

FM WORLD CLUB RULES

(of 3.10.09 amended on 01.05.2020)

1. Glossary

- 1.1 Business Partner (Distributor)** – a natural person, a legal person, an organisational unit without legal personality having a legal capacity under separate regulations, which has concluded with FM WORLD DISTRIBUTION or the Branch a FM WORLD CLUB membership agreement (Agreement, Distribution Agreement);
- 1.2 FM WORLD DISTRIBUTION Business Partner (Distributor)** – a natural person, a legal person, an organisational unit without legal personality having a legal capacity under separate regulations, which has concluded with FM WORLD DISTRIBUTION a FM WORLD CLUB membership agreement;
- 1.3 Code of Ethics** – a document which sets, among other things, ethical standards of conduct for Business Partners;
- 1.4 FM WORLD Club (FM WORLD Network, Network)** – all Business Partners;
- 1.4.1 FM WORLD** – FM WORLD spółka z ograniczoną odpowiedzialnością (limited liability company) with the registered seat in Wrocław, Poland, at 247 Żmigrodzka street, 51-129 Wrocław incorporated in the National Court Register of Entrepreneurs run for District Court for Wrocław-Fabryczna in Wrocław, 6th Economic Division of the National Court Register under number KRS: 0000411446, TIN: 8952010760, with share capital of company in amount of 182.900,00 złotych
- 1.4.2 FM WORLD DISTRIBUTION**– FM WORLD Distribution spółka z ograniczoną odpowiedzialnością (limited liability company) with the registered seat in Wrocław, Poland, at 247 Żmigrodzka street, 51-129 Wrocław incorporated in the National Court Register of Entrepreneurs run for District Court for Wrocław-Fabryczna in Wrocław, 6th Economic Division of the National Court Register under number KRS: 0000632230, TIN: 8952089916, with share capital of company in amount of 498.500,00 złotych
- 1.5 FM WORLD Branch (Branch)** – an entity other than FM WORLD DISTRIBUTION that runs a business which involves direct sales of FM WORLD Products in the MLM system and the provision of services under a franchise agreement with FM WORLD;
- 1.6 Marketing Plan** – a set of principles specifying, among other things, conditions necessary for Business Partners to achieve a given Level of Effectiveness and calculate Remuneration or Trade Discount for achieving a given Level of Effectiveness;
- 1.7 FM WORLD Products (Products)** – products traded under FM WORLD trademark;
- 1.8 Recommending Entity** – a Business Partner who recommended the cooperation with FM WORLD DISTRIBUTION, helped join the FM WORLD Club;
- 1.9 Rules** – these Rules of the FM WORLD Club, which are an integral part of the Agreement;
- 1.10 Sponsor** – a Business Partner who is directly above another Business Partner within a Group, indicated as a Sponsor in the FM WORLD Club Admission Application (in the Agreement); Business Partner’s Sponsor must not be subject of a change during the effective period of Distribution agreement;
- 1.11 FM WORLD Trademark** – rights to trademarks and designs: “FM”, “FM WORLD”, “FM GROUP”, “FM GROUP FOR HOME”, “FM FEDERICO MAHORA”, “FEDERICO MAHORA”, “MAHORA”, “FM GROUP WORLD”, “T” and “AURILE”, “NUTRICODE”, “UTIQUE”, “FIT6” owned by FM WORLD, as well as all copyrights to materials containing the FM WORLD Trademark, disseminated on all fields of exploitation;
- 1.12 Starter Set** – a set of samples of selected FM WORLD Products including training and advertising materials.
- 1.13 Application** – an application for the acceptance to FM WORLD Club on a form provided by FM WORLD DISTRIBUTION or an FM WORLD Branch;
- 1.14 Agreement, Distribution agreement** – a FM WORLD CLUB membership agreement concluded between Business Partner of FM WORLD DISTRIBUTION Business Partner and FM WORLD DISTRIBUTION or Branch;

1.15. Acquired Number – a number which was transferred unto disposal of FM WORLD DISTRIBUTION or Branch, especially in order to entrust management of Acquired Number to other Business Partner jointly with Rules, which includes Business Partner's Group who belong to the same Line under which Structure regarding this number was built, whose Distribution agreement has expired, has been dissolved or temporarily terminated (suspended) or by any other circumstance indicated in Rules which results in transfer of this number unto disposal of FM WORLD DISTRIBUTION or Branch;

Other terms used in the Rules should be understood as defined in the Marketing Plan or the Code of Ethics.

2. Membership in the FM WORLD Club

2.1 A Business Partner can be a natural person, aged 16 or older, legal entity or an organisational unit without legal personality having a legal capacity under separate regulations.

2.2.1. A candidate who wishes to join the FM WORLD Club (conclude an Agreement):

- 1) submits to FM WORLD DISTRIBUTION or to a Branch two copies of the Application signed by them, subject to point 2.2.2. of the Rules; or
- 2) submits to FM WORLD DISTRIBUTION or a Branch an offer to conclude an Agreement by completing an on-line registration form at <https://distribution.fmworld.com/>; or
- 3) submits to FM WORLD DISTRIBUTION or a Branch an offer to conclude an Agreement by sending via e-mail a completed Application together with the Rules signed by the Candidate subject to point 2.2.2. of the Rules – then point 2.4. of Rules shall apply;

and, except for Recipient (Customer), purchases Starter Set and indicates in the Application or online register form Starter Set number attached to the set, unless agreed otherwise in separate provisions of incentive programs.

