

## **TEMPLATE NOTICE (NOT LEGAL ADVICE)**

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## **CONTRACT BEGINS HERE:**

### **[Company Name Here] – Independent Contractor Agreement**

**This Independent Contractor Agreement (“Agreement”)** is made as of \_\_\_\_\_ (the “Effective Date”) by and between:

**[COMPANY]**, a corporation incorporated under the laws of **[X COUNTRY]**, with its registered office at **[COMPANY ADDRESS]**, (“Company”), and \_\_\_\_\_, residing at \_\_\_\_\_ (“Contractor”).

**Company** and **Contractor** are each a “Party” and together the “Parties”.

**Purpose: The following recitals are provided for context only and do not create binding obligations unless expressly stated in this Agreement.**

**(A) Company** is developing the **Project** and wishes to engage **Contractor** to provide the **Services** and **Deliverables**.

**(B) Contractor** is an independent contractor and will provide the **Services** under the terms of this **Agreement**.

**(C) The Parties** intend that, subject to acceptance and payment as stated herein, **Company** will own the **Deliverables** and all related intellectual property rights, and that **Contractor’s** compensation may include fees and royalties as set out in **Schedule B**.

**(D)** The **Parties** enter into this **Agreement** to define the scope, acceptance, payment, confidentiality, intellectual property, and royalty terms for the **Project**.

**(E)** The **Parties** understand that **Contractor** intends to act as the primary artist for the **Project** and that the **Project's** visual needs may evolve during development. The Minimum Scope in **Schedule A** reflects the **Parties'** current best estimate of core assets for **Public Release**, due to the nature of early phase game development. Additional or changed assets will be handled through the **Deliverable Order** process, and this **Agreement** also explains what happens if the **Parties** cannot complete the **Project's** visual needs together. Nothing in this Purpose section prevents **Company** from engaging additional contributors if needed to complete the **Project**.

## 0) Definitions

**“Business Day”** means a day other than Saturday, Sunday, or a statutory holiday in the [GOVERNING JURISDICTION].

**“Deliverable”** means any work product to be delivered under a Deliverable Order.

**“Deliverable Order”** means a written deliverable order accepted by both **Parties** in writing under **Schedule A (A3)**, defining scope, specifications, price, Delivery Date, and acceptance criteria.

**“Deliverable Order Amendment”** means a written amendment to a **Deliverable Order**, agreed by the **Parties** in writing, that modifies any of scope, specifications, price, Delivery Date, or acceptance criteria.

**“Deliverable Order Request”** means a written proposal for a **Deliverable Order** made by either **Party** to the other **Party** that includes the information listed in **Schedule A (A3)** and is capable of being accepted to become a **Deliverable Order**.

**“Delivery Date”** means the delivery date stated in the applicable **Deliverable Order**.

**“Required Deliverable Order Request”** means a **Deliverable Order Request** that

(i) falls within the Minimum Scope in **Schedule A**,

(ii) is priced at **Schedule B** rates or, where the **Parties** agree in writing that changes in scope or specifications justify higher pricing, up to [%] above **Schedule B**; and

(iii) includes a reasonable **Delivery Date** consistent with the **Project** timeline and **Contractor's** disclosed availability.

**“Optional Deliverable Order Request”** means a **Deliverable Order Request** that isn't a **Required Deliverable Order Request**.

**“Optional Deliverable Order”** means a **Deliverable Order** for an **Optional Deliverable**.

**“Optional Deliverable”** means any **Deliverable** that is not part of the Minimum Scope outlined in **(A5)**.

**“Public Release”** means the first date on which **the Project** is first made available to the general public for purchase or other paid access on any platform or storefront including **paid Early Access**, excluding free demos, free public playtests, closed or invite-only betas, and builds distributed solely for internal testing, QA, press review under embargo, or under NDA.

**“Net Receipts”** means money actually received by **Company** from storefronts and payment processors for the Project, **minus** platform and store fees, refunds, chargebacks and chargeback fees, sales taxes or VAT or GST collected and remitted, payment processor fees, and any withholding taxes or amounts withheld by a platform or payment processor that reduce amounts actually received by **Company**.

**“Unit”** means a single physical copy, digital copy or digital license sold of the final release game derived from **the Project**.

**“The Project”** means the game currently codenamed [“**GAME NAME**,”] including the base game and its related audiovisual materials.

**“Royalty Vesting Event”** means **Company’s** written acceptance and payment in full of all **Deliverables** comprising the Minimum Scope **(A5)** in **Schedule A**, including satisfaction of the **Minimum Scope UI Requirement**.

