

## FM WORLD CLUB Rules (effective from 22nd May 2020)

The promoter of this trading scheme in the UK is FM Cosmetics UK Limited of 490-492 Neasden Lane North, London, NW10 0DG which is referred to in this agreement as 'FM Cosmetics UK'. The products which are supplied and sold through this trading scheme are the goods described in the current FM Cosmetics UK catalogue or otherwise distributed by FM World ('Products'). Sales of the Products are made by FM Cosmetics UK 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 Cosmetics UK Business Partner may participate as an Advertising Agent (Distributor) or a Preferred Customer. The only financial obligation of a Distributor Business Partner is to purchase a Starter Kit, and the Distributor Business Partner has no further annual financial obligation and in particular has a free choice whether or not to purchase any Products under this trading scheme. FM Cosmetics UK Preferred Customer Business Partners join FM Cosmetics UK as Preferred Customers - purchasing Products for personal use or working in direct sales of Products, including in a network with Distributors, participating in motivational programmes and incentives, but without the possibility of building a business network structure. FM Cosmetics UK Business Partner becomes a Distributor on the purchase of any starter kit. An FM Cosmetics UK Business Partner, who is a Preferred Customer retains his/her status until upgrading his/her account through such purchase. The status of FM Cosmetics UK Business Partners is determined by purchasing the starter kit.

### 1. GLOSSARY

1.1. FM Cosmetics UK Business Partner (Distributor) – a natural person, a legal person, an organisational unit without legal personality having a legal capacity under separate rules, which has concluded with a FM Cosmetics UK a FM WORLD CLUB membership agreement.

1.2. Code of Ethics – a document which sets, among other things, ethical standards of conduct for Business Partners.

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 złotych,

1.4.2 FM Cosmetics UK – FM Cosmetics UK Ltd, The Registrar of Companies for England and Wales incorporated under the Companies Act 1985 as a private company and that the company is limited, registered under the number 06224812 at 490-492 Neasden Lane North, London, NW10 0DG, with Ordinary 100 shares with nominal value of 100 GBP, VAT number: GB 872626894.

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 Cosmetics UK 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 Commission 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 Cosmetics UK, 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.

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

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

1.15. Acquired Number – “Taken Over Number” - a number which was transferred unto disposal of FM Cosmetics UK 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 Cosmetics UK or Branch;

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

## 2. FM WORLD CLUB MEMBERSHIP

2.1. The Business Partner can be a natural person who is over 16 years old, a legal entity, as well as an organisational entity without legal personality having legal capacity under separate rules.

2.2. Candidate who wishes to join the FM World Club (conclude an Agreement):

1) submits to FM Cosmetics UK or a Branch a signed copy of the Application for the FM World Club; or

2) submits to FM Cosmetics UK or a Branch an offer for the conclusion of the Agreement by filling out an online Application Form on the website: [www.uk.fmworld.com](http://www.uk.fmworld.com); or

3) submits to FM Cosmetics UK or a Branch an offer for the conclusion of the Agreement by sending an e-mail filled out Application and the Rules and, with the exception of the Preferred Customer, purchases the Starter Kit, and indicates the attached Starter Kits code in the Application or the online Application Form. Until the starter kit is purchased all Business Partners receive a status of Preferred Customer.

2.3. Both FM Cosmetics UK and the Branch may refuse to conclude the Agreement if:

a) the 6 months period from membership termination, referred to in the provisions of point 5.8., has not expired yet.

b) the candidate for a Business Partner has previously been bound to FM Cosmetics UK or a Branch by an Agreement which was terminated due to the violation of the provisions of the Rules, Marketing Plan, Code of Ethics or other applicable rules of operation within the Network or applicable law or a candidate for a Business Partner has participated in another entity as 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 Cosmetics

UK 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 and applicable law.

c) the candidate for a Business Partner is already bound by an Agreement with FM Cosmetics UK or a Branch.

d) the candidate for a Business Partner uses or processes false personal data.

2.4. The candidate may be a party to an Agreement only with FM Cosmetics UK or only one Branch at a time. However, the Business Partner who 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 Cosmetics UK, may terminate the Agreement and is able to continue their operations using the existing Business Partner's Number, provided that the indication of such intention was made in the notification of termination notice, and then submit an application for the conclusion of the Agreement to another Branch or FM Cosmetics UK 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 Cosmetics UK, 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 Cosmetics UK 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 rules. In the situation referred to in the previous sentence, FM Cosmetics UK 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.

2.5.1. The Business Partner may have only one Business Partner Number unless stated otherwise in the Rules or the Marketing Plan.