2.2.2. The Agreement may be concluded with an underage provided that a written consent of the statutory representative to conclude the Agreement is submitted to FM WORLD DISTRIBUTION or Branch. The statement must be submitted within 30 days from the day of expressing the wish to join the FM World Club in the manner specified in point 2.2.1. of the Rules. Before the delivery of the statement to FM WORLD DISTRIBUTION or a Branch, underage will be deemed as a Conditional Partner and can purchase Products or receive Trade Discount amounting in total of 150 EURO gross.

2.3. A Conditional Partner acquires rights, subject to point 2.2.2. above, to order Products and to sponsor new candidates for Business Partners provided that the Recipient (the Customer) must not be a Sponsor. A Conditional Partner cannot become a Seller or an Advertiser. Conditional Partner is also not entitled to receive Trade Discount, subject to point 2.2.2. above.

2.4. In situation regulated in point 2.2.1. point 3 of Rules, a candidate who wished to join the FM WORLD CLUB, after sending via e-mail documents indicated in this point, acquires status of Conditional Partner. Conditional Partner is obliged to deliver, within 30 days from sending documents indicated in point 2.2.1. point 3 of Rules, to registered office of FM WORLD DISTRIBUTION. Upon ineffective lapse of the aforementioned time limit the conditional membership in FM WORLD Club expires.

2.5. Both FM WORLD DISTRIBUTION and a Branch may refuse to conclude an Agreement if:

- a) the period of 6 months mentioned in point 5.8 of the Rules has not yet expired.
- b) A candidate for a Business Partner was already bounded with FM WORLD DISTRIBUTION or a Branch by an Agreement and it was terminated due to their violation of the provisions of the Rules, the Marketing Plan or the Code of Ethics or other applicable principles of the operation within the Network or applicable law or a candidate for a Business Partner has participated in another entity as a partner, a member or a shareholder, exercised the owner supervision or actually controlled it as the owner, a partner, a member or a shareholder, was a member of the management board, the supervisory or control bodies or other bodies of the entity bound by an Agreement with FM WORLD DISTRIBUTION or a Branch and it was terminated with the entity as a result of their violation of the provisions of the Rules, the Marketing Plan, the Code of Ethics or other applicable principles of the operation within the Network or applicable law.
- c) a candidate for a Business Partner is already bound by the Agreement with FM WORLD DISTRIBUTION or a Branch;
- d) a candidate for a Business Partner uses or processes false personal data;
- e) a candidate for a Business Partner has not submitted a written consent of a legal representative for the conclusion of an Agreement.

2.6. A candidate may be a party to an Agreement only with FM WORLD DISTRIBUTION or with only one Branch at the same time. However, a Business Partner that would like to conclude an Agreement with another Branch or while being bounded by an Agreement with another Branch wishes to conclude an Agreement with FM WORLD DISTRIBUTION can terminate the Agreement and continue the operation using the same Partner Number provided that they mention such a will in the termination notice and then submit an application for the conclusion of an Agreement to

another Branch or FM WORLD DISTRIBUTION and conclude an agreement with it within 14 days from the submission of the termination notice. In situation specified in this point, point 2.5. of Rules of the FM World Club shall apply. However, FM WORLD Distribution, Branch or FM World are entitled to refuse to change of the Branch referred to in this point of FM World Club Rules, if such change would aim or result in circumventing or violating the generally applicable law binding for FM WORLD DISTRIBUTION or the Branch with which the Business Partner had concluded or will conclude a new Agreement - in particular, it would aim or result in circumventing or violating relevant tax law regulations. In the situation referred to in the previous sentence, FM WORLD DISTRIBUTION or the Branch inform the applying Business Partner about the impossibility of making the change applied for by the Business Partner; then the application is treated as not submitted.

2.7.1 A Business Partner may hold only one Partner Number unless otherwise stated in the Rules or the Marketing Plan.

2.7.2. If a Business Partner is granted an Additional Number or Additional Numbers jointly with the Rules or the Marketing Plan, they can be sponsored in any place specified by a Business Partner within their Sales Group provided that the Sales Group will receive no more than 4,999.99 personal points for each Additional Number. However, in particularly justified cases resulting from the need to maintain balance of Structure or Structures of FM WORLD Club, FM WORLD DISTRIBUTION or Branch are entitled to accept a different value of the limitation specified in the previous sentence. An Additional Number or Additional Numbers can be assigned to a Business Partner or FM WORLD DISTRIBUTION Business Partner only on the basis of an application submitted by the Partner, in written or electronic form (including a scan signed by the Business Partner or FM WORLD DISTRIBUTION Business Partner, on condition that the original application is delivered to the Branch or FM WORLD DISTRIBUTION within 30 days from the date of submitting the application stated in electronic form); in case of failure to submit or improper submission of an application for assigning a Number or Additional Numbers, point 2. 4. FM World Club Regulations apply accordingly.