**“Vested Royalties”** means **Contractor’s** right to receive royalties under **Schedule B** after the Royalty Vesting Event occurs, subject to forfeiture only as expressly stated in this **Agreement**.

**“UI Threshold”** means **\$2,000 USD**.

**“Minimum Scope UI”** means **UI Deliverables** designated as “Minimum Scope UI” in the applicable **Deliverable Order**.

**“Minimum Scope UI Requirement”** means the requirement in **Schedule A (A5)** is satisfied when accepted and paid **Minimum Scope UI** fees total at least the **UI Threshold**.

**“Minimum Scope Value”** means the sum of the prices for all **Minimum Scope items (A5)**, using **Schedule B** rates unless a **Deliverable Order** sets a different price for that Minimum Scope item. For the **Minimum Scope UI** requirement, the value attributable to UI is the **UI Threshold**.

**“Completed Minimum Scope Value”** means the sum of prices for Minimum Scope Deliverables that have been accepted and paid. For the **Minimum Scope UI** requirement, Completed Minimum Scope Value includes the lesser of

- (i) the total fees for accepted and paid UI **Deliverables** designated as “Minimum Scope UI” and
- (ii) the **UI Threshold**.

## 1) Services

**1.1 Engagement:** Contractor will provide art and related services described in **Schedule A** (“Services”).

**1.2 Deliverables:** Contractor will produce the Deliverables listed in **Schedule A**.

**1.3 Acceptance:** Company will have up to **5 Business Days** to review each Deliverable and either:

- (a) accept it, or
- (b) provide written notice that it does not conform to the applicable **Deliverable Order (A3)**, describing the nonconformity. **If the Deliverable does not conform to the Deliverable Order, Contractor will correct the nonconforming aspects at no additional charge** and re-deliver within a mutually agreed timeframe in writing. Nonconformity means failure to meet the applicable **Deliverable Order’s acceptance criteria**; subjective preference changes are not considered nonconformities. **Any changes or additions to the Deliverable Order requested by Company after work begins** including style changes not required to meet the Deliverable Order, **are billable** and require a written **Deliverable Order Amendment** specifying
  - (i) revision scope, (ii) revision fee, and (iii) updated delivery date.

**Company** will not unreasonably withhold acceptance once the Deliverable conforms to the Deliverable Order. If **Company** does not provide an acceptance or rejection notice within **5 Business Days**, the Deliverable is deemed accepted.

**1.4 Deliverable Obligation:** Contractor must accept or reject a **Required Deliverable Order Request** proposed by **Company** in writing within **5 Business Days** of receipt. Failure to respond within that period is automatically deemed a rejection.

## 2) Term

**2.1 Project Term:** This **Agreement** begins on the **Effective Date** and continues until the earlier of:

- (i) 365 calendar days after the Effective Date or
- (ii) completion of the Services as defined in **Section 2.2**, unless terminated earlier under **Section 10**.

**2.2 Services are deemed completed upon the earliest of:**

- (a) delivery and acceptance of the Minimum Scope in **Schedule A**, or
- (b) **Company's** written notice that no further **Deliverables** are required.

**2.3 Extension of Term:** Agreement can be amended to extend the term end date if both parties consent.

**2.4 Holdover.** If the **Term(2.1)** expires and the **Parties** continue to perform, this **Agreement** continues month-to-month on the same terms. Either **Party** may prevent holdover by giving written notice of non-renewal before the **Term** ends. After holdover begins, either **Party** may terminate under **Section 10.1**.

### **3) Independent Contractor Relationship**

**3.1 Independent Contractor:** **Contractor** is an independent contractor and not an employee, partner, agent, or joint venturer of **Company**.

**3.2 No Benefits:** **Contractor** is not entitled to any Company benefits, including vacation pay, health benefits, retirement benefits, workers' compensation coverage, or unemployment insurance.

**3.3 Control:** **Contractor** controls the manner, means, **time, and place** of performing the Services, subject to deadlines and specifications in **Schedule A**, and may perform the Services for other clients during the Term.

**3.4 Taxes:** **Contractor** is solely responsible for all taxes, filings, and withholdings arising from payments under this Agreement. **Company** will not withhold payroll taxes unless required by law.

**3.5 Invoices:** **Contractor** will be responsible for invoicing **Company** per **Deliverable or milestone** with sufficient detail. Payment due a **maximum of 14 calendar days** from receipt. **Section 3.5** applies to **Deliverable** fees; royalty payments follow **Schedule B**. **Contractor** may pause work and withhold further **Deliverables** if invoices are overdue. Such pause will not constitute a breach, abandonment, or unresponsiveness under **Section 10.2** to the extent caused by non-payment.

