

## FM WORLD CLUB RULES

(of 3.10.09 amended on 01.04.2023)

The promoter of this trading scheme in Australia is FM WORLD Products Australia Pty Ltd of 10 Short Street, Eraring NSW 2264, Australia which is referred to in this agreement as 'FM WORLD AUSTRALIA'. The products which are supplied and sold through this trading scheme are the goods described in the current FM WORLD AUSTRALIA catalogue or otherwise distributed by FM World ('Products'). Sales of the Products are made by FM WORLD AUSTRALIA Business Partners who buy and sell products on their own account and participate in the scheme both as independent distributors and as introductory agents. An FM WORLD AUSTRALIA Business Partner participates as an Advertising Agent (Distributor). There is no financial obligation for a Distributor Business Partner upon joining FM WORLD AUSTRALIA. Purchase of a Starter Kit is optional. There is no commission paid to anyone upon any Starter Kit. There is no payment or reward for recruiting. The Distributor Business Partner has no further annual financial obligation and in particular has a free choice whether or not to purchase and sell any Products under this trading scheme. FM WORLD AUSTRALIA Distributor Business Partners join FM WORLD AUSTRALIA as Distributors - purchasing Products for personal use or working in direct sales of Products, including in a network with Distributors, participating in motivational programmes and incentives, with the possibility of building a business network structure.

### 1. Glossary

- 1.1. FM WORLD AUSTRALIA 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 a FM WORLD Australia a FM WORLD CLUB membership agreement.
- 1.2. Code of Ethics** – (repealed)
- 1.3. 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 PLN.
- 1.4.2 FM WORLD AUSTRALIA** – FM WORLD Products Australia Pty Ltd of 10 Short Street, Eraring NSW 2264, Australia, is a proprietary company, limited by shares and is registered under the Corporations Act 2001. FM WORLD Products Australia Pty Ltd is registered under Australian Company Number 635 302 653, with Ordinary 100 shares with nominal value 100 AUD, GST registration number: 13 635 302 653.
- 1.4.3 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 PLN.
- 1.5. FM WORLD Branch (Branch)** – an entity other than FM WORLD AUSTRALIA that runs a business which involves direct sales of FM WORLD Products in the MLM system and the provision of services under an 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 Australia and 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 Kit** – a set of samples of selected FM WORLD Products including training and advertising materials. There is commission paid upon the Starter Set.

**1.13. Application** – an application for the acceptance to FM WORLD Club on a form provided by FM WORLD AUSTRALIA or an FM WORLD Branch.

**1.14. Agreement, Distribution agreement** – a FM WORLD CLUB membership agreement concluded between FM WORLD AUSTRALIA Business Partner and FM WORLD AUSTRALIA or Branch.

**1.15. Acquired Number** – “Taken Over Number” – a number whose Distribution agreement has expired, has been dissolved or temporarily terminated (suspended) or by any other circumstance indicated in Rules was transferred unto disposal of FM WORLD AUSTRALIA or Branch. Such number may be moved in accordance with 5.10.1-2 of rules.

Other terms used in the Rules should be understood as defined in the Marketing Plan.

## **2. Membership in the FM WORLD Club**

**2.1** A Business Partner can be a natural person, aged 18 or older, or a legal entity.

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

1) submits to FM WORLD AUSTRALIA or a Branch an offer to conclude an Agreement by completing an on-line registration form at [au.fmworld.com](http://au.fmworld.com).

**2.3.** Intentionally deleted.

**2.4.** Intentionally deleted.

**2.5.** Both FM WORLD AUSTRALIA 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 with FM WORLD AUSTRALIA or a Branch by an Agreement and it was terminated due to their violation of the provisions of the Rules, the Marketing Plan 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 AUSTRALIA 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 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 AUSTRALIA 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 AUSTRALIA 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 a party to an Agreement with another Branch wishes to conclude an Agreement with FM WORLD AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA, Branch or FM World are entitled to refuse to the Branch change request described above, if such change would aim or result in circumventing or violating the generally applicable law binding for FM WORLD AUSTRALIA 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 above mentioned situation, FM WORLD AUSTRALIA or the Branch informs the applying Business Partner about the impossibility of

making the change. FM WORLD does not condone any attempts of circumventing of any tax law regulations by its Business Partners.

