



Conselho Executivo das Normas-Padrão

Standard Norms for Advertising Activities

Note: The following text was freely translated into English and is valid for all legal purposes the original version in Portuguese.

ON THE BUSINESS RELATIONSHIP BETWEEN ADVERTISERS, ADVERTISING AGENCIES AND MEDIA IN FACE OF LAW N. 4.680/65 AND DECREES Ns. 57.650/66 and 4.563/02

Considering,

- a) that**, Advertisers, Agencies and Media are indissoluble partners in an activity of fundamental importance to the market economy and for modern society;
- b) that**, above and beyond their own interests, they have the common purpose of preserving the freedom of expression, under the terms of the 5th Article, paragraph IV of the Federal Constitution;
- c) that**, the search for lower costs, of highest productivity with best return on the investment in marketing and in marketing communications of each one, is directly linked to the transaction cost reduction of the relationship between Advertisers, Advertising Agencies and Media;
- d) that**, Law n. 4.680/65 under article 17, determines that the national advertising activity will be governed by principles and norms of the Ethics Code of Professionals instituted by the I Advertising Congress, held in October 1957, being that the Law is binding and of public order not only for advertising professionals, but for the solutions imposed to the remaining market agents who together with them, necessarily correlate with them (Advertisers and Media).

The national representative entities of the **Advertisers** (ABA – Associação Brasileira de Anunciantes), of the **Advertising Agencies** (ABAP – Associação Brasileira de Agências de Publicidade and FENAPRO – Federação Nacional de Agências de Propaganda), of the **National Newspaper Association** (ANJ – Associação Nacional de Jornais), of the **Magazines** (ANER – Associação Nacional de Editores de Revistas), of the **Radio and Television Broadcasters** (ABERT – Associação Brasileira de Emissoras de Rádio e Televisão), of the **Cable and Pay TV Stations** (ABTA – Associação Brasileira de Telecomunicação por Assinatura), and the **Outdoor Advertising Media** represented by the Central de Outdoor, undersign the present agreement, designed to support their business relationship thus regulating through the present instrument the **Standard Norms for Advertising Activities** to the new ruling and economical reality of the advertising and marketing business in the country. In that respect the orienting entity for the agents in this market is created as **CENP – Conselho Executivo das Normas-Padrão**.

This document covers the following:

- 1. Basic Concepts**
- 2. On the Relationship between Agencies, Advertisers and Media**
- 3. On the Relationship between Agencies and Advertisers**
- 4. On the Relationship between Agencies and Media**
- 5. On the Relationship between Media and Independent Agents**
- 6. On Practices and Operational Procedures of the Advertising Activity**
- 7. On CENP – Conselho Executivo das Normas-Padrão**
- 8. On General and Transitory Dispositions**

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These **Standard Norms for Advertising Activities** should be applied either in spirit or by the letter of the law.

The Advertising Agencies, Advertisers and Media represented by the undersigned entities or who sign this agreement separately have 120 (one hundred and twenty) days, counted from this date, to adjust themselves to the agreed precepts, in view of Art. 17 of Law n. 4.680/65.

Eventual signing on after the period of time established above shall be covered by an advance demonstration of conformity to the precepts agreed upon in this instrument.

Sao Paulo, December 16th, 1998

José Carlos Aguilera Fernandez

ABA – Associação Brasileira de Anunciantes
(Brazilian Advertiser Association)

Flávio Antonio Artur Oscar Alcides Corrêa

ABAP – Associação Brasileira de Agências de Publicidade
(Brazilian Advertising Agencies Association)

Paulo Machado de Carvalho Neto

ABERT – Associação Brasileira de Emissoras de Rádio e Televisão
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Claudio Santos

ABTA – Associação Brasileira de Telecomunicações por Assinatura
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Francisco Mesquita Neto

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(National Federation of Advertising Agencies)

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STANDARD NORMS FOR ADVERTISING ACTIVITIES

1. Basic Concepts
2. On the Relationship Between Agencies, Advertisers and Media
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5. On the Relationship Between Media and Independent Agents
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1. BASIC CONCEPTS

1.1 Advertising: is, under the terms of the 2nd Art. of Decree. n. 57.690/66 any remunerated form of diffusing ideas, merchandise, products or services on behalf of an identified advertiser.

1.2 Advertiser or Client: is, under the terms of the 8th. Art of Decree n. 57.690/66, a company, entity or individual that makes use of advertising.

1.3 Advertising Agency: is, under the terms of the 6th. Art. of Decree n. 57.690/66 the corporation creating/producing printed and audiovisual contents, specialized in methods, in the art and the techniques of advertising, through professionals at their service, studying, creating, producing and distributing advertising to the Media, by order and account of the Advertising Clients with the objective of promoting the sale of merchandise, products, services and image, divulging ideas or informing the public with respect to the organizations or institutions whom they serve.

1.4 Media Company: is, under the terms of the 10th. Art of Dec. N. 57.690/66 any means for visual, audio or audiovisual diffusion.

1.5 Supplier of Services or, simply, Supplier: is the individual or corporation specialized and technically qualified to supply services or supplies that are necessary to the study, creation and production of advertising, complementing or supporting the Agency, Advertiser or Media activities.

1.6 Media Salesman: is the individual who is registered and remunerated by the Media, subject to its discipline and hierarchy, acting as middleman in the sale of advertising time/space.

1.7 Independent Agent or Broker: is the independent professional – without any job entailment with the advertiser, Agency or Media – who contracts advertising by order and account of the Advertiser.

1.8 Ad desk: is the independent corporation, comparable to the Independent Agent, which obtains advertising for distribution to the Media.

1.9 Media Representative or simply representative: is the specialized organization or professional who handles the business interests of clients represented.