**3.6 Exclusivity:** Contractor is not required to provide services exclusively to **Company** during the term of this agreement.

**3.7 No Partnership:** Contractor has no authority to bind **Company**.

**3.8 Tools and Expenses:** Contractor will supply Contractor's own tools, equipment, workspace, and internet required to perform the Services, and will bear Contractor's own operating expenses, except as expressly approved under **Section 4.3**.

**3.9 Insurance:** Contractor is responsible for maintaining any insurance Contractor deems appropriate including health, disability, and liability coverage and acknowledges Company does not provide such coverage.

## **4) Compensation**

**4.1 Fees:** Company will pay Contractor in accordance with **Section 3.5, Section 10.5, and Schedule B**, as applicable.

**4.2 Currency and Payment:** All payments will be made in **USD** by **electronic transfer** to an account designated by Contractor. Company will cover transaction fees charged to Contractor for such payments and will not deduct such fees from amounts owed. This **Section 4.2** applies to royalty payments as well.

**4.3 Expenses:** No expenses reimbursed unless pre-approved in writing.

**4.4 Pricing Lock:** The price stated in a **Deliverable Order** is firm. Contractor may not increase the price for that **Deliverable** unless the Parties agree in writing to a **Deliverable Order Amendment**. No retroactive price increases apply.

**4.5 No Ransom:** After a **Deliverable Order** is agreed, Contractor may not condition delivery of that **Deliverable**, or source files, on payment of amounts not stated in the **Deliverable Order**. Doing so is a **material breach**.

## **5) Confidentiality and Non-Disclosure**

**Confidential Information is defined as** any non-public information about the game, code, designs, assets, pipelines, story, business plans, pricing, builds, tools, and any materials marked or reasonably understood to be confidential.

**5.1 Contractor is Obligated to:**

(a) Use **Confidential Information** only to perform Services.

(b) Not disclose **Confidential Information** to third parties.

(c) Protect **Confidential Information** using reasonable care.

**5.2 Exclusions:** Confidential Information does not include info that **Contractor** can prove: was publicly known through no breach; was already known lawfully; was independently developed without using Confidential Information; or was received lawfully from a third party without duty.

**5.3 Permitted Disclosure:** **Contractor** may disclose **Confidential Information** if required by law or court order, **after** giving **Company** prompt notice if legally allowed so **Company** can seek protection.

**5.4 Return or Destruction:** On request, termination, or expiration, **Contractor** will return or destroy **Confidential Information**, including copies, except routine backups.

**5.5 Portfolio Use:** **Contractor** may not publicly display Deliverables or reference the Project until **Company gives written permission or until the Project is made publicly available**, and then only using materials approved by **Company**.

**5.6 Confidentiality Term:** **Contractor's** obligations under this **Section 5** apply during the Term and continue for **5 years** after termination or expiration of this Agreement. Notwithstanding the foregoing, trade secrets including source code, tools, pipelines, unpublished builds, credentials, and non-public financial and business information remain confidential for as long as they remain trade secrets under applicable law.

**5.7 No Publicity.** **Contractor** will not publicly announce or imply any relationship with **Company** or the Project, or use **Company's** name or logos, without **Company's** prior written consent.

## **6) Intellectual Property; Work Made for Hire; Assignment**

**6.1 Company IP:** **Company** retains all right, title, and interest in its pre-existing IP, tools, and materials ("Company IP").

**6.2 Work Made for Hire (U.S.).** To the maximum extent permitted by applicable **U.S. copyright law**, the **Parties** intend that each **Deliverable** is specially ordered or commissioned by **Company** for use as part of an audiovisual work, here meaning **the Project**, and constitutes a "work made for hire" under **17 U.S.C. § 101**, with **Company** deemed the **author and owner** under **17 U.S.C. § 201(b)**.

**6.3 Assignment:** To the extent any Deliverable is not a "work made for hire," **Contractor** hereby **irrevocably assigns to Company** all worldwide right, title, and interest, including all copyrights and other intellectual property rights, in and to that **Deliverable**. Assignment is only

effective upon **Company's** full payment of the applicable fees for that **Deliverable**, in any and all media now known or later devised, including all renewals and extensions.

**6.4 Further Assurances:** **Contractor** will sign additional documents reasonably needed to confirm **Company's** ownership.