**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.** In accordance with the Rules or the Marketing Plan a Business Partner may be granted an Additional Number or Additional Numbers. Business Partner specifies the place within their Sales Group where the Additional Number or Additional Numbers is to be sponsored. There is a monthly limit of 4,999,99 personal points for each Additional Number. However, if there is a particularly justified need to maintain balance of Structure or Structures of FM WORLD Club, FM WORLD AUSTRALIA or Branch reserves the rights to accept a different point value than specified above. An Additional Number or Additional Numbers can be assigned to a Business Partner or FM WORLD AUSTRALIA Business Partner only by submitting an application by the Partner, in written or electronic form (including a scan signed by the Business Partner or FM WORLD AUSTRALIA Business Partner).

**2.7.3.** The limit of personal points 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 can be transferred to another person and are subject to the 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 AUSTRALIA 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 AUSTRALIA or the Branch clarifies the issue, subject to point 3.1.7 of the FM Club Rules.

**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.** It is allowed to inherit rights and obligations resulting from Agreement. 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 AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA 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 Rules, 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 AUSTRALIA Business Partner agrees to receive from FM WORLD AUSTRALIA or Branch only benefits resulting from the Rules, Marketing Plan or agreements connecting Business Partner or FM WORLD AUSTRALIA Business Partner with FM WORLD

AUSTRALIA or Branch. FM WORLD AUSTRALIA or Branch do not guarantee the achievement of any concrete income, profits or successes for Business Partners or FM WORLD AUSTRALIA Business Partners. Business Partners or FM WORLD AUSTRALIA Business Partners, by accepting the provisions of these Rules, 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 AUSTRALIA Business Partner.

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

#### **3.1. General terms:**

**3.1.1.** FM WORLD AUSTRALIA or a Branch sells Products exclusively to Business Partners or FM WORLD AUSTRALIA 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 AUSTRALIA and a Branch at Partner Prices. Business Partner sales Products at Catalogue/Retail prices to his/her customers.

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

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

**3.1.3.3.** Should Business Partner or FM WORLD AUSTRALIA Business Partner be awarded Points despite of circumstance indicated in point 3.1.3.2. above, FM WORLD AUSTRALIA or Branch will be entitled to correct amount of Points awarded to Business Partner or FM WORLD AUSTRALIA Business Partner by decreasing amount of Points awarded to such Business Partner. If Business Partner will be wrongly awarded Points in a manner specified in this point and in result will receive Remuneration or Trade Discount, FM WORLD AUSTRALIA 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 GST 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 AUSTRALIA 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 AUSTRALIA or a Branch for reasons attributable to FM WORLD AUSTRALIA, a Branch or a carrier, a forwarder or other entity by means of which FM WORLD AUSTRALIA or Branch send Products as well as entities entrusted with the delivery of the Products to a Business Partner, FM WORLD AUSTRALIA 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 and sale of FM WORLD Products if:

- a) they pay the entire sales price for the Products purchased from FM WORLD AUSTRALIA 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 AUSTRALIA and from a Branch, subject to point 3.1.3.2. of the Rules.

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

**3.1.7.** Agreements will automatically terminate if there is no activity for a period of 12 months, without the need of submitting a separate statement by either of the parties, in whatever form.

**3.1.7.1.** The expired Business Partner's Number will automatically be deleted from the system, if the Effectiveness Level attained on this Business Partner Number was lower than 12%. Branches placed below this number will automatically be placed under closest active Sponsor in the Line above of Business Partner's Number which expired. The expired Business Partner Number, 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 determined by the Marketing Plan entitles the Business Partner to a remuneration or commission granted (paid), respectively, by FM WORLD AUSTRALIA or a Branch, depending on whether a Business Partner has concluded an Agreement with FM WORLD AUSTRALIA or a Branch.