1.10 Amount negotiated: is the amount set in the public Media price list with commercial discounts already deducted.

1.11 Standard Agency Discount¹ or simply Standard Discount: is the remuneration of the Advertising Agency for creating the concept, executing and distributing advertisement, demanded by and on account of client advertisers, following percentage format as established by the Standard Norms calculated over the “Negotiated Amount”.

1.12 Billed Amount: is the remuneration of the Medium totaling the difference between “Negotiated Amount” and “Standard-Discount”.

1.13 Fee: is the amount contractually paid by the Advertiser to the Advertising Agency, under the terms established by the Standard Norms, irrespective of the volume of insertions, by services continuously or eventually rendered.

¹ Legal principles: article 11 of Law no. 4.680, from 1965, article 11 from Decree no. 57.690, from 1966 and article 19 from Law no. 12.232, from 2010

2. ON THE RELATIONSHIP BETWEEN ADVERTISING AGENCIES, ADVERTISERS AND MEDIA

2.1 The relationship between Agencies, Advertisers and Media is, at the same time of, professional, business and competitive nature and has the common perception of the need to achieve technical excellence through the professional qualification and of cost reduction of the transaction between themselves, observing the principles of this document, ethics and the recommended practices of the market, thus promoting full competition in each one of these segments.

2.2 Media shall market its space, its time and its services based on a price list that is of public knowledge, valid, both for businesses that the Advertisers forward directly to them or through their Agencies. It is perfectly licit that, Media may offer conditions or benefits over that prices at its convenience, observing what is disposed under item 2.3 of these Standard Norms.

2.3 The relationship between the Advertiser and its Agency has legal relevance over the relationship of the Advertiser and the Medium. In the presence of this relationship, the Medium should market its space/time or service through the Agency, under terms of the single paragraph of Article 11 of Law n. 4680/65, in such a manner that the following remains forbidden:

a) The Medium, directly, offers the Advertiser, advantages or prices different from what is offered by the agency;

b) The Agency omits or does not present the Client with the proposal directed to it by the Medium.

2.3.1 The contracting of bartering advertising space, time or service between Media Companies and Advertisers, directly or through the participation of the Advertising Agency responsible for the advertising account is free.

2.3.2 When the contract addressed by item 2.3.1 embraces Advertising Agency services, the latter must comply with its remuneration according to that which has been stated in contract.

2.4 The Advertiser is the titular of the credit granted by the Medium for the acquisition of space, time or service, either directly or through the Advertising Agency.

2.4.1 The Advertising Agency responsible for mediating spots will always work on demanded by and on account of Advertisers as established on items 2.4.1.1 a 2.4.1.3.

2.4.1.1 It is the Advertising Agency's duty to charge, on behalf of the Medium, within the established deadlines, the due amount by the Advertisers, responding to both in terms of sending of the "Billed Amount" received by the Medium.

2.4.1.2 The medium bill will be forwarded to the Advertiser through the Advertising Agency.

2.4.1.3 Taking into consideration that confidence is a key factor for the business relationship between Media, Advertiser and Agency, the latter being depository of values being forwarded by Clients / Advertisers for paying Media and advertising service Suppliers, it is established that, in the event the Agency unduly withholds these values without the due assignment to the Media and/or Suppliers, it will have deprived or cancelled its "Certificate of Technical Qualification" granted by CENP.

2.4.2 Due to previous and express agreement, Advertiser will be able to send through Medium the amount according to “Standard Discount”, taking into consideration that, within this hypothesis, the Medium will only be able to bill or account for as own revenue the particular amount corresponding to “Billed Amount”².

2.4.3 When, exceptionally, through advanced and express agreement, the Advertiser, will be able to directly carry out payment corresponding to “Billed Amount”² and to “Standard Agency Discount”, respectively, to Medium and to Advertising Agency.

2.5 The “Standard Agency Discount”, covered by Article 11 of Law no. 4.680/65 and article 11 of Decree 57.690/66, as well as article 19 of Law no. 12.232/10 is the remuneration reserved to the Advertising Agency, for building concept, executing and distribution of advertisement on demand and on account of client advertisers.

2.5.1 Every Agency reaching the quality goals established by CENP, committed to the costs and activities related to them, will be qualified to receive the “Certificate of Technical Qualification”, according to Article 17, clause 1, item “f” of Decree no. 57.690/65 and will be entitled to the “Standard Agency discount”, not inferior to twenty percent (20%) over the value of the business that it remits to the Medium on account and order of its Clients.

2.5.1.1 For non compliance relations pointed out by the entity’s ethics agency , the percentage will be established by the mediums according to Article 11, in Law no. 4.680/65, despite any recommendation given by CENP, as specified in Article 63 of the Statutes.

2.5.2 The “Certificate of Technical Qualification” shall be valid for a period of one (1) to five (5) years and its renewal shall comply with what is stated in item 2.5.3 of these Standard Norms.

2.5.3 It shall be a mandatory requisite for certification that the Agency has, a permanent technical professional structure and a minimum volume of media data and information, within configurations established in ANNEX “A”. Data and information supplied by the Agency to CENP shall have the quality of sworn statement, the Agency, its legal representatives and institutors will be held accountable for its integrity, veracity and consistency.

2.5.3.1 Certification shall be preceded by a review of the sworn information provided by the Agency; CENP will therefore be able to perform investigations and tests for checking purposes.

2.5.3.2 The practice of perjury or the submittal of inconsistent documentation, duly verified through proper procedures to be implemented by CENP, will cause the reduction of the term of validity, deprivation or cancellation of the “Certificate of Technical Qualification”.

2.5.3.3 In order to ensure enforcement of Standard Norms of Advertising Activities and the dissemination of its actions, CENP must publicize the decision of reducing deadline, suspending or cancelling the “Certificate of Technical Quality”, sending out communication and publishing them on bulletins, on the “web-site” for the knowledge of founder-associates as well as institutions, public officials and Communication Mediums.

2.5.4 It is CENP’s role to accredit the services of Media Information Providers and Verification of Circulation, for the purposes of Annex "A".