2.7.3. The restriction mentioned in point 2.7.2. of the Rules does not apply to Numbers managed by a Business Partner pursuant to agreement concluded under point 5.10.2 of the Rules or Numbers acquired by a Business Partner as a result of the acquisition of a structure mentioned in point 5.10.1. of the Rules.

2.8. Business Partners being partners in a commercial partnership or partners in a private partnership who submitted before 01.01.2014 a written application for being granted a joint Number are treated as a single Business Partner, which particularly means, that they are joint and several debtors with respect to their liabilities and are joint and several creditors with respect to their claims.

2.9.1. The rights and obligations of a Business Partner must not be transferred to another person and are non-transferable to third parties, subject to following stipulations of Rules.

2.9.2. The rights and obligations of a Business Partner can be transferred to another entity when one of the partners in a partnership or civil partnership who have applied for a joint number is no longer a party to the Agreement or a partner in this company. Then the other partners continue their activities using the Number of all partners, but they must inform FM WORLD DISTRIBUTION or the Branch in writing within 14 days from the moment of leave of a given Business Partner from the company, under the pain of suspension of the membership in the FM WORLD CLUB of a partnership or civil partnership to which a joint number has been assigned, until FM WORLD DISTRIBUTION or the Branch clarifies the issue, subject to point 3.1.7 of the Regulations.

2.9.3. The rights and obligations of a Business Partner may also be transferred to another entity in the event of transfer of rights and obligations under the law

2.9.4. The rights and obligations resulting from the Agreement can be inherited. The cumulative conditions for the acquisition by heirs of all the rights and obligation of a deceased Business Partner resulting from the Agreement are:

- a) conclusion by this Business Partner with FM WORLD DISTRIBUTION or a Branch of an agreement providing for such a circumstance, however, the possibility of conclusion of such an agreement and its specific criteria will be examined each time in terms of their compliance with the law applicable to a potential testator. In particular, the content of this agreement should indicate a person of the heir who will be entitled to act on the number of the deceased Business Partner on behalf of all heirs;
- b) the heirs will provide to FM WORLD DISTRIBUTION or a Branch a final and legally valid court decision regarding ascertainment of the acquisition of inheritance by the heir of the deceased Business Partner or an act of ascertainment of the inheritance by the heir of the deceased Business Partner or equivalent documents resulting from the law applicable to the testator. By the time the heirs deliver the required documents to FM WORLD DISTRIBUTION or the Branch, the Number of the deceased Business Partner will be treated as a temporarily suspended Business Partner, subject to point 3.1.7. of the Rules.

FM WORLD DISTRIBUTION Business Partner or Branch, by agreeing to join FM World Club, acknowledges that each case will be recognized in an individual way, taking into account a specific factual state of a given case and the law

binding on the testator and possible heirs, as a result of which possible inheritance of rights and obligations resulting from the Agreement may not be possible. In such a situation, FM WORLD, FM WORLD DISTRIBUTION or the Branch will not be obliged to repair any damage, direct or indirect, both incurred and in the form of unreceived benefits. FM WORLD DISTRIBUTION Business Partner and the Business Partner accept that in case of their death, commissions or discounts not collected before the death of the testator, subject to other provisions of the FM World Club Regulations, including in particular point 3.3, shall not be paid, refunded or compensated in another form.

2.10. By joining FM WORLD CLUB, Business Partner or FM WORLD DISTRIBUTION Business Partner agrees to receive from FM WORLD DISTRIBUTION or Branch only benefits resulting from the Regulations, Marketing Plan, Code of Ethics or agreements connecting Business Partner or FM WORLD DISTRIBUTION Business Partner with FM WORLD DISTRIBUTION or Branch. FM WORLD DISTRIBUTION or Branch do not guarantee the achievement of any concrete income, profits or successes for Business Partners or FM WORLD DISTRIBUTION Business Partners. Business Partners or FM WORLD DISTRIBUTION Business Partners, by accepting the provisions of these Regulations, acknowledge that the benefits of participation in the FM WORLD CLUB depends in particular on the involvement and activity of a given Business Partner or FM WORLD DISTRIBUTION Business Partner.

3. Terms and conditions of the operation within the FM WORLD Club

3.1. General terms:

3.1.1. FM WORLD DISTRIBUTION or a Branch sells Products exclusively to Business Partners or FM WORLD DISTRIBUTION Business Partners. Sale of products for entities who are not Business Partners is subject to a separate set of rules.

3.1.2. A Business Partner buys product from FM WORLD DISTRIBUTION and a Branch at Partner Prices.

3.1.3.1 A Business Partner receives points for the purchase of specific Products from FM WORLD DISTRIBUTION or a Branch, respectively.

3.1.3.2. If no payment for purchased Products was made, FM WORLD DISTRIBUTION Business Partner or Business Partner will not receive Points.