- 3.1.9.** The Business Partner is entitled to Commission on a given Number for a given Month, by making the sale of Products granted with points in the amount specified in the Marketing Plan.
- 3.1.10.** If a Branch awards FM WORLD AUSTRALIA Business Partner Points, according to terms agreed between FM WORLD AUSTRALIA and the Branch, they will be included in total amount of Points awarded to FM WORLD AUSTRALIA Business Partner resulting in entitlement for this Business Partner to receive Remuneration or Trade Discount, as if they were awarded directly by FM WORLD AUSTRALIA. 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 should collect consignments with ordered Products in a timely manner and to pay the amount due for same, and , in case the delivery is not collected, to reimburse the actual cost to FM WORLD AUSTRALIA which have arisen due to the ordered and uncollected Products.. FM WORLD AUSTRALIA has the right to deduct the above-mentioned costs from any Commission or Trade Discount due to the Business Partner from FM WORLD AUSTRALIA. Failure to take delivery of the package containing the ordered Products, and as a consequence their return to FM WORLD AUSTRALIA shall be treated as withdrawal from the Sales Agreement with regard to the returned Products. FM WORLD AUSTRALIA has the right to refuse to complete the order of a Business Partner who breaches the obligations described in the first sentence above.
- 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 AUSTRALIA, FM WORLD AUSTRALIA will take such legal action as necessary and or deduct amounts from existing or future commissions.
- 3.1.12.1** A Business Partner is not an employee, an agent or a consignee of FM WORLD, FM WORLD AUSTRALIA 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 AUSTRALIA or a Branch. A Business Partner cannot use expressions or names implying or suggesting that they are an employee, a manager or a person acting on behalf or for FM WORLD AUSTRALIA, FM WORLD or a Branch.
- 3.1.12.2.** The Business Partner shall be responsible for the filing of all necessary tax returns and paying all applicable taxes due in relation to his/her business.
- 3.1.12.** In case of direct sales of the Products 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 in accordance with the rules specified by FM WORLD AUSTRALIA. Use of FM WORLD Trademarks without such an agreement is forbidden.
- 3.1.13.** A Business Partner is should 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 AUSTRALIA or a Branch, included in current information, advertising and promotional materials. A Business Partner cannot mislead the purchasers about the Products or Services.
- 3.1.14.** A Business Partner is should abstain from any actions that could negatively affect the good image of FM WORLD, FM WORLD AUSTRALIA or a Branch, as well as the Products or Services, in particular – from disseminating information that could be harmful for FM WORLD, FM WORLD AUSTRALIA 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 AUSTRALIA 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).
- 3.1.15.** 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, door to door selling or telemarketing. A Business Partner must comply with the Australia Consumer Law and all other relevant laws of Australia.
- 3.1.16.** FM WORLD AUSTRALIA specifies a maximum retail price for each Product (Catalogue Prices). A Business Partner selling FM WORLD Products may sell them at Catalogue Prices or choose to sell them below the Catalogue Prices.
- 3.1.17.** FM WORLD AUSTRALIA Business Partners should keep records of their sales of Products to their Customers.

**3.1.18.** FM WORLD AUSTRALIA Business Partner should sell at least 70% of the products that he/she previously ordered before ordering more Products.

**3.1.19.** A Business Partner acknowledges that purchase and sale of any Products, promotional or sales aides literature or attendance at any FM WORLD AUSTRALIA training is entirely optional.

**3.1.20.** As an independent contractor the Business Partner agrees to:

- a) abide by any, and all laws, rules and rules pertaining to the Agreement (and in particular the Australian law) and/or pertaining to the promotion of FM World Products; and
- b) at The Business Partner's own expense, make, execute or file, all reports and obtain all licenses (including if applicable, GST registration) as are required with respect to the Agreement, the conduct of the FM Business Partner's business, and/or the sale of FM World Products. The FM Business Partner will keep all such proper records as are necessary to ensure the proper assessment and payment of any such as taxes or duties.