²Legal principle: article 19 from Law no. 12.232, from 2010

- 2.5.5** It will pertain to CENP the edition of norms about the qualification of Agencies for the effects of this item.
- 2.6** Given the peculiarities that affect the relationship between Advertisers of the public sector, these have the obligation of furnishing legal and formal support (pledge and other administrative acts regarding them) when contracting space/time and services with the media and suppliers, directly or through Agencies, being responsible for the checking of the regularity of the operation. The authorization once issued should make Media or Supplier presume that the Agency vouches that the referred documentation is sufficient to support the payment due.
- 2.7** It is allowed for the Agency to negotiate part of its “standard Agency discount” with the respective Advertiser, observing the precepts established in items 3.5 and 6.4 of these Standard Norms.
- 2.8** It is allowed, with exception to the rule in item 3.6.1, the negotiation between the Agency and the Advertiser of the fees over services and external supplies, provided that the annual gross investment is significant to be spent by the Advertiser in advertising, through the contracted Agency, as long as the media budget is at least two times larger than the production budget.
- 2.9** As determined by Article 17, paragraph 1 item “f” of Decree no. 57.690/66, the contracting of advertising under uneconomical, uncompetitive conditions is vetoed or that implying unfair competition, entitling CENP, in face of such attitudes, to apply sanctions as provisioned in Article 63 of its Bylaws as well as, represent the given authority to impose sanctions foreseen in the applicable legislation.
- 2.10** These Standard Norms for Advertising Activities should be applied both in spirit and in writing.
- 2.11**

3. ON THE RELATIONSHIP BETWEEN ADVERTISERS AND ADVERTISING AGENCIES

3.1 Every Agency, as such, qualified and certified according to item 2.5 and sub items of these Standard Norms, should be qualified to render to its Client the following services, besides others that constitute its natural unfolding or that complement them, acting on account and order of the Client/Advertiser:

- 3.1.1** Study of the concept, idea, brand, product or service to be divulged, including the identification and analysis of its advantages and disadvantages, absolute and relative, to its targets, and, when it is the case, to its market and to its competition;
- 3.1.2** Identification and analysis of targets and/or markets where the concept, idea, brand, product or service will find a better possibility of assimilation;
- 3.1.3** Identification and analysis of ideas, brands, products or services of competing services;
- 3.1.4** Examination of the distribution and marketing systems, including identification and analysis their absolute and relative advantages and disadvantages relative to the market and the competition;
- 3.1.5** Preparation of an advertising plan, including the conception of messages and parts (Creation) and study of resources and media, which, according to adequate techniques will ensure the best coverage of targets and/or markets aimed (media planning);

- 3.1.6** Implementation of the advertising plan, including budgeting and production of advertising items (production) and purchase, distribution and control of advertising in the respective Media (Media Execution) and the payment of invoices.
- 3.2** The Agency shall dedicate its best efforts and work in close cooperation with its Client, so as to ensure that the advertising plan reaches the intended objectives and that the Advertiser obtains the best return on its advertising investment, be it in the form of results that are immediately quantified, or by the continuous adding of value to the brand, concept or idea.
- 3.3** The contracting of an Agency by the Advertiser should be supported preferably by a written document, containing the time period of services rendered and the agreements between the parties, complementing and/or detailing the items of these Standard Norms. The term may be undetermined, but its termination must be preceded by a notice from the interested party to the other one, with at least sixty (60) days in advance. During the contractual validity the Agency will abstain itself from collaborating with companies, institutions, concepts, ideas, brands, products or services that are in direct competition with the Client; who will reciprocally abstain itself to use the services of other Agencies, for divulging the same concepts, ideas, brands, products or services, save agreement to the contrary.
- 3.4** Unless previous and expressed stipulation to the contrary, the Agency shall absorb the costs of internal and/or external services of the regular research of audience, circulation audit and media control, available in the market, necessary for budget control services of the Advertiser.
- 3.5** In the transactions between the Advertisers and Agencies, on the negotiable part of the “Standard Agency discount”, it will be adopted as reference of best practice the parameters contained in Annex “B” of these Standard Norms.
- 3.6** All the other services and supplies will have their cost covered by the Client. They must be adequately estimated and will require advance and express authorization by the Client. The costs of internal services, meaning those executed by the personnel and/or with the resources of the Agency itself, shall be calculated based on referential lists issued by the Union in the territorial base where the Agency is established and will not be burdened by any fees nor charges.
- 3.6.1** The external services and supplies will have their cost estimated with specialized Suppliers, selected by the Agency or indicated by the Advertiser. The Client shall pay the Agency a fee of fifteen percent (15%) over the value of services and supplies contracted with any Supplier.
- 3.6.2** When the responsibility of the Agency is limited exclusively to contracting or payment of services or supplies, the Advertiser will pay the Agency a fee of at least five percent (5%) and at most ten percent (10%) over the respective value.
- 3.7** As stimulation and incentive to creativeness, it is presumed that the ideas utilized in advertising belong to the Agency who conceived them, with exception to what is a legislated copyright.
- 3.8** When changing or canceling already approved internal services, executed or being executed, the Client shall pay the Agency the cost of these services. The canceling or modification of external services or supplies shall observe the conditions established by the Supplier or Media for such cases and will oblige the Client both for payment of costs already effected and the reimbursement of the irrevocable obligations.
- 3.9** The presentation, by the Agency, of speculative jobs of any nature, to a Client from another Agency, unless the Advertiser expressly requests it in a competition to select an Agency, constitutes an unfair practice.

3.10 As an alternative to the "Standard Agency Discount" remuneration, it is permitted to engage the services of an Advertising Agency through fees or "straight value fees", to be formalized in writing between the Advertiser and Agency, respecting item 2.9 of these Standard Norms.