3.1.3.3. Should Business Partner or FM WORLD DISTRIBUTION Business Partner be awarded Points despite of circumstance indicated in point 3.1.3.2. above, FM WORLD DISTRIBUTION or Branch will be entitled to correct amount of Points awarded to Business Partner or FM WORLD DISTRIBUTION Business Partner by decreasing amount of Points awarded to such Business Partner. If Business Partner will be wrongly awarded Point in a manner specified in this point and in result will receive Remuneration or Trade Discount, FM WORLD DISTRIBUTION or Branch will be entitled to demand from such Business Partner return of undue Remuneration or undue Trade Discount.

3.1.4.1. The Points shall be added after the amount due for the purchase of the Products is credited on the bank account provided on a VAT invoice for purchase of Products in the event indicated in point 3.1.3.1. of Rules. In particularly justified cases, in cash-on-delivery, Points will be awarded when payment will be made to carrier, forwarder or other entity by means of which FM WORLD DISTRIBUTION or Branch send Products, as well as other entities who were entrusted with delivery of Products to Business Partner.

3.1.4.2. If the ordered Products are not delivered within the deadline specified in the agreement concluded between a Business Partner and FM WORLD DISTRIBUTION or a Branch for reasons attributable to FM WORLD DISTRIBUTION, a Branch or a carrier, a forwarder or other entity by means of which FM WORLD DISTRIBUTION or Branch send Products as well as entities entrusted with the delivery of the Products to a Business Partner, FM WORLD DISTRIBUTION or a Branch shall add Points to the Business Partner in the month in which they should be awarded to the Business Partner if the ordered Products were delivered to the Business Partner in a timely fashion.

3.1.5. A Business Partner receives Points for the purchase of FM WORLD Products if:

- a) they pay the entire sales price for the Products purchased from FM WORLD DISTRIBUTION and from a Branch within the specified time limit, not shorter than 7 days, subject to point 3.1.3.2. of Rules,
- b) they made prepayment of the entire sales price for the Products purchased from FM WORLD DISTRIBUTION and from a Branch, subject to point 3.1.3.2. of the Rules,
- c) there will be shipment of ordered FM WORLD Products through cash-on-delivery, subject to point 3.1.4.1. of Rules,

3.1.6 FM WORLD DISTRIBUTION or Branch will be entitled to send to Business Partner or FM WORLD DISTRIBUTION Business Partner an electronic invoice after receiving from Business Partner a prior consent for such activity.

3.1.7. In every year of being a FM WORLD DISTRIBUTION Business Partner or a Business Partner (i.e. the following 12 months from the conclusion of the Agreement, and then each subsequent 12 months from the anniversary of the conclusion thereof) at least one purchase of Products for which points are granted must be made. No purchase of Products for which points are granted within the above-mentioned period results in expiration of Distribution agreement binding Business Partner or FM WORLD DISTRIBUTION Business Partner with FM WORLD DISTRIBUTION or Branch in scope of this Number and Additional Numbers (if they were awarded), without need of submitting a separate statement be either of the parties, in whatever form. Agreement expires in the day following the day in which 12 months mentioned in first sentence of this point elapses. Business Partner's Number which expired jointly with this point of Rules, on which Business Partner attained Effectiveness Level lower than 12%, at the day of expiration of Distribution agreement, will automatically be deleted from the informatic system, whereas branches placed below this number will automatically be placed under closest active Sponsor in the Line above of Business Partner's Number which expired jointly with this point of Rules. Business Partner Number, which expired jointly with this point of Rules, on which Business Partner attained Effectiveness Level at least 12% becomes an Acquired Number to which points 5.10.1 and 5.10.2 of Rules shall apply.

3.1.8. The attainment of Effectiveness Level specified in the Marketing Plan causes that the Business Partner is entitled to a Discount (User or Recipient) or Remuneration (Seller or Advertiser) granted (paid), respectively, by FM WORLD DISTRIBUTION or a Branch, depending on whether a Business Partner has concluded an Agreement with FM WORLD DISTRIBUTION or a Branch.

3.1.9. Depending on the status, a Business Partner acquires the right to a Discount or Remuneration related to a given Partner Number for a given Month if they purchase in this Month Products in quantity for which points are awarded in the amount specified in the Marketing Plan.

3.1.10. If Branch awards FM WORLD DISTRIBUTION Business Partner Points, jointly with terms agreed between FM WORLD DISTRIBUTION and the Branch, they will be – in the amount not exceeding 550,8 Points in each Month – included in total amount of Points awarded to FM WORLD DISTRIBUTION Business Partner resulting in entitlement for this Business Partner to receive Remuneration or Trade Discount, as if they were awarded directly by FM WORLD DISTRIBUTION. If Branch will award Points, mentioned in the previous sentence, against these Rules, such Branch will be solely liable for eventually granting Remuneration or Trade Discount.

3.1.11.1. A Business Partner is obliged to collect consignments with ordered Products in a timely manner and to pay, within the set deadline, the entire sales price for the Products purchased from FM WORLD DISTRIBUTION and a Branch, to pay the amounts due for them and, if ordered Products are not collected – to return the actual costs incurred by FM WORLD DISTRIBUTION in relation to the Products ordered but not collected, or, in the case of a consumer, to cover the direct costs of returning the Products. If Business Partner who is consumer has expressly opted for a type of delivery other than the least expensive type of standard delivery offered by FM WORLD DISTRIBUTION or a Branch, FM WORLD DISTRIBUTION or Branch are not required to reimburse supplementary costs. Described list of these costs are indicated in separate regulation. FM WORLD DISTRIBUTION is entitled to deduct these costs with due to this this Business Partner from FM WORLD DISTRIBUTION Remuneration or to reduce due Trade discount.

