

**Standard Terms of Contract (STC)  
of Scholz & Friends Family GmbH (“Agency”) for  
Provision of Agency Services (Stated of 06/2020)**

**I. Definitions, Applicability**

1. These Standard Terms of Contract apply to the Scholz & Friends Family GmbH. The terms “order”, “agency” and “client” shall be interpreted in accordance with commercial law. The term “order” describes the contractual relationship irrespective of the type of contract involved. The term “agency” describes the Scholz & Friends Family GmbH. The term “Client” describes the legal person who is the principal recipient and is liable for payment of the services.
2. Unless otherwise confirmed in writing by the Agency, any of the Client’s terms and conditions conflicting with these Standard Terms of Contract shall not be applicable.

**II. Deadlines, Delivery Dates**

1. Unless otherwise expressly agreed in writing, all agreed deadlines and delivery dates are without obligation and serve solely as rough guides.
2. The Agency shall bear no liability whatsoever for delivery delays attributable the Client’s failure to fulfil his obligations to cooperate with the Agency.
3. In the event of the Client’s failure to issue prompt confirmation of his acceptance of work and/or services or otherwise culpably infringes his obligation to cooperate, the Agency shall be entitled to demand compensation for losses, including additional expense, thereby incurred. The Agency also reserves the right to claim further compensation.

**III. Order Specification, Remuneration**

1. The Agency’s quantitative specification defines the scope of the services to be provided and the remuneration payable. In cases where no price is quoted for a service item, this item will be chargeable at the rate stated in the Agency’s latest pricelists. Any supplementary expenses incurred by the Agency, especially when attributable to amendments or additions requested by the Client, will be invoiced as supplementary items at either the agreed hourly rates or the rates stated in the Agency’s pricelists as of the date of issue of the order.
2. The Client shall bear the liability for losses occurring through his fault in provision of incomplete, erroneous or subsequently amended data and other information necessitating revision or repetition, in whole or in part, of work already performed by the Agency or causing delay in performance of such work.
3. The Agency shall be entitled to have the services performed by third parties acting as subcontractors. The Client shall not be entitled to veto involvement of any individual third party, unless he can show adequate grounds for his objection to that third party.
4. Should the Client serve notice of premature termination of any order issued to the Agency, the fee payable to the Agency shall be determined pursuant to the provisions of Section 648 of the German Civil Code (BGB) regulating arrangements between parties to contracts.
5. Unless expressly stated in the order, the Agency will not be responsible for verifying legality of advertising (in particular, in respect of competition, trademark or medicines law). Should the Client delegate this responsibility to the Agency, he shall, unless otherwise agreed, bear all charges and other costs thereby incurred by both the Agency and third parties thereby involved (lawyers, official institutions etc.) at normal market conditions.
6. The Agency is under no obligation to verify the accuracy of statements relating to the Client’s products and/or services claimed or approved by the Client.
7. Unless otherwise expressly agreed, the Agency’s services will be in conformity with contract even in cases where they cannot be registered or otherwise protected (e.g. by patents, trademarks, copyright). The Agency is entitled but not obliged to file applications for registration of its services as intellectual property.
8. The Agency will submit all drafts, outlines, sketches created by it in connection with the order to the Client for examination and approval prior to publication. When issuing his approval, the Client assumes full responsibility for the accuracy of content, images, soundtrack and texts.

#### **IV. Production (Award, Coordination and Supervision of Production Orders for Advertising Material)**

1. The Agency will identify suitable companies/persons to produce advertising materials, and will issue production orders after receiving the Client's approval in textual form. Orders with a value of EUR 2,000.- or less do not require the Client's approval. Unless otherwise expressly agreed in textual form, the Agency will issue production orders in the name and for the account of the Client.
2. The Agency will coordinate ongoing production, control the production work and verify the invoices of the companies/persons responsible for production.
3. For the production supervision services defined in Paragraphs 1 and 2 of this clause the Agency will receive a fee equivalent to 15 % of the net order value invoiced by the production companies/persons, this fee to be payable not later than the date of settlement of the relevant production invoice.
4. In exceptional cases where the Agency has expressly agreed to issue production orders in its own name and for its own account, it will charge all costs thereby incurred with third parties to the Client. The Agency shall be entitled to demand advance payments equivalent to the gross order value, payable on or before issue date of the order, to cover outlay for orders with an estimated gross value of EUR 5,000.- or more.

#### **V. Liability, Warranty**

1. The Agency shall be liable for loss or damage resulting from its wilful act or gross negligence within the limits stipulated under German law. Warranty claims for defects will however lapse 12 months after date of delivery or provision of the relevant goods or services.
2. The Agency and its vicarious agents will not be liable for loss or damage resulting from minor negligence, except in cases where a substantive breach of contract (cardinal obligation - "Kardinalspflicht" -, i.e. such obligation the fulfilment of which makes the proper performance of the contract possible in the first place and on the fulfilment of which the other party to the contract regularly relies and may rely) or where loss through delay in or impossibility of performance is involved.
3. Any liability of the Agency or its vicarious agents for a substantive breach of contract or a tortious act resulting from their minor negligence shall be limited to compensation for unproductive expenses incurred by the Client at a level which was foreseeable or typical.
4. The foregoing limitations of liability shall not apply in cases involving absence of guaranteed characteristics, fraudulent intent, death, bodily injury, health impairment, defects of title or liability under the German Product Liability Act.
5. The Client shall not be entitled to file claims for compensation of loss resulting from the Agency's justifiable challenge of printing or transmission errors not caused through the Agency's fault.