3.10.1 Fee could be cumulative or alternative to the Agency remuneration resulting from the diffusion ("Standard Agency Discount"); external production, internal production or other eventual or exceptional jobs, such as public relations services, press agency, etc. Standard

3.10.2 Under any situation or application mode of the fee, the Agency should be remunerated by a value equal or equivalent to that it would receive in case it were remunerated in accordance with item 2.5.1, always as agreed between the parties, provided that the services contracted through this system are included in item 3.1 and observing the principles defined in items 2.7, 2.8, 2.9 and 3.4.

3.10.3 In order to suit the remuneration values of the Agency through a fee as a way of preventing the transfer or grant of benefits to the Client/Advertiser by the Agency, contradicting the Standard Norms, as well as the applicable legal provisions, it is recommended to review, at every six (6) months, the values effectively applied by the Client/Advertiser in advertising, as compared with the values originally quoted (advertising budgets) having used as parameters for setting up values of fee.

3.11 In contracts with the public sector, announcers from each Power and Administrative Area will be considered as departments from a single announcer, for the purpose of applying the economic devices of these Standard Norms, even if the contracts are separately celebrated with each organ, governmental agency, enterprise, foundation, mixed-economy society or any other type of governmental entity.

3.11.1 Municipality, State and Union are considered as different Administrative Areas

3.11.2 The provisions of this item apply to:

- a) reversion of "agency discount" addressed in items 2.7, 3.5 and 6.4;
- b) negotiation of cost of the internal services addressed in item 3.6, which may be fully eliminated / cancelled / suppressed;
- c) negotiation of fees related to the services addressed in item 3.6.1, with the exception that the above-referred fees may be fully eliminated / cancelled / suppressed when they address communication actions generating diffusion;
- d) Negotiation of fees addressed in item 3.6.2.

3.12 The possibility of eliminating / excluding / suppressing cost and fees that refer to letters "b" and "c" of subitem 3.11.2 is prohibited where, it is clearly proven, that it compromises the execution of the service contract, hindering the provisions of paragraph 3 of article.44 of Law No. 8.666/93.

4. ON RELATIONSHIP BETWEEN ADVERTISING AGENCIES AND MEDIA

4.1 The "Standard Agency discount" is reserved exclusively for the Agency, duly qualified and certified, under terms of item 2.5 and those following of these Standard Norms, as well as eventual results of incentive plans voluntarily instituted by the Media.

4.1.1 Incentive plans granted by Media companies shall not superimpose to the technical criteria in the choice of media nor they would be used as an excuse for postponing Media that would not practice them.

4.2 The Media incentive plans for Agencies, will not regard the Advertisers.

4.3 The purchase and sale of space/time will not be accepted in disagreement with Law n. 4.680/65 and in Decree n. 57.690//66, and in special that effected through closed media dealing centers, "Media Bureaus" also known as "Media Brokers", independent media agencies or similar entities.

4.4 The existence of bonds between a certain Agency and a "closed media dealing center", "media bureau", independent media agency or similar entity, due to capital, operational agreement, technical service, eventual partnership, or simple mandate, does not grade such entities as an Agency for the effect of receiving the "Standard Agency discount", that is covered by item 2.5.1 of these Standard Norms.

4.4.1 It is understood as "closed media dealing center" an entity which proposes to substitute certain Advertiser(s) and their brands in the negotiation and purchase of space/time or service disrespecting the Agency(ies) capable of rendering full services and recognized by the Medium as holders of the account(s), I

4.4.2 The Agency that participates, in Brazil, of the capital, technical management or operation of companies or entities described in items 4.4 and 4.4.1 of these Standard Norms are not entitled to the "Standard Agency discount".

4.5 The Agency will acquire space/time or service individually, for the exclusive use of its respective Clients. The Media will neither accept bookings nor will they execute the sale of space/time without the precise indication of the Advertiser responsible for the content of the message

4.6 Accept for the contrary conditions, negotiations between Agencies and Media will take as a basis the specific budget amount of each Client and, according to the criterion of each Medium, the budget of the respective categories and/or brands.

4.7 When the shared service form is adopted, or when the Advertiser institutes an "open media dealing center" to coordinate the media purchasing activities, the Agencies continue being responsible for: (a) the media planning of brands entrusted to them, as long as they are fully qualified for such; (b) for issuing publication authorizations and (c) for payment of the respective invoices.

4.8 The Agency that offers or promises, on behalf of the Medium, any discounts or eventual benefits from incentive programs instituted by the latter, notably in prospecting actions, competition or bidding is guilty of unfair practices

5. RELATIONSHIP BETWEEN MEDIA AND INDEPENDENT AGENTS

5.1 For intervening in the sale of space/time or services, Independent Agents will be entitled to a commission that should be lower than the "Standard Agency Discount", which should not be misunderstood, and will be paid by the Medium after settlement of the respective invoice by the Advertiser.

5.2 It remains to the criterion of each Medium to stipulate the percentage of the commission due to the Agents, taking into consideration, among other criteria, the degree of complexity of the mediation, the scope of the service rendered and the supply of services in the marketplace, by Advertising Agency holding the "Technical Qualification Certificate" granted by CENP.

5.3 The Agent may not transfer to the Advertiser or third party the commission received from the Medium.

5.4 The Media shall suspend the concession of commission to the Agent who infringes what is disposed under item 5.3 of these Standard Norms.

6. On Practices and Operational Procedures of the Advertising Activity

6.1 The Advertising Agency responsible for mediating the spot will always work on demand and on account of the Advertiser according to items 6.1.1 to 6.1.3.

6.1.1 It is the Advertising Agency's duty to charge, on behalf of the Medium, within the established deadlines, the due amount by the Advertisers, responding to both in terms of sending the "Billed Amount" received by the Medium.