**6.5 Moral Rights.** To the maximum extent permitted by applicable law, **Contractor** irrevocably waives and agrees not to assert any moral rights, rights of attribution, rights of integrity, or similar rights in the **Deliverables**. Where any such rights cannot be waived, **Contractor** irrevocably consents to **Company's** exercise of all rights in the **Deliverables**, including at least editing, adapting, combining with other works, resizing, and omitting or changing credit, and agrees not to assert such rights against **Company** or its licensees.

**6.6 Contractor Background Materials.** **Contractor** retains ownership of any pre-existing materials developed independently of this Agreement ("Background Materials"). To the extent Background Materials are incorporated into a Deliverable, **Contractor** grants **Company** a perpetual, worldwide, royalty-free license to use, reproduce, modify, distribute, publicly display, and otherwise exploit such Background Materials as part of the Deliverable.

**6.7 No Use Before Payment:** Before acceptance and payment of a **Deliverable**, **Contractor** grants **Company** a limited, non-exclusive, non-transferable license to internally review, test, and evaluate the **Deliverable** solely for acceptance decisions. **Company** will not publish, distribute, market, or commercially exploit the **Deliverable** before acceptance and payment.

## 7) External Tools; Third-Party Materials; Generative AI

**7.1 Contractor Tools:** **Contractor** may use **Contractor's** pre-existing tools, workflows, and know-how. To the extent any **Contractor** tools or Background Materials are embedded in a Deliverable, **Contractor** grants **Company** a perpetual, worldwide, royalty-free license to use, reproduce, modify, distribute, publicly display, and otherwise exploit such embedded elements **solely as part of the Deliverable** and as necessary to exploit the **Deliverable**.

### 7.2 Contractor Will Not Include Any Third-Party Materials Unless:

- (a) The material is identified in the applicable **Deliverable Order (A3)** or otherwise approved by **Company** in writing;
- (b) Properly licensed for **Company's** intended commercial use;
- (c) Provided to **Company** with proof of license and attribution requirements, if any.

**7.3 Definition of Generative AI Output:** "Generative AI Output" means any material generated primarily by a machine learning or generative model trained on third-party data, including any derivative output intended to substitute for human created artwork.

**7.4 Generative AI Prohibition:** **Contractor** will not use Generative AI Output in Deliverables. Any Deliverable containing Generative AI Output constitutes a **material breach** and **Company** may terminate under **Section 10.2**. **Contractor** represents that Deliverables contain no Generative AI Output and that no generative AI tools were used to create final pixel art, concept art, or animation frames.

## **8) Warranties**

### **8.1 Contractor Represents and Warrants:**

- (a)** Deliverables are original and do not knowingly infringe any third-party rights;
- (b)** **Contractor** has the right to enter this Agreement and grant the rights herein;
- (c)** **Contractor** will comply with applicable laws;
- (d)** No malware or hidden harmful code is included in delivered files.

**8.2 Remedy:** If any Deliverable is alleged to infringe, **Contractor** will promptly, at **Company's** option:

- (a)** replace it with non-infringing work meeting the applicable **Deliverable Order (A3)** at no additional charge, or
- (b)** refund amounts paid for the infringing Deliverable within **14 calendar days** after **Company** notifies **Contractor** in writing of the claim.

**8.3 Indemnity:** **Contractor** will indemnify and hold harmless **Company** from third-party claims, damages, and reasonable legal fees arising from breach of the warranty or unauthorized third-party material included by **Contractor**.

**8.4 Injunctive Relief:** **Contractor** acknowledges that breach of **Section 5**, **Section 6**, or **Section 7** may cause irreparable harm and **Company** may seek injunctive relief or other equitable relief in addition to other remedies.

## **9) Limitation of Liability**

**9.1 No Consequential Damages:** Except for,

- (a)** breach of **Section 5**,
- (b)** breach of **Section 6**, or

(c) obligations under **Section 8.3**, neither **Party** will be liable for any indirect, incidental, special, consequential, or punitive damages.

**9.2 Cap:** Except for the items listed in **Section 9.1** and for willful misconduct or fraud, each Party's total liability arising out of or relating to this Agreement will not exceed the total Deliverable fees paid by **Company** to **Contractor** during the **6 calendar months** immediately preceding the event giving rise to the claim.

**9.3 Copyright Infringement:** **Contractor** will be responsible for costs and liabilities to the extent arising from **Contractor's** breach of **Sections 7 and 8**, including third-party claims for infringement due to unlicensed materials, and this responsibility is not limited by **Section 9.2**.