2.5.2. In cases when Business Partner has been issued an Additional Number or Additional Numbers in accordance with the Rules or Marketing Plan, Additional Numbers may be sponsored in any place indicated by Business Partner within his/hers network structure providing that the maximum personal points allocated to Additional ID is 4,999.99 in particular calendar month. However, in particularly justified cases resulting from the need of maintaining the stability of the FM World Club structure, FM Cosmetics UK or Branch reserves the right to accept different point value than specified above (in the previous sentence). An Additional Number or Additional Numbers can be assigned to a Business Partner or FM Cosmetics UK 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 Cosmetics UK Business Partner).

2.5.3. The limit of personal points specified in the provision of point 2.5.2 of the Rules, does not apply to Numbers, which are managed by Business Partner according to Agreement concluded basing on provision of point 5.10.2. of the Rules nor Numbers obtained in result of taking over network structure, as specified in the provision of point 5.10.1. of the Rules.

2.6. 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.

2.7.1. The rights and obligations of a Business Partner cannot be assigned to any other person and they will not be assigned to third parties, subject to following stipulations of Rules.

2.7.2. The rights and obligations of the Business Partner can be assigned to a third party when one of the partners of the partnership, who applied for one mutual Business Partner's Number, ceases to be the party of the Agreement or ceases to be the shareholder of this company. Then the remaining shareholders continue economic activity, using the Business Partners Number reserved for all these shareholders, they need to however inform FM Cosmetics UK about this activity within 14 days from the changes in their company under the restriction of suspension the number until the appropriate documents have been provided with the restriction of the 3.1.7. of the Rules

2.7.3. The rights and obligations of the FM World Club Member can be assigned to a third party when the transmission of rights and obligations occurs by virtue of the law,

2.7.4. 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 Cosmetics UK 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 Cosmetics UK 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 Cosmetics UK 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 Cosmetics UK Business Partner or Branch, by agreeing to join FM World Club, acknowledges that each case will be recognised 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 Cosmetics UK or the Branch will not be obliged to repair any damage, direct or indirect, both incurred and in the form of unreceived benefits. FM Cosmetics UK 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.

2.8. By joining FM World Club, FM World Business Partner or FM Cosmetics UK Business Partner agrees to receive from FM Cosmetics UK or Branch only the services resulting from the Rules, Marketing Plan, Code of Ethics or Agreements binding Business Partner or FM Cosmetics UK Business Partner with FM Cosmetics UK or a Branch. FM Cosmetics UK or Branch do not guarantee the achievement of any particular income, profits or successes, because Business Partner or FM Cosmetics UK Business Partners, by accepting the provisions of the Rules, acknowledge that the benefits resulting from participation in the FM World Club depend on personal involvement and activity of a given Business Partner or FM Cosmetics UK Business Partner.

### 3. PRINCIPLES AND CONDITIONS OF OPERATION IN THE FM WORLD CLUB

#### 3.1. General conditions:

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

3.1.2. Business Partner purchases FM World Products from FM Cosmetics UK or from a Branch at the Wholesale Prices.

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

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

3.1.3.3. Should Business Partner or FM Cosmetics UK Business Partner be awarded Points despite of circumstance indicated in point 3.1.3.2. above, FM Cosmetics UK or Branch will be entitled to correct amount of Points awarded to Business Partner or FM Cosmetics UK 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 Commission or Trade Discount, FM Cosmetics UK or Branch will be entitled to demand from such Business Partner return of undue Commission 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: to the bank account provided on a VAT invoice, to FM Cosmetics UK PayPal account or to the FM Cosmetics UK Card Payment Account in the event indicated in point 3.1.3.1. of Rules.

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 Cosmetics UK 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 Cosmetics UK and from a Branch, subject to point 3.1.3.2. of the Rules,

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

3.1.7. In every year of being an FM Cosmetics UK Business Partner (i.e. the following 12 months from the date of the Agreement conclusion, and then each subsequent 12 months from the anniversary of its conclusion), at least one purchase of Products granted with points must be made. No purchase of Products granted with points, during the period mentioned above, results in expiration of the Agreement binding a Business Partner with FM Cosmetics UK on a given Number including Additional Numbers (if any assigned), without the need of submitting a separate statement by any party in any form. The Agreement expires on the day following the day on which the 12-month period, mentioned in the first sentence of this point, elapses. Business Partner Number, which expired in accordance with this point of the Rules, and on which the Business Partner reached the Level of Effectiveness lower than 12%, will automatically be deleted from the system, and the business network structure located under this Number will be automatically placed under the closest active Sponsor located in the Line above the Business Partner's Number, which expired in accordance to the provisions of this point. The Business Partner Number, which expired in accordance to the provisions of this point, and on which the Business Partner reached the Level of Effectiveness at least 12% or higher, becomes the Taken Over Number, to which provisions of the points 5.10.1 and 5.10.2 of the Rules apply.

