially reasonable time period after Outside Counsel has actual or constructive knowledge of any security vulnerabilities. Antivirus protection must be installed and configured to automatically search for and download updates daily and perform virus scans daily.

Password Protection and Encryption. All computers and mobile devices (Blackberries, iPhones, iPads, Smartphones, etc.) used to receive or access IRIS Data must be password protected. Outside Counsel must encrypt all tapes, removable media devices (e.g., flash drives), and laptops. Email, network file transfers, and web transactions containing IRIS Data that includes personally identifiable information and/or privileged and confidential information must be encrypted. Encryption must be provided through commercial grade, industry-standard strong cryptographic algorithms, protocols, and commercially reasonable key strengths. Outside Counsel will work with IRIS to implement reliable and secure transport methods that best satisfy IRIS's requirements. Once established, Outside Counsel agrees that it shall not implement a less secure method without the prior written consent of IRIS.

APPENDIX A

Physical Security and Access Controls. All areas used for storing, transmitting and processing IRIS Data will be reasonably secured to protect against unauthorized access to or use of IRIS Data. All hard copy records will be stored securely in a locked cabinet or room. Only Outside Counsel-approved authorized personnel (technical and non-technical) will be allowed into areas containing IRIS Data. All visitors/unauthorized personnel will be escorted while in the areas containing IRIS Data. All breaches of security shall be reported immediately to the responsible Legal Department attorney.

Policies and Procedures. Outside Counsel must have in place and adhere to internal information security and privacy policies that address the roles and responsibilities of Outside Counsel personnel, including both technical and non-technical personnel, who have direct or indirect access to IRIS Data. These internal security and privacy policies must, at a minimum, include: security policy; organization of information security; asset management; human resources security; physical and environment security; communications and operations management; access control; information systems acquisition, development and maintenance; information security incident management; business continuity management; and compliance.