3.1.11.2. Should delivery containing ordered FM WORLD Products not be collected, which will result in return of such shipment to FM WORLD DISTRIBUTION, FM WORLD DISTRIBUTION will summon FM WORLD DISTRIBUTION Business Partner to comply with its obligation, i.e. to receipt ordered goods in due time of 7 days of the date in which FM WORLD DISTRIBUTION will receive returned from FM WORLD DISTRIBUTION Business Partner ordered shipment, with indication that upon ineffective receipt or upon refusal of receipt FM WORLD DISTRIBUTION will be entitled to withdraw from an agreement in scope of ordered and not collected Products. Upon ineffective lapse of the time limit mentioned in first sentence FM WORLD DISTRIBUTION will make a declaration regarding withdrawal from sales agreement in scope of returned Products. However, if delivery containing ordered FM WORLD Products will not be collected, which will result in return of such shipment to FM WORLD DISTRIBUTION, if sales agreement is concluded with a consumer, FM WORLD DISTRIBUTION will summon FM WORLD DISTRIBUTION Business Partner to indicate whether refusal of receipt of ordered Products FM WORLD DISTRIBUTION should deem as FM WORLD DISTRIBUTION Business Partner's declaration of withdrawal from sales agreement, regulated in art. 30 of Consumer Law act issued on 30th of May of 2014 (Dz.U. z 2014 r. poz. 827, tj. from 9th of March 2017, Dz. U. from 2017 pos. 683) in scope of returned Products, as well as summon FM WORLD DISTRIBUTION Business Partner to comply with its obligation, i.e. to receipt ordered goods in due time of 7 days of the date in which FM WORLD DISTRIBUTION will receive returned from FM WORLD DISTRIBUTION Business Partner ordered shipment, with indication that upon ineffective receipt or upon refusal of receipt FM WORLD DISTRIBUTION will be entitled to withdraw from an agreement in scope of ordered and not collected Products. Upon ineffective lapse of the time limit mentioned in first sentence FM WORLD DISTRIBUTION will make a declaration regarding withdrawal from sales agreement in scope of returned Products. FM WORLD DISTRIBUTION or a Branch has a right to refuse the processing of an order placed by a Business Partner who violated the obligations specified in the first sentence of point 3.1.11.1 of this Rules.

3.1.12. A Business Partner is not an employee, an agent or a consignee of FM WORLD, FM WORLD DISTRIBUTION or a Branch or a representative of these entities based on any other arrangement unless the parties explicitly agreed otherwise in writing. Therefore, they are not entitled to undertake any actions, in particular to incur any liabilities, on behalf and for FM WORLD, FM WORLD DISTRIBUTION or a Branch. A Business Partner cannot use expressions or names implying or suggesting that they are an employee, plenipotentiary, a manager or a person acting on behalf or for FM WORLD DISTRIBUTION, FM WORLD or a Branch.

3.1.13. Selling Products directly or providing advertising services with respect to FM WORLD Network and Products as well as promoting Products, a Business Partner can use FM WORLD Trademarks only under terms agreed with FM WORLD DISTRIBUTION. Use of FM WORLD Trademarks without such an agreement is forbidden.

3.1.14. A Business Partner is obliged to provide customers with information on the FM WORLD Network as well as the availability, prices, properties of FM WORLD Products in a reliable manner and in accordance with the data received, respectively, from FM WORLD DISTRIBUTION or a Branch, included in current information, advertising and promotional materials. A Business Partner cannot mislead the purchasers about the Products or Services.

3.1.15. A Business Partner is obliged to abstain from any actions that could negatively affect the good image of FM WORLD, FM WORLD DISTRIBUTION or a Branch, as well as the Products or Services, in particular – from disseminating information that could be harmful for FM WORLD, FM WORLD DISTRIBUTION or a Branch as well as other entities, especially as a result of the unlawful use of product names or disseminating false information concerning FM WORLD, FM WORLD DISTRIBUTION or a Branch as well as other entities. A Business Partner cannot use the Network as well as its operation and participation in FM WORLD Club to promote, market, advertise or sell any products or services of third parties or any other entities or organisations (whether operating in a formal or informal way).

3.1.16. A Business Partner selling FM WORLD Products cannot do it in a manner contrary to the principles of direct sales, especially at shops, newsagents, stalls or any other fixed, organised points of retail sales, through Internet auctions.