**3.1.21.** In the event that FM WORLD AUSTRALIA is required to pay GST on any payments due to The Business Partner, whether under the Marketing Plan or otherwise, FM WORLD AUSTRALIA reserves the right (subject to any necessary approvals) to self-bill for such sums, in which event GST shall only be paid to the Business Partner if The Business Partner is registered for GST and provides FM WORLD AUSTRALIA with a copy of his/her GST registration certificate. If the Business Partner, having been registered, becomes de-registered for GST voluntarily or due to his/her turnover falling below the GST threshold applicable at the relevant time or otherwise, he/she shall notify FM WORLD AUSTRALIA in writing of the fact of such de-registration within fourteen (14) days of the de-registration taking effect. If FM WORLD AUSTRALIA pays, or is obliged or liable to make any payment of, GST to the tax authorities as a result of the failure of The Business Partner to notify FM WORLD AUSTRALIA of de-registration for GST then The Business Partner acknowledges and agrees that FM WORLD AUSTRALIA shall be entitled to recover from him/her the amount of such GST by deduction from The Business Partner's account with FM WORLD AUSTRALIA or by any other means available to FM WORLD AUSTRALIA from time to time.

**3.1.22.** The Business Partner agrees that during the period of FM WORLD CLUB membership he/she will:

- a) Conduct himself/herself and deal with customers and other Business Partners with the highest standards of honesty, integrity, and fairness.
- b) Be honest in all business dealings.
- c) Represent FM World Marketing Plan completely to all potential Business Partners and without making any misleading or exaggerated income claims.
- d) Make any estimates of income only based on reasonable predictions for what an average Business Partner would achieve in normal circumstances.
- e) Represent that past earnings in a given set of circumstances do not necessarily reflect future earnings.
- f) Not misrepresent the amount of expenditure that an average Business Partner might incur in carrying on the business.
- g) Not misrepresent that the certain amount of time devoted to the business would bring an income estimated and not state that income or earnings are guaranteed for any individual Business Partner.
- h) Fulfill all obligations associated with sponsoring other Business Partners, including training, motivation and support.
- i) Familiarise himself/herself with and abide by these Rules as amended from time to time and ensure that he/she always is operating in accordance with the most current version of the Agreement including these Rules.
- j) Familiarise himself/herself with and abide by all laws, common laws, rules, and statutes of any country in which he/she conducts his/her FM WORLD AUSTRALIA business; and
- k) Act at all times in a proper ethical, legal, moral and financially sound manner (including in accordance with these Rules) and will not engage in any activities that would or may bring FM WORLD AUSTRALIA or its Business Partners into disrepute. The Business Partner must not use misleading, deceptive or unfair recruiting methods.

**3.2.** Principles concerning business Partner of different statuses:

**3.2.1.** A FM WORLD AUSTRALIA Business Partner can operate within FM WORLD Network, unless otherwise provided by the law applicable to FM WORLD AUSTRALIA, as:

- a) **A Preferred Customer**, i.e. a Business Partner who will purchase Products for their personal needs (or their close ones) or will run economic activity based on direct selling of purchased Products. A Preferred Customer cannot be a Sponsor, so cannot build a sales team. Preferred Customer is only entitled to receive Trade Discount.
- b) **A Distributor** i.e. a Business Partner running economic activity in the scope of direct sale of Products and provision of promotional services of FM World Network and Products, purchasing FM World Products for their own use and for sale or rendering services of advertising FM World Network and Products. Distributor is only entitled to receive Trade Discount.
- c) **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 AUSTRALIA 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.

Business Partner will not need to register for an ABN until their sales exceed \$10,000 but must do so at once when that amount is exceeded.

Business Partner with an ABN may register for GST and should consult their accountant or business adviser.

A person who decides not to conclude an agreement with FM WORLD AUSTRALIA may become **an FM Customer** by purchasing the products at retail prices at [au.fmworld.com](http://au.fmworld.com) without signing up. An FM Customer is not a member of FM WORLD CLUB and is not bounded by FM WORLD CLUB RULES.

**3.2.2.** A Business Partner being a natural person, purchasing Products off-premises, 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 AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA.

**3.3.** In each calendar year (by the end of June), FM WORLD AUSTRALIA or Branch will reset all accrued and not withdrawn by Business Partners Remuneration or Trade Discount which were awarded in accordance with Marketing Plan stipulations. 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.

