

Distributor Rules of the company PM-International AG (PM)

1. Legal Position of a Distributor

- 1.1 A Distributor is self-employed to earn entrepreneurial income by distributing PM products.
- 1.2 Distributors' distributary activities include selling PM products in their own name directly to end consumers and to end consumers who purchase their PM products directly from PM and referring end consumers to PM (Customer Direct Program) and referring new Distributors to PM as a Sponsor.
- 1.3 Distributors freely stipulate their own place, type, time and amount of activity, on their own responsibility and without any instructions. Distributors must themselves bear all of the costs incurred relating to the business. Each, as an entrepreneur, is responsible for the fulfillment of all legal obligations resulting from the business (registering a company, income tax, sales tax, social insurance, competition law).
- 1.4 Distributors run their business part-time; anyone realizing this is no longer the case must notify PM of that fact.

2. Beginning and Ending a Distributorship

- 2.1 A Distributorship requires a completely, legibly filled out application by a Distributor; it becomes a legal agreement as soon as the application has been accepted by PM. It is not necessary to order PM-Products. PM will inform a Distributor of the acceptance of the application without delay.
- 2.2 Within 30 days of receiving information about the acceptance of the application, a Distributor can withdraw from the contract through a written declaration to PM without stating reasons. After withdrawal, all PM products purchased as a Distributor may be returned and PM will return the full amount paid for them.
- 2.3 A Distributorship exists for an indefinite period, it can be ordinarily terminated at any time adhering to the legal notice period. A right to extraordinary notice for an important reason remains unaffected. If a Distributor is in breach of obligations according to 4.1, 4.2 and 5.2 of the Distributor Rules, PM routinely sees this as an important reason for giving notice.
- 2.4 In the case of death, the Distributorship can be transferred to a child or a parent if the transfer is requested in writing with the agreement of all heirs, the heir accepts the PM Distributor Rules in the relevant version and PM agrees in writing. PM's agreement may only be refused for an important reason.

3. A Distributor's Rights to a Bonus

- 3.1 A Distributor has the right to a bonus for the referral of end consumers on the Customer Direct Program and also for introducing, training and supporting new Distributors referred as a Sponsor. Requirements for, and the amounts of, the bonus can be taken from the PM Marketing Plan in the form valid at the time of referral; PM has a right of stipulation in so far as the Marketing Plan valid at any given time applies in the same way for all Distributors.
- 3.2 PM pays out the bonus on a monthly basis. Payment is only made with sales tax if a Distributor has previously expressly informed PM of a right to declare sales tax in advance including information in writing of his tax number and the responsible tax office. The statement will be sent per e-mail. If a Distributor wants to receive it by post, an administrative fee of €5 will be due. Payment of the bonus occurs by the 20th of the following month at the latest. If the monthly statement indicates a sum of less than €5 net no payment will be made and the right to one is forfeited.

4. Distribution Activity of a Distributor elsewhere

- 4.1 Without the prior written agreement of PM, it is not permissible for a Distributor to undertake activities for a competitor of PM. A competitor of PM is taken to be any company which offers goods or services through personal direct marketing or via a network marketing system as well as, independent of the means of distribution, all companies with products partially or fully in a position of competition to PM products.
- 4.2 A Distributor is obliged to keep every permissible distribution activity for another company completely separate from the activity for PM and with PM products. It is not permissible to draw attention to activity for PM or the status as a PM Distributor, or to offer goods and services of the other company together with PM products, or to cause other Distributors of PM in any way whatsoever to purchase goods or services from the other company or to become active for the other company in addition to or instead of their activity for PM.

5. Purchase and Distribution of PM Products

- 5.1 A Distributor orders and receives PM products exclusively and directly from PM. It is not permissible to purchase PM products from another Distributor.
- 5.2 A Distributor sells PM products exclusively by personal direct distribution to end consumers. Distribution via retail outlets, at markets, trade fairs, internet auctions and similar sales events is not permissible.
- 5.3 A Distributor is obliged to take back PM products sold to final consumers within 30 days of delivery; particular reasons need not be given by the customer to do so, it is sufficient if they simply do not like them (PM satisfaction guarantee). After taking back goods, a Distributor lets the customer choose between exchange, credit note or return of the purchase price paid.
- 5.4 A Distributor freely decides whether and what quantities to buy from PM. There is no obligation to order a minimum amount.
- 5.5 All orders by the Distributor are processed according to the PM price list valid at the time of ordering. Prices are generally to be understood as being

without sales tax and costs of packaging and shipping, as far as these are applicable. Before every shipment of products, their payment must have been secured or completed. This is possible via direct debit from a bank account, payment via credit card, cash on delivery or cash payment on collection.