3.2. Principles concerning business Partner of different statuses:

3.2.1. A FM WORLD DISTRIBUTION Business Partner can operate within FM WORLD network as:

a) **Seller**, i.e. a Business Partner who conducts a business activity that involves direct sales of Products and the provision of advertising services related to the FM WORLD Network and Products who agreed with FM WORLD DISTRIBUTION or Branch an agreement regarding direct sales and advertising services agreement. The agreement cannot be concluded with a Conditional Partner; a Seller is only entitled to receive Remuneration for the provided advertising services related to FM WORLD Network and Products.

b) **User**, i.e. a Business Partner being a natural person who does not conduct a business activity and who concludes an Agreement. It means, in particular that an Application is also treated as a statement that the candidate will purchase Products for their own purposes and for family members or friends. The user is entitled exclusively to a Trade Discount.

3.2.2. A Business Partner being a natural person, purchasing Products remotely, which is not directly related to their business or professional activity, can withdraw from the sales agreement within 14 days from the receipt of a consignment with ordered Products, Starter Sets or other materials. The withdrawal statement should be made in writing and should be sent before the expiry of the period of 14 days mentioned in the previous sentence or should be sent by e-mail to FM WORLD DISTRIBUTION or Branch. A Business Partner returns goods covering scope of withdrawal from agreement within 14 days and bears the direct costs of returning the items. All points awarded to a Business Partner and other members of FM WORLD Network for the sale of Products for which withdrawal from agreement was conducted referred to in this point will be deducted from the number of Points gathered by them. The adjustment of the Remuneration or Trade Discount for these business Partners in relation to the cancellation of the sales contract and the return of goods by a Business Partner will be made in a month in which FM WORLD DISTRIBUTION receives a statement on the withdrawal from the sales agreement. If, as a result of the adjustment of Points, a Business Partner will be granted negative points, FM WORLD DISTRIBUTION will be entitled to settle the unduly assessed Remuneration or Trade Discount. The above-mentioned right to withdraw from the agreement applies only to Products purchased by a Business Partner from FM WORLD DISTRIBUTION.

3.3. In each calendar year (by the end of January), FM WORLD DISTRIBUTION or Branch will reset all accrued and not withdrawn by Business Partners Remuneration or Trade Discount which were awarded jointly with Marketing Plan stipulations. The reset covers within its scope accrued by Business Partners Remuneration or Trade Discount for period from January until December of the year preceding the year in which reset occurs. Remuneration or Trade Discount not withdrawn by Business Partners before this deadline time limit will be subject of no payment, reimbursement or compensation in any other form.

4. System of measures related to a breach of Business Partner's obligations

4.1. FM WORLD DISTRIBUTION or a Branch has the following rights in relation to FM WORLD DISTRIBUTION Business Partners or Business Partners breaching the principles of the Rules, Marketing Plan, Code of Ethics or other applicable principles of operation in the Network set by FM WORLD DISTRIBUTION or a Branch, announced and known to Business Partners, or failing to meet undertaken obligations:

4.1.1. depriving the Business Partners of right to sponsor and recommend new Business Partners permanently or for a specified time, which shall be specified in the termination notice;

4.1.2.1. temporary termination (suspension) of the legal relationship with the Business Partner for a period of up to 6 months. The above termination results, in particular, in the inability to purchase from FM WORLD DISTRIBUTION or a Branch Products as well as the suspension of advertising services related to FM WORLD Network or Products provided to FM WORLD DISTRIBUTION or a Branch; as a result, a Business Partner will not be entitled to Remuneration or Trade Discount during the suspension;

4.1.2.2. in particularly justified cases, when FM WORLD DISTRIBUTION or Branch will take reliable information regarding Business Partners breach of Rules, Marketing Plan, Code of Ethics or generally applicable law, FM WORLD DISTRIBUTION or Branch are entitled to perform an immediate temporary termination (suspension) of the legal relationship with the Business Partner for a period of up to 6 months, mentioned in point 4.1.2.1. above, – in such case FM WORLD DISTRIBUTION or a Branch will summon, in writing or by e-mail, Business Partner to provide an explanation regarding disclosed irregularities in its conduct; if Business Partner will not provide FM WORLD DISTRIBUTION or a Branch such explanation or when disclosed irregularities regarding conducts of such Business Partner will be confirmed, FM WORLD DISTRIBUTION or Branch will be entitled to perform further actions jointly with this Rules. The above termination results, in particular, in the inability to purchase from FM WORLD DISTRIBUTION or a Branch Products as well as the suspension of advertising services related to FM WORLD Network or Products provided to FM WORLD DISTRIBUTION or a Branch; as a result, a Business Partner will not be entitled to Remuneration or Trade Discount during the suspension;

4.1.3. termination of the Agreement and other agreements between the Business Partner and FM WORLD DISTRIBUTION without notice and deletion the Business Partner from the Base if the Business Partner breached the provisions of points 3.1.11.-3.1.16 of the Rules, 4.2. of the Rules and the provisions of points II-IV of the Code of Ethics;

4.1.4. depriving the right to participate in training, courses and meetings organised by FM WORLD DISTRIBUTION, a Branch or FM WORLD and depriving the right to participate in motivational programs announced by FM WORLD DISTRIBUTION, a Branch or FM WORLD;

4.2. The rights described in point 4.1.-4.1.4. above may be exercised with regard to a Business Partner who undertakes actions aimed to convince another Business partner to terminate the agreement between them and FM WORLD DISTRIBUTION or a Branch, to cease their operations within their Group or undertake operations in another Group, and performs other unfair competition acts within the meaning of the act on combating unfair competitions or the act on combating unfair commercial practices.