**3.4.** From time to time FM WORLD AUSTRALIA or Branch may send commercial information to the e-mail address or phone number provided by Business Partner, i.e. to receive advertisements and notifications related to marketing products and services placed on the market under the Trademarks of "FM WORLD" and "FM WORLD Club". If Business Partner does not wish to receive any communications about FM WORLD AUSTRALIA Products, company information and updates or promotional activities, Business Partner may opt out by sending an email to [office@fmworld.com](mailto:office@fmworld.com) with their full name, Business Partner's Number and the word "UNSUBSCRIBE" in the subject line.

**3.5.** FM WORLD AUSTRALIA or Branch has the right to disclose Business Partner's personal data on the FM WORLD AUSTRALIA or FM WORLD Branch website, which is available after logging in at [au.fmworld.com](http://au.fmworld.com) to other Network participants for the purpose of promoting business efficiency. Business Partner may opt out from having their personal data disclosed at anytime by sending an email to [myaccount@fmworld.com](mailto:myaccount@fmworld.com) with their full name, Business Partner's Number and the word "DATA DISCLOSURE REFUSAL" In this case, Business Partner will be presented on the Network's website only under the assigned Business Partner's Number.

**3.6.** FM WORLD AUSTRALIA, FM WORLD or Branch processes Business Partners personal data and the data necessary for billing and cooperation in the Database of FM WORLD Business Partners, created within the organisation of an international Network for the purposes of implementing the provisions of this Agreement and its annexes. Business Partner's personal data may be transferred by FM WORLD to FM WORLD Branches.

**3.6.1.** FM WORLD is the administrator of the database, which includes personal data of all registered Business Partners. FM WORLD AUSTRALIA is the administrator of the database, which includes personal data of the registered Business Partners of FM WORLD AUSTRALIA. The purpose of personal data collecting and processing is: registration in the FM WORLD Club, which enables purchasing and selling Products, organisation of Networks, financial settlements and documentation of business transactions, calculating points, discounts and remunerations, as well as proper documentation, keeping in contact with other Business Partners and their Groups, to promote the most active Business Partners, the implementation of cooperation in providing Business Partners goods and services, in the sales of which respectively FM WORLD AUSTRALIA. or a Branch mediates, implementation of loyalty and incentive programmes.

The recipients of the personal data may be:

- a) other Business Partners,
- b) the parties personally or financially associated with FM WORLD,
- c) potential customers of FM WORLD, FM WORLD AUSTRALIA or a Branch and third parties that wish to join FM WORLD Club,
- d) third-party logistics and courier companies used by FM WORLD AUSTRALIA., FM WORLD Branch or Business Partners,
- e) companies which organise events for Business Partners on behalf of FM WORLD AUSTRALIA.,
- f) training companies,
- g) advertising agencies,
- h) PR companies.

**3.6.2.** By filling the Application at [au.fmworld.com](http://au.fmworld.com) and concluding the Agreement Business Partner voluntarily provides their personal data to FM WORLD and FM WORLD AUSTRALIA or FM WORLD Branch. The Business Partner has the right to access their personal data and the right to request the update at any time. The lack of consent to the processing of personal data in accordance with the above provisions is equivalent to lack of consent to the conclusion of the Agreement.

**3.7.** FM WORLD AUSTRALIA or Branch has the right to send the correspondence via email to the address provided by Business Partner or through an individual panel available by logging on at [au.fmworld.com/](http://au.fmworld.com/).

**3.8.** FM WORLD AUSTRALIA or Branch may publish the Business Partner's data and image on the website and in publications, publications of FM WORLD AUSTRALIA, FM WORLD Branch or FM WORLD. Business Partner may opt out by sending an email to [office@fmworld.com](mailto:office@fmworld.com) with their full name, Business Partner's Number and the word "UNPUBLISH" in the subject line.