## **10) Termination**

**10.1 For Convenience:** Either **Party** may terminate this **Agreement** with **14 calendar days'** written notice. For clarity, a termination for convenience does not affect **Vested Royalties**.

**10.2 Termination for Cause:**

(a) **Company** may terminate this **Agreement** for cause upon written notice if **Contractor**:

(i) **materially breaches** this **Agreement** and fails to cure within **10 Business Days** after notice; or

(ii) fails to meet **2 Delivery Dates** in any rolling **60 calendar day period** without an agreed written extension, except to the extent delay is caused by **Company**; or

(iii) fails to respond to communications reasonably necessary to perform an active **Deliverable Order** for **5 consecutive Business Days**, without prior notice or emergency explanation, after **Company** provides at least **2 written follow-ups**; or

(iv) rejects or fails to accept **Required Deliverable Order Requests** **3 times** in any rolling **90 calendar day period** without reasonable written justification; or

(v) ceases work on an active **Deliverable Order** for **10 consecutive Business Days** without prior written notice and reasonable justification; or

(vi) repeatedly refuses to accept reasonable **Required Deliverable Order Requests** for Minimum Scope Deliverables priced at **Schedule B** rates, or where justified by written changes in specifications or scope agreed in a **Deliverable Order Amendment** priced up to 30% above **Schedule B**, and continues such refusal within **10 Business Days** after written notice; or

(vii) refuses reasonable revisions for non-conformity pursuant to **Section 1.3**.

**(b) Company** may terminate immediately for breach of **Section 5, Section 6, Section 7.4, or Section 10.7.**

**(c) Contractor** may terminate this **Agreement** for cause upon written notice if **Company**:

**(i)** fails to pay any undisputed invoice within **7 calendar days** after **Contractor** gives written notice of non-payment; or

**(ii) materially breaches** this **Agreement** and fails to cure within **10 Business Days** after notice.

**10.3 Effect:** **Company** will pay for accepted **Deliverables** completed up to the termination date in accordance with **Schedule B**. Upon request, **Contractor** will deliver to **Company** all **Deliverables** for which **Company** has paid, including partially completed work, source files, and exports. Sections intended to survive termination including **Sections 5, 6, 7, 8, 9, 10, and Schedule B royalty or audit terms as applicable**, remain in effect **following termination**. Upon termination for cause, any active **Deliverable Orders** not yet accepted are cancelled and **Company** has no obligation to accept or pay for unaccepted **Deliverables**, without prejudice to any other remedies.

**10.4 Communication Procedure:** For purposes of **Section 10.2(a)(iii)**, **Company's 2 written follow-ups** may be sent by email or Discord, and the **5 Business Day period** is measured from the date of the first follow-up.

**10.5 Royalty Vesting; Continuation; Forfeiture:**

**(A) Vesting:** **Contractor's** royalty entitlement under **Schedule B** vests only upon the **Royalty Vesting Event**.

**(B) Continuation:** After vesting, royalties remain payable for the royalty term stated in **Schedule B** notwithstanding any expiration or termination for convenience under **Section 10.1**.

**(C) Forfeiture:** Notwithstanding **Section 10.5(B)**, **Contractor's** right to future royalties terminates immediately upon:

**(i) Company's** termination for cause under **Section 10.2**; or

**(ii) Contractor's material breach of Section 5, Section 6, or Section 7 as of the date of such material breach.**

**(D) No Waiver:** Payment of royalties does not waive **Company's** other remedies for breach.

**(E) Stalling Conduct:** **Company** will not take actions in bad faith primarily intended to prevent the **Royalty Vesting Event**, such as refusing to issue **Required Deliverable Order Requests**

for Minimum Scope items priced at **Schedule B** rates, or where justified by written scope and specification changes agreed by the **Parties** in writing, up to 30% above **Schedule B**, or terminating for convenience to avoid vesting. This **Section 10.5(E)** does not apply if **Contractor** is in **material breach** or has been **terminated for cause**.

If (i) **Company** terminates for convenience before the **Royalty Vesting Event** occurs after receiving a **Stalling Notice** and failing to cure under **Section 10.5(F)**, or (ii) **Section 10.5(J)** applies, then **Contractor's** royalty rate vests pro rata as follows:

**Vested Royalty Rate = (Completed Minimum Scope Value / Minimum Scope Value) × the royalty rate in B1.**

For clarity, if Completed Minimum Scope Value is 60% of Minimum Scope Value, the Vested Royalty Rate equals 60% of the **B1** royalty rate. If amendments are made through **Deliverable Order Amendments** that change prices for Minimum Scope items outlined in **Schedule B**, then the adjusted values will be used for both scope values. **Vested Royalty Rate** will not exceed the **B1** royalty rate.