6.1.2 The medium bill will be forwarded to the Advertiser through the Advertising Agency.

6.1.3 Taking into consideration that confidence is a key factor for the business relationship between Media, Advertiser and Agency, the latter being depository of values being forwarded by Clients / Advertisers for paying Media and advertising service Suppliers, it is established that, in the event the Agency unduly withholds these values without the due assignment to the Media and/or Suppliers, it will have deprived or cancelled its "Certificate of Technical Qualification" granted by CENP

6.2 Due to previous and express agreement, Advertiser will be able to send through Medium the amount according to "Standard Discount", taking into consideration that, within this hypothesis, the Medium will only be able to bill or account for as own revenue the particular amount corresponding to "Billed Amount"³.

6.3 When, exceptionally, through advanced and express agreement, the Advertiser, will be able to directly carry out payment corresponding to "Billed Amount" and to "Standard Agency discount", respectively, to Medium and to Advertising Agency.

6.4 It is allowed for the Agency to negotiate part of its "Standard Agency Discount" with the respective Advertiser, observing the precepts established on ANNEX "B" – SYSTEM PROGRESSIVE SYSTEM OF SERVICES/BENEFITS which can be revisited by CENP's Executive Committee.

6.5 The "Standard Agency Discount" will not be granted to:

- a)** The Advertiser directly or to "Advertising Departments" of Advertisers or "House Agencies" that do not conform to what is provided in item 2.5; and subitems 8.5 of these Standard Norms.
- b)** Companies that dedicate themselves exclusively or mainly to media services, described in item 4.6 and subitems of these Standard Norms.
- c)** The agency that chooses to purchase, authorize and pay the media on behalf of the Client(s) and/or brand(s) whose advertising account is entrusted to another Agency.
- d)** Occasions when the Medium does not recognize a certain Agency as in charge of full advertising account service of a certain Advertiser or when, even recognized, it is not fully in charge of the advertising account service.

³ Legal Principle: article 19 of Law no. 12.232, from 2010

6.6 Both in terms of the advertisers of the public and private sector, the advertising medium may not, in any circumstances, bill and account for the amount corresponding to “standard agency discount” as their own revenue including when the sending of such amount to the advertising agency is made effective through advertising medium.

6.7 For the purposes of items 2.5, 6.6 and other items related to them, it is mandatory to insert in the added information field of the invoices and commercial bill the following statement:

“Reference Amount of the “Standard Discount Agency” remuneration – item 1.11 of the Standard-Norms of the Advertising Activity): R\$”

7. ABOUT CENP – CONSELHO EXECUTIVO DAS NORMAS-PADRÃO

7.1 It pertains to the Conselho Executivo das Normas Padrão or simply CENP:

- a)** to evaluate and propose eventual changes to this document and its annexes, in face of the dynamics of the activity;
- b)** to clarify those interested about the meaning of its rules;
- c)** to grant the “Certificates of Technical Qualification ” covered by Item 2.5.1 of this Instrument;
- d)** to certify the research institutes and their respective services and information, as covered by item 2.5.4 of this instrument;
- e)** to promote, together with the Entities participating in this agreement the permanent improvement of market qualitative standards on its three segments, including the active and loyal competition of those operating in it.

7.2 CENP will have a Board of Directors and Governance in charge of its management, a Higher Committee of Standards in charge of the regulatory issues of CENP and an Ethics Committee, related directly to the latter, will be responsible for carrying out reconciliation and mediation, as well to arbitrate conflicts and disputes among market participants choosing to join the Brazilian model of self-regulation, deciding also about the breaches to business ethics with regard to the legislation in force, and the Code of Ethics of Law. 4,680 / 65, the Advertising Activities Standard, the CENP’s Bylaws and other regulatory documents..

7.3 CENP’s Ethics Committee will have its operations regulated by an Internal Regulation and will operate through the following specialized Chambers: Conciliation and Mediation Chambers, Arbitration and Ethical Dispute Chambers, and Body of Chairmen having each one of them made up exclusively by representatives of the three segments with parity, following Internal Regulation of the Ethics Committee.

7.3.1 For the analysis of claims and disputes submitted to CENP, it will apply ethics and best business practices as ends; and the effort for conciliation and mediation or conducting arbitration as means, ensuring the parties ample rights of reply and audi alteram partem.

7.4 the Higher Committee of Standard will consist of four (4) representatives from Advertisers, appointed by ABA; six (6) representatives from Agencies, appointed respectively, three (3) by ABAP and three (3) by FENAPRO; and twelve (12) representing Media.

7.4.1 The Higher Committee of the Standards should also have one (1) representative of the Government, appointed by the Government Department of Communications, of the Presidency or agency succeeding it in the assignments to coordinate and supervise

advertisement of agencies and entities of the Government Administration, whether direct and indirect.

7.5 CENP will be a civil society without profit purposes and undetermined duration, with headquarters in the city of Sao Paulo, Brazil.

8. ABOUT GENERAL AND TRANSITORY DISPOSITIONS

8.1 The advertising activity exerted by Advertising Agencies, Agents, Independent Agents, Suppliers and Media, by order and account of Advertisers is governed by the Federal Law n. 4.680/65, by the Federal Decree n. 57.690/66, that was partially altered by Federal Decree n. 2.262/97, by the Code of Ethics of Advertising Professionals, instituted by the 1st. Brazilian Advertising Congress held in 1957 and incorporated to the mentioned Law n. 4.680/65 and by the Brazilian Advertising Code of Self-Regulation (1978).

8.2 Due to the lack of an entity that collectively concentrates all the Media on a national basis and until its constitution, the Media segment will be represented at CENP by twelve (12) representatives assigned through common agreement by the undersigned entities and organizations of the Self Regulatory Agreement on June 25, 1997, that preceded the edition of these Standard Norms.

8.3 These STANDARD NORMS OF ADVERTISING ACTIVITIES, revoke and substitute:

I. The “Standard Norms for Rendering Communication Services by the Advertising Agencies and Media and Its Reciprocal Relationships” of 06/25/97.