6. Further Obligations of a Distributor / Contractual Penalty

- 6.1 A Distributor always has to act as an independent and responsible business entrepreneur and has to avoid any possible appearance of acting as an employee of PM or of being entitled to make declarations in the name of PM.
- 6.2 In so far as PM is a member of national and international associations for direct marketing, Distributors must strictly adhere to the standards of conduct specified by these associations for their members and their distribution representatives; PM will inform Distributors without delay of appropriate standards of conduct which must be adhered to.
- 6.3 Everything a Distributor says about PM and PM's products must be in accordance with PM's stipulations, especially those in the product catalog, on the product labels and in other product information. On no account may a Distributor attribute therapeutic or healing properties to PM products.
- 6.4 A Distributor may make no changes to PM products or their packaging and also not allow third parties to make such changes. It is permissible to include an address label with address data of a Distributor on a label as long as no advertising or product information is covered by it.
- 6.5 A Distributor is to use only the product information, sales material and sales aids issued by PM in advertising for PM and in the distribution of PM products and, in so far as advertising and distribution is done via the internet, only to use the internet shop which PM provides for Distributors. In self-made advertising materials or on web sites of their own, Distributors may neither make a reference to PM nor to PM products, nor use trademarks or other commercially protected patents of PM.
- 6.6 For every violation of obligations under No's. 4.1, 4.2, 5.1, 5.2, 6.3, 6.4 and 6.5 of the Distributor Rules, a Distributor will pay a contractual penalty, the amount of which will be stipulated by PM in each individual case taking into account the significance of the violation and the income of the Distributor. Further claims, especially for an injunction and damages will not be affected by claiming a contractual penalty.
- 6.7 Every distributor has to acknowledge and adhere to the binding statutory regulations and to the generally recognized rules of behavior of direct marketing both in general advertising measures and in attracting new distributors. This leads in particular to an express prohibition of any form of 'spamming' and of the systematic head hunting of distribution partners from other companies. Violation of this will be strictly followed up by PM, even down to termination of the partnership. PM additionally specifies general rules of behavior which must be strictly adhered to at all times. This is available under www.pm-international.com.

7. Line protection

- 7.1 It is a principle of PM-International to keep and protect the sponsor line. A business partner who has terminated his business partnership can only be re-registered as a business partner if he submits a new application and (a) is sponsored by his former sponsor or (b) at least 12 months have passed since termination. A business partner who has been structured out by being deleted from records as an inactive business partner (12 months without personal volume) can be freely re-registered with a new application, i.e. not just under the former sponsor but in any line under any Sponsor.
- 7.2 The line protection also applies to customers in the Customer Direct Program (see point 7.1). Customer line protection is valid for 6 months.
- 7.3 Spouses can each have a Distributor number. It must be ensured that one of the spouses must be exclusively registered in the direct line (firstline) of the other spouse. Children who are of business age can (within the organization of their parents) also be registered exclusively in the organization of their parents or of one parent. Siblings, parents, grandparents and grandchildren can also be registered exclusively in the first line.

8. Concluding Stipulations / Alterations

- 8.1 The contractual relationship between the parties is governed by the law of the Federal Republic of Germany.
- 8.2 The court of jurisdiction for any disputes is Speyer (Germany), if a Distributor on conclusion of this contract or when court proceedings are started is neither resident in Germany nor is usually to be found there; the right of one contractual party to make a claim on the other party in their jurisdiction remains untouched.
- 8.3 A contractually agreed-upon requirement for written form is also met by telefax or e-mail.
- 8.4 PM will announce an alteration of the Distributor Rules to a Distributor in writing. The alterations are taken as having been accepted if a Distributor does not dispute them in writing within three weeks of the alteration being announced. This consequence has to be expressly stated by PM in the announcement.
- 8.5 I agree to PM running a credit check about me. I agree to personal data which affect our business cooperation, being collected, stored, processed and used by PM using automatic and other procedures.