

Distributor Rules of the company PM-International AG (PM), June 2018

1. Legal Position of a Distributor

- 1.1 A Distributor is a self-employed salesperson, who earns entrepreneurial income by distributing PM products.
- 1.2 A 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 as well as referring end consumers to PM (Customer Direct Program) and referring new Distributors to PM as a Sponsor.
- 1.3 Distributors have no operational obligations and can freely stipulate their own place, type, time and amount of activity, on their own responsibility and without any instructions. Distributors themselves must bear all incurred costs 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 their application without delay.
- 2.2 Within 30 days of receiving information about the acceptance of the application, a Distributor can withdraw their contract through a written declaration to PM without stating the reasons. After the withdrawal of the contract, all PM products purchased as a Distributor may be returned and PM will return the full amount paid.
- 2.3 A Distributorship exists for an indefinite period of time, it can be ordinarily terminated at any time adhering to the legal termination period. The right to an extraordinary termination 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 spouse, child or parent as long as the transfer is requested in writing with the agreement of all heirs, the heir accepts the PM Distributor Rules in the actual 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. Deviating from the rule in Section § 87a paragraph 1 HGB, the Distributor's right to commissions arises with the payment of the goods. In addition and unless otherwise stated in the Distributor's rules, the legal regulations apply. Payment is only made with sales tax if a Distributor has previously expressly informed PM of a right to declare sales tax and provided their tax number and the responsible tax office. The statement will be sent per e-mail, however, if a Distributor wishes to receive it by post, an administrative fee of 5,00€ will be charged. Payment of the bonus will be made by the 20th of the following month at the latest. If the monthly statement indicates a sum of less than 5,00€ net no payment will be made and the right to one is forfeited.

4. Sales Activity of a Distributor elsewhere

- 4.1 Without PM's prior written agreement, it is not permissible for a Distributor to undertake activities for a competitor of PM. A competitor of PM is 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 your activity with PM or your 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, 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 end consumers within 30 days of delivery; particular reasons need not be given by the customer, it is sufficient if they simply do not like them (PM satisfaction guarantee). After taking back goods, a Distributor allows the customer to choose between exchanging the products, receiving a credit note or the purchase price paid.
- 5.4 A Distributor freely decides whether and what quantities they would like to purchase from PM. There is no obligation to order a minimum amount. The return of PM products to PM is possible in accordance with PM's return policy, which can be found in the internal Distributor homepage under www.pm-international.de.
- 5.5 All orders made by the Distributor are processed according to the PM price list valid at the time of ordering. Prices are generally calculated without sales tax, costs of packaging and shipping, as far as these are applicable. Payment must have been secured or completed before the shipment of products is made. This is possible via direct debit from a bank account, payment via credit card, cash on delivery or cash payment on collection.
- 5.6 The distributor regularly receives updates concerning the product portfolio of PM via email/mail to be always informed about the current status and to be able to inform and advise the end customer.

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 pretense of acting as an employee of PM or of being entitled to make explanations 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 relevant standards of conduct which must be adhered to.
- 6.3 Everything a Distributor says about PM and PM products must be in accordance with PM's stipulations, especially those in the product catalog, on the product labels and in other product information. A Distributor may on no account 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 information of a Distributor on a label as long as no advertising or product information is covered by it.
- 6.5 In self-made advertising materials or on their websites, Distributors may neither make a reference to PM nor to PM products, nor use trademarks or other commercially protected patents of PM. In addition, the PM Internet guidelines apply, which can be found under www.pm-international.de.
- 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 to PM, 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 applies 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 leading to termination of the partnership. PM additionally specifies general rules of behavior which must be strictly adhered to at all times and 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 Distributor who has terminated their business partnership can only be re-registered as a Distributor if they submit a new application and (a) are sponsored by their former Sponsor or if (b) at least 12 months have passed since termination. A Distributor who has been structured out by being deleted from records as an inactive Distributor (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. The customer line protection is valid for 6 months.
- 7.3 The registration of relatives / spouses is subject to regulations that are downloadable in the FAQ in the TP- Area.

8. Final Clauses / Alterations / Consent to Data Processing

- 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 is neither resident in Germany nor is usually to be found there upon conclusion of this contract or when court proceedings have started; the right of one contractual party to make a claim on the other party in their jurisdiction remains untouched.
- 8.2 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 disclosure of alterations.
- 8.5 I agree that my personal data, which affects our business cooperation and fulfilment of the contract, can be collected, stored, processed and used by PM using automatic procedures. This data can be divulged to my line of sponsorship and PM-International AG, Luxembourg for the aforementioned purpose. I also agree that PM may run a credit check on me, when I choose payments via direct debit. I am aware that I can revoke my consent to the storage, processing and usage of my data as described above in the future at any time I see fit.
- 8.6 The protection of your personal data and privacy are important to us. The European General Data Protection Regulation has imposed new requirements on the processing of personal data, to which we have adhered to since 25th May 2018 and which is laid down in Article 14 of the European General Data Protection Regulation ("EU GDPR"), i.e. information on the purpose of business, data storage purposes, data recipients, our data protection officers, your right to retrieving information, the right to delete or correct etc., can be found in our privacy policy under the following link (<https://www.pm-international.com/de/datenschutz/footer/lang=de>)