#### **VI. Acceptance**

The Client is under an obligation to perform an acceptance procedure on the results of any individually definable work performed in connection with the contract, (e.g. drafts, sketches), whereby acceptance will be deemed to have taken place in cases where the work is neither formally accepted nor rejected within seven days of its submission to the Client, subject to the proviso that it corresponds substantially to the agreements reached between the parties. If discrepancies are discovered, the Agency will remedy these within a reasonable period and resubmit the revised work results for acceptance. Acceptance shall be deemed to have taken place not later than the date of payment of the relevant invoice or first use of the work.

#### **VII. Invoice, Price, Payment, Payment Terms**

1. The Agency will invoice its work and services immediately after their delivery or provision.
2. Unless otherwise agreed, invoices fall due for payment net without any deductions within 10 days of invoice date.
3. All prices are net and subject to turnover tax at the legally applicable rate. Customs duties, charges and other levies, such as social security charges for self-employed creative persons, will be borne by the Client, even in cases where these are demanded at a later date.
4. The Client shall not be entitled to offset counterclaims against the Agency's claims for remuneration, except in cases where such counterclaims are either undisputed or res judicata. The Client shall have no right of retention, except in cases where his claims are undisputed or res judicata.

#### **VIII. EXPENSES**

1. Each party will bear its own postage and telecommunication costs incurred during transaction of its business

#### **Scholz & Friends Family**

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with the other party.

2. The Agency will charge travel expenses to the Client as follows:
  - payments to third parties: against voucher,
  - work time: at the hourly rates listed in the latest standard pricelist,
  - travel in own vehicle: EUR 0.51/km.
3. All other outgoings, such as legal fees, courier and transport charges, organisation and supervision of advertising material production, colour copies and printouts ordered by the Client, will be charged to the Client against supporting vouchers.

#### **IX. Copyright, Usufructuary Rights, Other Intellectual Property Rights**

1. Unless otherwise stipulated in the Agency's quantitative specification, the Client will, after payment in full of the Agency's remuneration, acquire usufructuary rights permitting use of the advertising materials designed by the Agency for the purpose defined in the contract for either the duration of the agency agreement or 6 months from the date of his acceptance of the work performed and services provided by the Agency, whichever is the longer. The usufructuary rights are geographically limited to the territory of the Federal Republic of Germany. The Agency's prior written consent must be obtained for further processing or modification of contents of advertising materials designed by the Agency. Transfer or licensing of usufructuary rights to any third party requires the Agency's prior written consent, without which any such transfer or licensing will be null and void. If the Agency creates software within the scope of its contractual services, the respective source code and the corresponding documentation shall not be subject of the rights granted to the Client. If the Client wishes the source code to be made available, this must be agreed separately with the Agency."
2. The Agency will obtain any usufructuary rights, e.g. (z. B. photographic, film or GEMA rights, copyrights) and other third-party consents required for production or use of the Agency's work results in the name and for the account of the Client. Unless otherwise expressly agreed in textual form, such rights and consents will be limited to the temporal and geographical requirements and the extent and content needed for the proposed advertising activity. The cost of any additional requirements shall be borne by the Client in accordance with the provisions of Sections 32 and 32a of the German Copyright Act (UrhG).
3. The Agency accepts no liability for the non-existence of third-party rights to the advertising materials and other work results supplied by it.
4. The Agency is entitled to use the advertising material designed by it for an indefinite period as an integral part of its own advertising activities on its website and on the CD-ROMs regularly produced by it for self-advertisement purposes. This entitlement also applies to all other companies belonging to the Scholz & Friends Group.
5. The Agency will retain usufructuary rights to all drafts, sketches, outlines which have been rejected by the Client or not further developed. This also and specifically applies to those agency services and work not protected by intellectual property rights, especially copyright.

#### **X. Minutes Of Meetings**

The Agency will prepare minutes of all meetings with the Client in connection with the project and submit these to the Client within three working days. These minutes constitute a legally binding basis for ongoing work on the contract unless objected to by the Client in textual form within three working days from date of submission.

#### **XI. WPP Conduct Guidelines for Suppliers and for Business Partners**

The Client agrees to the WPP conduct guidelines for suppliers and for business partners, which is attached.

#### **XII. Final Provisions**

1. The place of jurisdiction for all disputes between the Agency and a Contractor who is registered in a commercial register shall be the Agency's registered office.
2. These Standard Terms of Contract are governed by Federal German law to the exclusion of German international private law.

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