**(F) Notice and Cure:** Before **Contractor** may invoke **Section 10.5(E)**, **Contractor** must provide written notice describing the alleged stalling in reasonable detail ("**Stalling Notice**"). **Company** will have **10 Business Days** after receipt to cure by taking commercially reasonable steps to proceed with **Required Deliverable Order Requests**, and to finalize the resulting **Deliverable Orders**, needed to complete the Minimum Scope. If **Company** cures within that period, then **Section 10.5(E)** will not apply to the cured conduct. A **Stalling Notice** applies only to the conduct described in that notice; **Contractor** may deliver additional **Stalling Notices** for subsequent stalling. If **Company** fails to cure within **10 Business Days**, **Contractor** may terminate for convenience and **10.5(E)** still applies subject to **Section 10.5(I)**. If **Company** gives notice of termination for convenience before the **Royalty Vesting Event**, **Contractor** may deliver a **Stalling Notice** within **10 Business Days** after receiving the termination notice, and **Section 10.5(F)** will apply as if the termination notice were the stalling conduct.

**(G) A Stalling Notice is valid only if it:**

- (i) identifies the specific Minimum Scope item(s) at issue;
- (ii) identifies the specific **Required Deliverable Order Request(s)** the **Contractor** is ready, willing, and able to accept, including price, Delivery Date, and acceptance criteria consistent with this **Agreement**;
- (iii) describes **Company's** conduct alleged to be stalling, including at least dates and proof of relevant messages; and
- (iv) states what action **Contractor** is requesting **Company** take to proceed.

**(H) Cure:** Company cures the alleged stalling if, within the **10 Business Day** period, Company either:

(i) issues or approves the **Required Deliverable Order Request(s)** identified in the **Stalling Notice**, or materially equivalent requests consistent with this **Agreement**; or

(ii) provides a written response describing a reasonable good-faith business justification for delay and provides a commercially reasonable target date to proceed if applicable.

**(I) Dispute:** If Company disputes the **Stalling Notice** in writing within the cure period and provides the response described in **Section 10.5(H)(ii)**, then **Section 10.5(E)** applies **only if** a court of competent jurisdiction determines Company acted in bad faith primarily to prevent the **Royalty Vesting Event**.

**(J) Expiration and Non-Renewal:** If this **Agreement** expires under **Section 2.1 before the Royalty Vesting Event**, and **Contractor** is not in **material breach**, and **Company** elects not to extend the Term **after receiving a Stalling Notice and failing to cure as described in Section 10.5(F)**, then **Contractor's** royalty rate vests pro rata under **Section 10.5(E)** as of the expiration date.

**(K) If Contractor terminates for convenience before the Royalty Vesting Event**, no royalties are owed unless **Section 10.5(E)** applies due to **Company** stalling.

**10.6 Effect of Termination for Cause:** If Company terminates this **Agreement** for cause (**10.2**), **Contractor's** right to future royalties immediately terminates (**10.5(C)(i)**); however, Company remains obligated to pay for accepted **Deliverables** completed prior to termination.

**10.7 Professional Conduct:** **Contractor** will communicate and conduct themselves in a professional manner. Harassment, threats, hate based conduct, or abusive behaviour toward **Company** personnel or other contractors constitutes a **material breach**. **Company** may terminate immediately under **Section 10.2** for breach of this **Section 10.7**.

#### **10.8 No Fault Termination:**

If the **Parties** do not agree in writing on at least one **Deliverable Order** for a Minimum Scope item (**A5**) within **5 Business Days** after the **Effective Date**, either **Party** may terminate this **Agreement** upon written notice, effective immediately (a "No Fault Early Termination").

**(a) No royalties and no vesting:** No royalties, pro rata royalties, or other royalty entitlement under **Schedule B** will be owed or payable, and the **Royalty Vesting Event** will be deemed not to have occurred. **Sections 10.5(E)–10.5(K)** do not apply to a **No Fault Early Termination**.

**(b) Fees:** Company will pay Contractor for any **Deliverables** that were accepted and paid for prior to the effective time of termination, if any.

**(c) Survival:** Notwithstanding the foregoing, **Sections 5, 6, 7, 8, 9, 11, 12, 13**, as well as any other provisions intended to survive by their nature, will survive a **No Fault Early Termination**.

## **11) Cross-Border Tax and Compliance**

**11.1 Principal Place of Work:** **Contractor** performs Services from the United States unless otherwise agreed in writing.