II. The “Standard Norms” edited by ABAP in 1960, in compliance with the 1st. Brazilian Advertising Congress (1957), and

III. The norms and recommendations contained in “Instruction N. 1”, edited by ABAP, jointly with other entities, on 04/23/68

8.4 Agencies and Advertisers that undersign this agreement will have one hundred and twenty (120) days, counted from this date, to adjust themselves to the precepts agreed upon in this instrument, in view of what is disposed in Article 17 of Law n. 4.680/65

8.4.1 Eventual adhesions of Agencies after the foreseen period in the “caput” must be sent with on the advance demonstration of its conformity to the agreed parameters of Attachment “A”.

8.5 The companies referred in item 6.5, letter “a” (House Agencies) of these Standard Norms, that are in activity, in an uninterrupted form, during the twenty four (24) months that preceded the edition of this instrument, are entitled to the “Standard Agency discount” strictly in relation to the Clients they are serving in the present in conformity with the special regimen of qualification and certification that will be established by CENP.

8.6 The CENP Committee of Ethics will settle the omissive cases.

8.7 These Standard Norms and their Annexes will be in force in the date of its publication in the “Diário Oficial da União”.

Sole Paragraph – The effect of putting in force the Standard Norms and their Annexes will also be achieved by the publication in at least two newspapers of large circulation.

The following Standard Norms were approved on December 16, 1998, including Appendices “A” and “B”, and its text revised and updated by the Executive Committee on 04/May/2000, 29/March/2001, 16/May/2002, 10/September/2002, 31/October/2002, 15/December/2010, 12/March/2013, 08/October/2013 and 12/November/2013. Appendix “C” was approved on 01/December/2008.

ANNEX “A”

Instituted by item 2.5.1 of the Standard Norms for Advertising Activities Agency’s Professional, Technical Structure and Media Resources

Minimum Template for Commitment with Media Information Services (Research)

Based on the provisions of Law No. 4.680/65 and No. 12.232/10, the "standard agency discount", recognized by the advertising market as tool for activity progress is intended exclusively for Advertising Agencies for the purpose to support the maintenance and development of its structures, essential to reach qualification and effectiveness of the advertisement. To ensure correct application of the principle that established the standard discount, this Annex defines the commitments of the Agencies as to the minimum technical resources of media information (research) services considering its dimensions, scale of operation and Customer portfolio.

The corresponding parameters of each revenue group should be understood as the minimum acceptable for rendering quality services to Clients, within the standard of each group and to qualify for the “Certificate of Technical Qualification” to be awarded by CENP.

There is no impediment whatsoever for the Agency to acquire additional services demanded in its revenue group and, in this case and provided it is supported, the fact it shall be recognized as participant of the corresponding group.

Basic Principles:

1. Media information services may vary depending on the range of operating revenues of the Agency, the configuration of its Customer portfolio and geographic area of their work.
2. CENP may, at its own discretion, determine rating indicators per type of service/supplier in accordance with the different revenue groups, for the acceptance of available report packages.
3. The rating indicators will be updated annually with the approval / resolution of the Executive Council of CENP and should be disclosed in the first four months of each year through a pattern of points, based on the following assumptions:
 - Share of mediums in advertising investments;
 - Economic relevance and market reality regarding the provision of media information services, its frequency and reach;
 - Relevance of accredited Studies/Reports;
 - Studies / Reports will be grouped into pillars: Audience / Investment / Habits, and analyzed according to trade information offered by Providers with Accredited Services;
4. The study and drafting of the pattern of points is a duty of the Media Technical Committee (Comitê Técnico de Mídia – CTM), agency created by the Executive Council whose function is to render consulting service and technical advice to CENP, in all matters related to media and related to this Annex. The CTM is comprised in equal basis, by media professionals from the following segments: Agency / Medium / Advertiser.
5. The classification of the Agency will be sort by Groups with ranges of Annual Gross Operating Revenue (R \$) determined each year according to market reality set and released in the four months / year along with pattern of points addressed in Item 3 of this Annex.

- 5.1** The classification mentioned in paragraph 5 shall be the minimum technical rating agency. Upon verification of usage / making use of additional media services, the Agency may request its classification to higher technical rating, committing to keep proven additional services for at least six (6) months.
- 5.2** The technical rating will be released by CENP permanently for market awareness purposes.
- 6.** The rise to the upper range of revenue can be crucial to expanding the commitment to have / make use of media information services provided this does not result in higher operating costs to increased revenue of the Agency.
- 7.** Any other revenue will not be considered as determining factors for expanding such commitment, while it remains as the agency's duty to show occasional or seasonal aspects to CENP.
- 8.** The Agency should demonstrate that it has / uses neutral and independent media information provided by Providers with technically accredited services by CENP through the Technical Committee on Media (CTM).
- 9.** In order to request the certification, the Agency undertakes the commitment to provide / make use of media information services on a permanent basis, as provided in Section 2.5.3 of this Standard Norms for Advertising Activity.
- 10.** It is the role of CENP to verify annually if agencies holding the Certificate of Technical Qualification are complying with the commitments of media information services listed in this Annex "A".
- 11.** ABAP and SINAPROS, associated to FENAPRO shall organize training courses aimed at professionals of member Agencies and affiliated agencies for the dissemination of information and media techniques as well as providing the required expertise for utilization of the available services.
- 12.** CENP, in partnership with key Providers of information media will provide to Agencies classified in Groups Six and Seven, without any charge, media information services and elements deemed necessary to ensure their qualitative performance conditions and opportunity for advancement.
- 13.** The Basics regular Media Information Services for the purposes of complying with Annex "A" comprise Studies and Reports available by Providers with Accredited Services based on the pillars of Audience / Investment / Habit for the following mediums:
- Over-the-air TV and Subscription TV;
 - Radio (AM & FM);
 - Magazine;
 - Newspaper;
 - Internet;
 - Cinema;
 - Outdoor Advertising / Out of Home Media – OOH.
- To the mediums Newspaper and Magazine it is also included the assessment of circulation.
- 14.** It is the role of CENP, as provided in Item 2.5.4 of the Standard Norms, to recognize

studies / information / media software made available by Providers of media information being under the responsibility of the CTM, to recommend to the Executive Council of the entity, after analysis, the accreditation of the services offered by Providers, except in cases where accreditation of Verification of Circulation, whose processing will be held by the Legal Department, appointed by the designated Director as article 39 of the Statutes of CENP.