3.1.8. Reaching the level of effectiveness determined by the Marketing Plan entitles the Business Partner to a remuneration in the form of a discount or commission granted (paid) by, respectively FM Cosmetics UK or a Branch depending on whether the Business Partner signed the Agreement with FM Cosmetics UK or a Branch.

3.1.9. The Business Partner is entitled to Commission on a given Number for a given Month, by making the purchase of Products granted with points in the amount specified in the Marketing Plan.

3.1.10. If Branch awards FM Cosmetics UK Business Partner Points, jointly with terms agreed between FM Cosmetics UK and the Branch, they will be – in the amount not exceeding 550.80 Points in each Month – included in total amount of Points awarded to FM Cosmetics UK Business Partner resulting in entitlement for this Business Partner to receive Commission or Trade Discount, as if they were awarded directly by FM Cosmetics UK. If Branch will award Points, mentioned in the previous sentence, against these Rules, such Branch will be solely liable for eventually granting Commission or Trade Discount.

3.1.11. The Business Partner is obliged to collect or take delivery of the Products ordered by them in a timely manner and pay the amount due for same, and, in case the delivery is not collected, to reimburse the actual costs to FM Cosmetics UK which have arisen due to the ordered and uncollected Products. FM Cosmetics UK has the right to deduct the above-mentioned costs from any Commission due to the Business Partner from FM Cosmetics UK. Failure to take delivery of the package containing the ordered Products, and as a consequence their return to FM Cosmetics UK shall be treated as a withdrawal from the Sales Agreement with regard to the returned Products. FM Cosmetics UK has the right to refuse to complete the order of a Business Partner who breaches the obligations described in the first sentence above.

3.1.12. The Business Partner is not an employee or commercial agent of FM World, FM Cosmetics UK, or a Branch; they are neither the representative of these parties by any other virtue, unless these parties have explicitly stated otherwise in writing. Therefore, the Business Partner has no right to undertake any activities, in particular

to incur any obligations, on behalf of and for FM World, FM Cosmetics UK or the Branch. The Business Partners cannot use the terms or names indicating or implying that they are an employee, attorney, managing person or a person acting on behalf of or for the benefit of FM Cosmetics UK, FM World or Branch.

3.1.13. 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.

3.1.14. The Business Partner has the right to determine his/her own hours of business and, subject to due compliance with the Agreement, his/her methods of operation.

3.1.15. The Business Partner may delegate the performance of his or her services under this Agreement to such third party or parties as may, at the request of the Business Partner, be approved by FM Cosmetics UK in writing as properly trained and competent for that purpose, provided that (i) such third party undertakes to FM Cosmetics UK to adhere to the terms of the Agreement and (ii) no such delegation shall relieve the Business Partner from any obligations or liabilities under the Agreement, the Business Partner shall be fully responsible for the acts and omissions of its delegates to the same extent as the Business Partner is responsible for its own acts and omissions pursuant to this Agreement, and the Business Partner shall at all times indemnify and hold FM Cosmetics UK indemnified in relation to the acts and omissions of its delegates accordingly.

3.1.16. 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 Trading Schemes Rules 1997) 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, VAT 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.

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

3.1.18. The Business Partner agrees that payments of refunds will be made in the same form as the original payment.

3.1.19. If the retail customer of The FM Cosmetics UK Business Partner wishes to exchange or return a Product under the terms of the FM Cosmetics UK guarantee The FM Cosmetics UK Business Partner is responsible for exchanging or refunding to the customer the full price paid. FM Cosmetics UK agrees to supply a substitute product of similar value subject to the Product in question being returned to FM Cosmetics UK.

3.1.20. The Business Partner agrees that in conducting his/her FM Cosmetics UK business that 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) Fulfil 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 Cosmetics UK business; and
- k) Act at all times in a proper ethical, legal, moral and –financially sound manner (including in accordance with these Rules and the Code of Ethics) and will not engage in any activities that would or may bring FM Cosmetics UK or its Business Partners into disrepute. The Business Partner must not use misleading, deceptive or unfair recruiting methods.

3.1.21. In case of direct sales of the Products and providing advertising services of FM World Network and Products, a Business Partner can use the FM World Trademark only in accordance with the rules specified by FM Cosmetics UK. Use of FM WORLD Trademarks without such an agreement is forbidden.

3.1.22. The Business Partner is required to give to the customers information about the FM World Network, as well as about availability, prices and properties of FM World Products in a reliable way and in accordance with the data received from FM Cosmetics UK or a Branch, respectively, which are included in the current information, advertising and promotional materials prepared by FM Cosmetics UK or a Branch, bearing in mind that FM World Products are original products of FM World. Under no circumstances shall the Business Partner mislead the purchasers of FM World Products.