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

**4.1.** FM WORLD AUSTRALIA or a Branch has the following rights in relation to FM WORLD AUSTRALIA Business Partners or Business Partners breaching the principles of the Rules, Marketing Plan or other applicable principles of operation in the Network set by FM WORLD AUSTRALIA 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 AUSTRALIA or a Branch Products as well as the suspension of advertising services related to FM WORLD Network or Products provided to FM WORLD AUSTRALIA 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 AUSTRALIA or Branch will take reliable information regarding Business Partners breach of Rules, Marketing Plan or generally applicable law, FM WORLD AUSTRALIA 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 AUSTRALIA 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 AUSTRALIA or a Branch such explanation or when disclosed irregularities regarding conducts of such Business Partner will be confirmed, FM WORLD AUSTRALIA 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 AUSTRALIA or a Branch Products as well as the suspension of advertising



services related to FM WORLD Network or Products provided to FM WORLD AUSTRALIA 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 AUSTRALIA 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;

**4.1.4.** depriving the right to participate in training, courses and meetings organised by FM WORLD AUSTRALIA, a Branch or FM WORLD and depriving the right to participate in motivational programs announced by FM WORLD AUSTRALIA, 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 AUSTRALIA 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 AUSTRALIA 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 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.** In case the Business Partner withdraws their consent to processing of their personal data, the Agreement is deemed to be terminated by the Business Partner.

**5.4.** Termination or expiration of the Agreement causes automatic termination of all other agreements concluded between the Business Partner and FM WORLD AUSTRALIA or a Branch.

**5.5.** 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.

**5.6.** In exceptional circumstances, FM WORLD AUSTRALIA 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 AUSTRALIA will entrust the management of Acquired Number (Taken Over Number), through the prior conclusion of a separate written agreement under the pain of being declared null and void, 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 AUSTRALIA reserves the right to entrust the management of Acquired Number mentioned in 5.10.1 of Rules, to another FM WORLD AUSTRALIA Business Partner or Business Partner if the FM WORLD AUSTRALIA Business Partner or the Business Partner, whose structure is to be managed, attained the Level of Effectiveness of at least 12% in accordance with the Marketing Plan in each of the 6 months preceding the termination of the Agreement. The entrust of management agreement is to be concluded in writing.

**5.10.3.1.** In particularly justified cases Business Partner of FM WORLD AUSTRALIA Business Partner may submit a written application to FM WORLD AUSTRALIA or Branch regarding transferring into management of Business Partner's or FM WORLD AUSTRALIA Business Partner's Number (as well as theirs Additional Number ) to the close person of this Partner.

**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)..

**5.11.** FM WORLD and FM WORLD AUSTRALIA reserves the right to assign Business Partner's agreement to any other FM Branch or FM WORLD entity.

## 6. **Final provisions**

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

**6.2.** (repealed)

**6.3.** Matters not regulated by the provisions of these Rules are governed by the provisions of the generally applicable provisions of the Australian Consumer Law.

**6.4.** FM WORLD AUSTRALIA employs in its legal relations with its Business Partners a standard taking into account the protection resulting from the law in force in the European Union. However, if the law applicable to FM WORLD AUSTRALIA provides a higher standard for legal relations with consumers than that resulting from the law in force in the European Union, FM WORLD AUSTRALIA shall comply with the law applicable to FM WORLD AUSTRALIA .

**6.5.** FM WORLD AUSTRALIA may change the Rules, Marketing Plan as well as other documents specifying the relationship between Business Partner and FM WORLD AUSTRALIA 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 AUSTRALIA, the modification or change of the IT system used by FM WORLD AUSTRALIA to perform their obligations towards Business Partners.

**6.6.** Each party acknowledges that in entering into this Agreement it does not do so on the basis of or in reliance upon any representations, promises, undertakings, warranties or other statements (whether written or oral) of any nature whatsoever except as may be expressly provided in this Agreement (and accordingly any conditions, warranties or other terms implied by statute or common law are (save as to fraud) hereby excluded to the fullest extent permitted by law).

*It is illegal for a promoter or a participant in a trading scheme to persuade anyone to make a payment by promising benefits from getting others to join a scheme. Do not be misled by claims that high earnings are easily achieved.*