5. Cessation of membership in FM WORLD Club

5.1 A Business Partner can terminate the Agreement with one week's notice in a form stipulated by the provisions of law, with effect at the end of the calendar month.

5.2. FM WORLD DISTRIBUTION can terminate the Agreement with a Business Partner for important reasons with a one week's notice, effective at the end of the month. Important reasons are understood as the violation of principles set out in points 3.1.11.-3.1.16. of the Rules, 4.2. of the Rules and the provisions of points II-IV of the Code of Ethics by a Business Partner. If the other party to the Agreement concluded such Agreement in connection with conducted business activity, the above-mentioned important reason does not have to be provided.

5.3. A Business Partner who concluded an Agreement with FM WORLD DISTRIBUTION can withdraw from it in the form stipulated by law. In scope of concrete Products purchased by Business Partner from FM WORLD DISTRIBUTION, Business Partner may withdraw from sales agreement regarding these Products jointly with stipulations of this Rules. In due time of 14 days from when declaration of will regarding withdrawal from Agreement was made, Business Partner and FM WORLD DISTRIBUTION may conclude a separate, prior settlement in writing, under pain of nullity, regarding resell to FM WORLD DISTRIBUTION of Products purchased by Business Partner in period of 6 months preceding the withdrawal from the Agreement. Products and Starter Sets as well as all other informative, instructional and advertising materials, samples, presentation and promotional sets, provided that they are returned in a condition suitable for their further sale (it applies, in particular, to goods which use by date has not yet expired) or use in accordance with the intended purpose. Conclusion of such settlement will not result in reimbursement or return of Remuneration or Trade Discount. If an Agreement was concluded with Branch, above mentioned settlement may be concluded if such possibility is applicable jointly to the law of county in which Branch has its registered office.

- 5.4.** If a Business Partner withdraws its consent for the processing of their personal data, the Agreement expires.
- 5.5.** The Agreement expires also in relation to a partner of a partnership or a civil law partnership whose all members filed an application for being granted a joint Number once they cease being a partner of such a partnership or a civil law partnership.
- 5.6.** The Agreement expires once a Business Partner being a legal person or an organisational unit without legal personality having a legal capacity under separate regulations is removed from the register. The Agreement expires upon the death of a Business Partner unless the parties to the Agreement have arranged that the rights and obligations hereunder are transferred to heirs, subject to point 2.9.4. of the Rules. Business Partner or FM WORLD DISTRIBUTION Business Partner who runs a one-man business activity in connection to which an Agreement or other agreements were concluded with FM WORLD DISTRIBUTION or Branch ceases to run a business activity, which will result in removal from the proper register, point 5.7 of Rules shall apply provided that all other agreements concluded between FM WORLD DISTRIBUTION Business Partner and FM WORLD DISTRIBUTION will automatically be terminated, whereas Partners status will automatically be changed to User, which will not exclude Partner's possibility to change its status by concluding new agreements.
- 5.7.** Termination or expiration of the Agreement causes automatic termination of all other agreements concluded between the Business Partner and FM WORLD DISTRIBUTION or a Branch.
- 5.8.** A person who ceased being a Business partner due to the termination of the Agreement can rejoin FM WORLD Club after 6 months from the cessation of membership, subject to point 5.9 below.
- 5.9.** In exceptional circumstances, FM WORLD DISTRIBUTION or a Branch can conclude an Agreement with a person whose Agreement has been terminated prior to the lapse of the period of 6 months mentioned in the previous point.
- 5.10.1** FM WORLD DISTRIBUTION will entrust the management of Acquired Number, through the prior conclusion of a separate written agreement under the pain of nullity, to the closest active Sponsor in the Line above the Number of the Business Partner whose Agreement has expired, has been dissolved or temporarily terminated (suspended) for a period not longer than 6 months, who is entitled and obliged to carry out its operations with the use of the Acquired Number. Such a Structure can be acquired provided that the Sponsor acquiring the structure of the Business Partner obtains the Level of Effectiveness being in line with the Business Plan of at least 12% in each of the 6 months preceding the expiry, dissolution or temporary termination of the Business Partner's Agreement.
- 5.10.2** FM WORLD DISTRIBUTION reserves the right to entrust the management, under a separate prior agreement concluded in writing under the pain of nullity, of Acquired Number mentioned in 5.10.1 of Rules, to another FM WORLD DISTRIBUTION Business Partner or Business Partner if the FM WORLD DISTRIBUTION Business Partner or the Business Partner attained the Level of Effectiveness of at least 12% in accordance with the Marketing Plan in each of the 6 months preceding the expiry, dissolution or temporary termination of the Agreement of the Business Partner whose structure is to be managed. The Business Partner or FM WORLD DISTRIBUTION Business Partner managing the acquired Structure is not entitled to carry out its operations with the use of the Number of the Business Partner whose membership has expired, has been dissolved or temporarily terminated (suspended), but only to the management of this structure. They are also not entitled to use the Number of a Business Partner whose membership ceased as a result of a failure to deliver the documents mentioned in point 2.4. above in a timely manner, which prevented the conclusion of the Agreement.
- 5.10.3.1.** In particularly justified cases (such as illness, an accident, rehabilitation, old age, incapacitation or any other circumstance which may affect Business Partner of FM WORLD DISTRIBUTION Business Partner capacity to enter into legal transactions), Business Partner of FM WORLD DISTRIBUTION Business Partner may submit a written motion to FM WORLD DISTRIBUTION or Branch regarding transferring into management of Business Partner's or FM WORLD DISTRIBUTION Business Partner's Number (as well as theirs Additional Number, if they were granted) to the close person of this Partner. Together with this motion Partner may submit another motion regarding conclusion of an agreement indicated in point 2.9.4. of Rules.
- 5.10.3.2.** Together with motion mentioned in 5.10.3.1. of Rules, Business Partner or FM WORLD DISTRIBUTION Business Partner should submit:
- a.** documents, from contents of which circumstances of submitting such motion basing on this point of Rules will result,
 - b.** justification of submitted motion,
 - c.** indication of the person, who will be transferred onto Numbers of this Partner into management,
 - d.** documents (applicable by law – especially public registry records, final and legally valid court decisions) from contents of which consanguinity, adoption, guardianship or legal supervision or other legal binds of person indicated in letter c. with Partner will result.