**11.2 Work in Canada:** If **Contractor** performs any **Services** in Canada, **Company** may withhold and remit any amounts required by applicable Canadian law, including **Regulation 105**, unless **Contractor** provides a waiver or reduction authorization from CRA.

**11.3 Tax Responsibility:** **Contractor** is solely responsible for reporting and paying all U.S. taxes arising from amounts received under this **Agreement**. **Company** will not withhold taxes except as required by applicable law.

**11.4 Information Requests:** **Contractor** will provide reasonable information including residency or withholding documentation requested by **Company** to support compliance, and **Company** may rely on such documentation.

**11.5 Statements and Reporting:** **Company** may provide payment statements or reports reflecting amounts paid under this **Agreement**, including royalties, as required by applicable law.

## **12) Governing Law; Dispute Resolution**

**12.1 Governing Law:** This Agreement is governed by the laws of the **Province of Ontario** and the federal laws of **Canada** applicable therein, excluding conflict of law rules.

**12.2 Forum:** The Parties attest to the exclusive jurisdiction of the courts located in **Ontario, Canada**, and agree that any proceeding arising out of or relating to this Agreement will be brought exclusively in such courts. Each **Party** waives any objection that such courts are an inconvenient forum.

## **13) Miscellaneous**

**13.1 Notices:** Any notice under this **Agreement** must be in writing and may be delivered by

(a) email,

(b) courier, or

(c) Discord message posted in the **Parties'** agreed **Project** communications channel.

Email notices are deemed given when sent to the notice email address below, provided the sending **Party** does not receive an automated bounce-back or delivery failure notice. Courier notices are deemed given upon delivery. Discord notices are deemed given when sent, provided the sending **Party** retains reasonable evidence of delivery. Notices to **Company** must be sent to **[COMPANY EMAIL OR AUTHORIZED PERSON EMAIL HERE]**. Notices to **Contractor** must be sent to **[CONTRACTOR EMAIL]**. Either Party may update its notice address by giving notice under this **Section 13.1**. For clarity, the “Project communications channel” is the Discord server currently used by the **Parties for Project** coordination at the time notice is sent.

**13.2 Assignment:** **Contractor** may not assign without **Company** consent. **Company** may assign to an affiliate or acquirer.

**13.3 Entire Agreement:** This **Agreement** and schedules are the entire agreement between **Company** and **Contractor**, and supersede prior discussions.

**13.4 Amendments:** Must be in writing signed by both **Parties**. For clarity, **Deliverable Orders** and approvals under **Schedule A** may be made as set out in **Schedule A** and do not require formal signature.

**13.5 Severability:** Invalid provisions are severed; remainder stays effective.

**13.6 Counterparts; Electronic Signatures:** This **Agreement** may be executed in counterparts and by electronic signature such as PDF, each of which is deemed an original.

**13.7 Non-Disparagement:** During the Term and for **2 years** thereafter, neither **Party** will knowingly make false statements that materially disparage the other **Party** or its products. This does not restrict truthful statements required by law or statements made in legal proceedings.

**13.8 Headings are for convenience only and do not affect interpretation.**

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# Schedule A – Statement of Work

**A1. Project Name:** Project development codename is **[GAME NAME]**.

**A2. Nature of Work:** **Contractor** will create pixel art and concept work as requested by **Company** through **Deliverable Orders**.

**A3. Deliverable Order:** Before **Contractor** begins work on any **Deliverable**, the **Parties** will agree in writing on:

(a) description and references,

(b) technical specifications such as format, resolution, layers, and source files,

(c) price,

(d) deadline or milestone date, and

(e) acceptance criteria. That written specification becomes a **Deliverable Order** and is incorporated into this Agreement.

(f) Whether the **Deliverable** is designated as **Minimum Scope UI** or as an **Optional Deliverable**.

**A4. Deliverable Acceptance:** Upon receiving **Deliverables** from **Contractor**, **Company** will accept only **Deliverables** that meet the **Deliverable Order (A3)** outlined by both parties prior to delivery. **Company** considers only accepted **Deliverables** payable. Any change in scope or specifications requires a **Deliverable Order Amendment** pursuant to **(A3)**. Review and acceptance will follow the timelines outlined in **Section 1.3**.