GROUPS ONE, TWO AND THREE

Agencies in Groups One, Two and Three are committed to having / making use of media information services in accordance with the basic principles outlined above, in particular with regard to template points mentioned in item 3.

The service commitments with media control (supervision) should be aligned with requirements and needs of the client portfolio and adhere to contracts closed with them, and any exception must be submitted to the CTM for review and evaluation.

The recommendation for Agencies is to make use of Multimedia Optimizers and Multimedia Software whose choice of provider is at your discretion.

GROUPS FOUR AND FIVE

Agencies of Groups Four and Five commit to have / make use of, respectively, 03 (three) and one (01) of the media information provided by Providers with services accredited by CENP.

Commitments can be made flexible by recommendation of the Comitê Técnico de Mídia (CTM), and always proven when market supply analysis is at or below the provisions of this Annex.

In these cases, the Agency should request CTM to review the provisions, proving the alleged facts.

GROUPS SIX AND SEVEN

To these Agencies, CENP, in partnership with Media Information Providers with services accredited by the entity - www.cenp.com.br - provide via Bank Media Information, research and elements deemed necessary to ensure their qualitative performance conditions and opportunity for advancement.

It is recommended that these surveys have added to it other market and media information that will add value to media planning.

EXPECTED CONSIDERATION FROM PROVIDERS OF MEDIA INFORMATION SERVICES

The incentive of ABAP, FENAPRO and Mediums with the support of CENP, the availability and use of media information services will generate a positive return to Providers with Accredited Service in regards to the quality of data and services available, in addition to the prices or special discounts for agencies classified in Groups Four, Five, Six and Seven of this Annex.

Entities and the above mentioned companies shall settle with the Providers of Accredited Service with a proposal for quality control that prioritizes the following topics:

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Associadas Institucionais



- Review of all information that is produced, ie, the data should only be included in reports after they have been checked by the Supplier, which shall inform the subscriber in the case of any irregular consideration. Included in this item is sample inconsistency of low rating Mediums that should be excluded from reports;
- Data rationalization and information agility to meet users' requirements to obtain or generate rapid and concise answers, increasing its closeness with the market;
- The Supplier shall have a well-prepared team with knowledge of the methodology and of all stages of data processing to answer questions from users regarding the results contained in the reports and special processing, strictly complying with the deadlines;
- Ensure good overall service to the market expanding, if it is the case, the teams with part of the resources from new subscribers who are less experienced in the use of media information service and require greater commitment of time from Providers and its personnel, and
- Assessment of the need and opportunity to include new media information services subject to accreditation by CENP for inclusion in this Annex by recommendation of ABAP / FENAPRO.
- The charts and terminology used in the reports should be self-explanatory.

From a commercial viewpoint, the above mentioned Entities and companies should also demand from the benefited Providers a pricing policy that encourages the subscriber market to evolve in their analysis through the use of special processing and queries while avoiding duplication of costs.

Furthermore, it should be demanded from Providers the reinvestment of the sum of the higher revenue generated by the expansion of the market in such items as:

- Development of new software;
- Expansion of coverage area of regular studies;
- Enlargement of number of markets studied; and
- Increased use of advanced resources (as for example, "people meters").

ANNEX "B"**PROGRESSIVE SYSTEM OF SERVICES/BENEFITS****Instituted by Item 4.4 of the Standard Norms of the Advertising Activity**

GROSS ANNUAL INVESTMENT IN MEDIA	PORTION OF GROSS "STANDARD AGENCY DISCOUNT" TO RETURN TO ADVERTISER
Up to R\$ 2.500.000,00	Nihil
From R\$ 2.500,000,01 to R\$ 7.500.000,00	Up to two percent (2%) of the gross investment
From R\$ 7.500.000,01 to R\$ 25.000.000,00	Up to three percent (3%) of the gross investment
From R\$ 25.000.000,01 and above	Up to five percent (5%) of the gross investment

ADDENDUM TO EXHIBIT "B"

1.1 - The provision contained in original Exhibit "B" should be replaced by the following regarding the percentage subject to standard discount return for the benefit of advertisers and total investments in adhering media by advertisers.

GROSS INVESTMENT ANNUAL ON MEDIA ADHERING MEDIA	NEGOTIABLE PERCENTAGE OF STANDARD DISCOUNT OF AGENCY TO BE APPLIED ON INVESTMENT GROSS OF ADVERTISER
Up to BRL 2,500,000.00	Nihil
From BRL 2,500,000.01 To BRL 7,500,000.00	Up to 2% (two percent) Of gross investment
From BRL 7,500,000.01 To BRL 25,000,000.00	Up to 3% (three percent) Of gross investment
From BRL 25,000,000.01 To BRL 40,000,000.00	Up to 5% (five percent). Of gross investment
From BRL 40,000,000.01 To BRL 55,000,000.00	Up to 6% (six percent). Of gross investment
From BRL 55,000,000.01 To BRL 70,000,000.00	Up to 7% (seven percent). Of gross investment

Associadas Fundadoras



Associadas Institucionais



From BRL 70,000,000.01 To BRL 85,000,000.00	Up to 8% (eight percent). Of gross investment
From BRL 85,000,000.01 To BRL 100,000,000.00	Up to 9% (nine percent). Of gross investment
Over 100,000,000.00	Up to 10% (ten percent) Of gross investment