5.10.3.3. A close person is spouse, ascendant, descendant, sibling, adopted people, people remaining under guardianship or legal supervision (only during adoption, guardianship or legal supervision).

5.10.3.4. FM WORLD DISTRIBUTION or Branch will summon Partner submitting motion mentioned in 5.10.3.1. of Rules to provide additional explanation or to supplement missing documents, if submitted motion will be incomplete, unclear or will be impossible to be included, as well as to provide additional explanations or documents mentioned in point 5.10.3.2. of Rules, if they will be incomplete, unclear, raising concerns regarding their content – within a month from receiving a motion by FM WORLD DISTRIBUTION or Branch.

5.10.3.5. If the motion will be supplemented contrary to manner indicated in 5.10.3.4. of Rules or will be supplemented in a wrong manner or a manner which deems impossible proper consideration of Partner's motion mentioned in 5.10.3.1. of Rules, such motion will remain unprocessed, which will be ground for payment to the Partner of no remuneration, trade discount or compensation in any other form.

5.10.3.6. If the motion mentioned in 5.10.3.1. of Rules will be accepted, FM WORLD DISTRIBUTION or Branch will conclude with person indicated by the Partner in a motion a prior, written, under pain of nullity, agreement regarding management of this Partner's Numbers. Point 5.10.1. of Rules shall apply accordingly, whereby to the person indicated in Partner's motion no restrictions indicated in this point of Rules shall apply. If the person indicated by the Partner in the motion is not a Business Partner or FM WORLD DISTRIBUTION Business Partner, agreement will be concluded on condition that this person will join FM WORLD Club jointly with this Rules.

5.10.3.7. Agreement regarding entrusting the management of Numbers of Partner who submitted the motion may be concluded for the period of one calendar year, without possibility of its extension for further periods. After expiration of agreement parties must conclude another prior, written, under pain of nullity, agreement regarding management of this Partners who submitted motion Numbers.

5.11.1 – 5.11.3 (repealed)

6. Final provisions

6.1 These Rules regulate the legal relationship between FM WORLD DISTRIBUTION and FM WORLD DISTRIBUTION Business Partner. The provisions of the rules of other Branches may regulate some issues regulated by the provisions of these Rules differently.

6.2. FM WORLD DISTRIBUTION carries out its operations in accordance with the Code of Ethics, which is available at pl.fmworld.com after logging in and at FM WORLD DISTRIBUTION under the following address: ul. Wrocławska 2a, Szewce, 55-114 Wisznia Mała.

6.3. Matters not regulated by the provisions of these Rules are governed by the provisions of the generally applicable provisions of Polish law, including the Civil Code.

6.4. FM WORLD DISTRIBUTION may change the Rules, Marketing Plan, Code of Ethics as well as other documents specifying the relationship between Business Partner and FM WORLD DISTRIBUTION for important reasons. Important reasons include adding a new Level, new Products to be sold within the Network, acquiring rights to use a trademark, the necessity of changing the Discount and Remuneration calculation rules, the necessity of adapting the provisions of the Rules to applicable legal regulations, the necessity of regulating the principles of membership in FM WORLD Club that has not yet been covered by the Rules but raise doubts as to their application by Business Partners, the introduction of new functional, organisational and technical solutions by FM WORLD DISTRIBUTION, the modification or change of the IT system used by FM WORLD DISTRIBUTION to perform their obligations towards Business Partners.

6.5. A Business Partner will be entitled to refuse their consent for a proposed change to the rules within 14 days from the receipt of a notification. A failure to submit a statement in the form set out by applicable regulations within the above deadline will be tantamount to the acceptance of the proposed change. A refusal of consent for a proposed change to the Rules submitted within the above-mentioned deadline will be tantamount to the termination of the Agreement.