## A5. Minimum Scope Deliverables Required:

- 24 Spell Cards including a portrait animation
- 6 Characters which includes sprite, expressions, posing, and mouth animations
- User Interface Deliverables such as menu buttons, labels, sliders, icons, and their associated interaction states or variants. The **Parties** agree the **Minimum Scope UI Requirement** is satisfied when the total fees for accepted and paid **Minimum Scope UI** equals or exceeds the **UI Threshold**. **UI Deliverables** beyond the **UI Threshold** are **Optional Deliverable Order Requests** unless the **Parties** amend **Schedule A** in writing. If a **UI Deliverable** is not designated in the **Deliverable Order** as **Minimum Scope UI**, it will be treated as an **Optional Deliverable**.
- 4 level backgrounds

- **A6. Revisions:** Revisions will be handled as set out in **Section 1.3** and the **Deliverable Order**.

**A7. Milestones:** The **Parties** will agree in writing to a delivery date for each **Deliverable** or milestone.

**A8. Extension Requests:** **Contractor** may request an extension before the due date, stating the reason and a proposed new date. **Company** may approve or reject in its discretion.

**A9. Asset Disclosure and Source Files:** Each **Deliverable** must be delivered with the final exported files **and** the editable source files reasonably necessary to modify and implement the **Deliverable**, as specified in the **Deliverable Order (A3)**.

**A10. Written Approvals and Deliverable Orders:** The Parties may approve **Deliverable Orders (A3)**, deadlines, prices, and revisions in writing via email or Discord messages in the **Parties' Project** communications channel. File delivery via Google Drive links is acceptable. The **Parties** will retain copies of such approvals.

## Schedule B – Compensation

All following amounts are listed in **USD**. All Deliverables can be subject to further negotiation contingent on revisions, and changes of scope in complexity. All price revisions must be consented on by both parties before an amendment can be made.

### B0. Flat Fee per Deliverable:

- \$150 per Spell Card
- \$60 per User Interface element
- \$150 per background
- \$210 per Character

**B1. Royalty:** **Company** will pay **Contractor [%]** of **Net Receipts** attributable to the Project for **5 years** beginning on the **Public Release** date, subject to **Section 10.5**.

**B2. Reporting and Payment:** Reports and payments monthly, paid within **30 calendar days** after month-end. Reports will include at least units, refunds, **Net Receipts**, and royalty amount.

**B3. Bundles:** If the **Project** is sold as part of a bundle containing other products, **Net Receipts** attributable to the **Project** will be the amount allocated to the **Project** in the applicable storefront or platform settlement reports. If no allocation is provided, **Net Receipts** will be

allocated pro rata based on the standalone list prices of the included products at the time of sale or another method mutually agreed in writing.

**B4. Subscription or Library Services:** **Net Receipts** includes amounts actually received by **Company** from subscription, cloud, or game library services to the extent such amounts are consideration for making **the Project** available or played through the service. Amounts paid solely for marketing placements or unrelated promotional services are excluded unless the **Parties** agree prior in writing.

**B5. Excluded Revenue:** **Net Receipts** excludes revenue from merchandise, brand or sponsorship deals, adaptations, and any products other than the base game listed in **Schedule B** including DLC, expansions, and sequels. The **Parties** can amend this **Agreement** in writing to include them if required in the foreseeable future.

**B6. Free Copies and Keys:** No royalties are owed on keys or copies provided free of charge. Royalties apply to keys sold for consideration based on **Net Receipts** actually received.

**B7. Audit:** **Contractor** may audit royalty statements no more than once per year with **30 calendar days'** notice. Audit will be conducted by an independent accountant under confidentiality obligations. **Contractor** bears costs unless the audit reveals an underpayment of more than **5%**, in which case **Company** will reimburse reasonable audit costs. Audit is limited to books and records reasonably necessary to verify royalties for **the Project**.

**B8. Rate Card:** **Schedule B** lists baseline rates for **Deliverables** outlined in **(A5)**. Final pricing for each **Deliverable** will be set in the applicable **Deliverable Order** outlined in **(A3)** agreed in writing by both **Parties**. In the event of a conflict, the **Deliverable Order** controls.

**B9. Currency:** All fees and royalties are calculated and paid in **USD**.

**B10. Source Documents:** Royalty calculations will be based on the amounts shown in the applicable platform settlement reports and amounts actually received by **Company**.

**B11. Conversion:** Where platform reports provide USD amounts, those USD amounts will be used. If a platform reports in a non-USD currency, **Company** will convert using the conversion rate shown in the platform settlement report for that period; if none is provided, **Company** will use the bank rate applied to the deposit received.

**By signing this agreement, both parties fully agree and consent to the conditions listed in this agreement and schedules.**

**Contractor Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Director Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_