1.2 For the benefits provided in this addendum, it is assumed that the total investments in media, made annually, have the following assumptions:

- a)** Total investments in media adhering to self-regulation environment for customer-advertiser (sum of investments made through accredited agencies) with negotiating freedom between the customer and its agencies, ensuring, however, the benefits parameters;
- b)** The media budget will be considered invested only in media adhering to Standards, excluding those without determining the agency's compensation on the media mediation;
- c)** Economic balance of each business relationship when the customer invests through more than one agency;
- d)** If there is more than one advertising account for service, the customer-advertiser should negotiate portion of the amount for the discount standard with the agencies involved, thus the simple arithmetic mean obtained in the calculation of reversed amount, regarding the total media investment, complies with regulatory parameters;
- e)** For the balance in relation to agencies that serve minor customer-advertiser accounts, the agency with advertising account lower than 15% of total investment in media of this customer-advertiser, is not subject to the parameters of this addendum.

1.3 The standard discount will be provided only to the Advertising Agency, in legal environment, and in self-regulated environment, according to federal legislation and self-regulation standards⁵ and justified in the two steps of services rendered by agency:

- a)** 1st step: involves the technical services on media planning exclusively to the customer, therefore private and exclusive relationship between agency and advertiser which being closed and approved, the second stage begins;
- b)** 2nd step: understanding the media negotiation, contracting and distribution to communication/disclosure media, after prior express written approval from the advertiser, generating necessarily as explained interpretatively by art. 19 of Law N^o.12.232 / 10, the standard compensatory discount established by art. 11 of Law 4,680/65, including the del-credere (charge to customer the contracted amounts and immediately transfer to the media).

1.3.1 Firstly, the agency is only paid by media brokerage-related services when the media plan is carried out, that is, when performed entirely the above steps, as the agency will not be entitled its absence or incompleteness, to any compensation established by media.

1.3.2 The agency shall determine the compensation for the services with its customer-advertiser whenever the 2nd step described above is not fulfilled, so that contracting economic conditions are positive and viable for the proper performance of the agreement.

⁵ Acc. art. 11 of Law 4,680/65, art. 19 of Law 12,232/10 and item 2.5 of NPAP.

1.4 The services rendered directly by the agency that are connected or resulted in media investment, should be compensated by the standard discount, provided however, it has been defined previously between agency and advertiser according to the list below:

- a)** Design, creation and performance of advertising and distribution to disclosure/communication media adhering to the self-regulation;
- b)** Supervision of outside production work, provided however they have direct relation to the generation of media investment;
- c)** Assignment of creation use rights on campaigns to be broadcast as it is assumed that the intellectual creation, plans and advertising campaigns performed belong to the agency creating them, according to the legislation on the right to intellectual property;
- d)** Research related to the design of pieces and campaigns provided however they have direct relation to the generation of media investment;
- e)** Expenses directly related to professional staff and other resources (media research, software and the like) necessary for media planning and performance;
- f)** brand repositioning projects that actually motivate further investment in media;
- g)** Cost of checking services, provided for in the governing law, if any:
 - I.** Technical feasibility: availability of checking service performed by third parties in certain place for particular communication/disclosure media. The agency is liable to submit the justifications and evidence to show the indicated unfeasibility;
 - II.** Legal/economic feasibility: whereas the principles of contractual balance, the economy and proportionality, the costs of checking services on public accountant should not prove higher than the average cost of checking the market and the amount the agency receives as standard compensation, regarding each negotiated broadcasting, that is, for each contracting (insertion order-PI) there is the respective compensation of the standard discount, and the checking costs for this broadcasting does not use, in fact, the compensation of the agency from that PI, regarding the services list already provided above.

1.5 The value for the fee related to the standard discount should be at least equal to or higher thereto, according to regulatory provisions of the self-regulation.

1.6 This addendum will be effective on January 1, 2020, to be in effect on the date of its publication, as applicable.

1.7 Follow-up to the new parameters of the Standards will be performed by an adhesion index:

(i) to be structured by objective criteria, simple and carried out by independent third party under strict rules of confidentiality and secrecy of information, and its results are not subject to any analysis by the Ethics Committee;

(ii) was measured every two years.

Approved by the Higher Committee of Standards on 07/16/19

ANNEX "C"

Incentive Plans

The normative provisions established in this Annex relate to the incentive plans instituted by communications vehicles, referred to in items 4.1, 4.1.1, 4.2 and 4.10⁶ of the Standard Rules.

In this document, advertising agencies are designated simply as "agencies"; commercial vehicles as "vehicles" and the incentive plans as "incentive".

1. As a best practice, the incentive is a licit and lawful instrument that will have the purpose of developing the advertising market, the technical and professional qualification of the agency, aiming always at excellence of the services that it provides, both to the vehicle and to the advertisers.
2. The incentive is a unilateral initiative of the vehicle, solely addressed to the agency as a legal entity, where external intromission of any kind is inappropriate, including by the CENP. Given its liberal nature, the vehicle is free to configure its plan, as well as to and not only: establish criteria, objectives, targets, scope, methodology for assessment, duration, conditions for accreditation, inclusion and exclusion of an agency, and to stipulate the benefits, which may or may not be of a monetary nature.
3. The incentive only binds the instituting vehicle to the agency that it accredits, and no burden to the advertising clients arises from this business relationship of which by definition they are not part.
4. The agency's media recommendations will be based on good techniques, which attributes will prevail over the scope of the incentive, subject always to the advertiser's choice.
5. The benefits provided by the incentive represent operating revenue for the agency, which should be properly recorded in accounting as taxable income.
6. It is licit for the client to question whether or not the agency participates in incentive plans as well as it is likewise licit, for the agency and for the vehicle to maintain secrecy, on the terms of the law about the amounts received and paid, as well as of the criteria for granting incentives.

⁶ Current wording of item 4.8 of the Standard Norms for Advertising Activities