3.1.23. A Business Partner is obliged to abstain from any actions that could negatively affect the good image of FM WORLD, FM Cosmetics UK or a Branch, as well as the Products or Services, in particular – from disseminating information that could be harmful for FM WORLD, FM Cosmetics UK 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 Cosmetics UK 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).

3.1.24. 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.

3.1.25. Business Partner acknowledges that purchase of any Products, promotional or sales aids literature or attendance at any FM Cosmetics UK sponsored training is entirely optional.

3.1.26. The FM World Member shall order Products under the Agreement in accordance with the procedure set out on the website at [www.uk.fmworld.com](http://www.uk.fmworld.com) (as such ordering procedure may be amended by FM Cosmetics UK from time to time). The Business Partner understands that in any event he/she may not spend more than £200 during the seven (7) day period after entering into the Agreement (this includes all product orders, starter kit, delivery costs and VAT).

3.2. Principles applicable to the FM World Club Members of a different status:

3.2.1. The FM Cosmetics UK Business Partner may operate in the FM World Network, unless otherwise provided by the law applicable to, as:

a) 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 and rendering services of advertising FM World Network and Products

b) 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 Business Partner willing to apply for the FM Cosmetics UK Preferred Customer status does not have to purchase the Starter Kit. A Preferred Customer cannot be a Sponsor, so cannot build a sales team.

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 Cosmetics UK 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 Cosmetics UK 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 Cosmetics UK 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 Cosmetics UK.

3.3. On the 31st March each year FM Cosmetics UK will reset any commission granted to the Business Partner, determined by the Marketing Plan or resulted from qualifying in any of the valid Incentive Programmes, that has not been paid out to his/her bank account or used in the form of a discount. Accumulated commission is subject to reset for the period from April of the year preceding the year of commission resetting which is March of a given year. Commission not paid out to the bank account or not used in the form of a discount is not payable, refunded or compensated in any form after resetting date.

#### 4. MEASURES APPLICABLE IN CASE OF BREACH OF THE OBLIGATIONS OF THE BUSINESS PARTNER

4.1. FM Cosmetics UK or a Branch has the following rights in relation to FM Cosmetics UK 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 Cosmetics UK or a Branch, announced and known to Business Partners, or failing to meet undertaken obligations:

4.1.1. deprive the Business Partner of the right to sponsor and recommend new Business Partners permanently or temporarily, which shall be determined in the termination document.

4.1.2.1. temporary suspend the legal relations with the Business Partner for the period not longer than 6 months. The suspension results, in particular, in the deprivation the suspended Business Partner of the possibility to purchase at FM Cosmetics UK or the Branch, as well as the suspension of advertising services of the FM World Network and Products rendered in favour of FM Cosmetics UK or the Branch, therefore the suspended Business Partner shall not be entitled to the Commission while they are suspended;

4.1.2.2. in particularly justified cases, when FM Cosmetics UK or Branch will take reliable information regarding Business Partners breach of Rules, Marketing Plan, Code of Ethics or generally applicable law, FM Cosmetics UK 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 Cosmetics UK 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 Cosmetics UK or a Branch such explanation or when disclosed irregularities regarding conducts of such Business Partner will be

confirmed, FM Cosmetics UK 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 Cosmetics UK or a Branch Products as well as the suspension of advertising services related to FM WORLD Network or Products provided to FM Cosmetics UK or a Branch; as a result, a Business Partner will not be entitled to Commission or Trade Discount during the suspension;

4.1.3. terminate the Agreement and other contracts binding a given Business Partner with FM Cosmetics UK without the period of notice and remove the Business Partner from the Database, if the Business Partner violates the provisions of points 3.1.11.-3.1.16., 4.2. of the Rules and the provisions of the Code of Ethics.

4.1.4. Deprive the Business Partner of the right to participate in trainings, courses and meetings organized by FM Cosmetics UK Branch or FM World, as well as of the right to participate in the Incentive Programs announced by FM Cosmetics UK, Branch or FM World.

4.2. The rights described in clause 4.1-4.1.4. above may also be exercised with regard to a Business Partner who takes actions aimed to persuade another Business Partner to terminate or transfer any Agreement between them and FM Cosmetics UK or any 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. TERMINATION OF FM WORLD CLUB MEMBERSHIP

5.1. The Business Partner may terminate the Agreement at any time with one week's notice - by submitting a notice with effect at the end of a calendar month.

5.2. FM Cosmetics UK may terminate the Agreement with the Business Partner for material reasons on one week's notice with the effect at the end of the month. Material reasons include the breach by Business Partner of the provisions specified in points 3.1.11.-3.1.24. of the Rules, 4.2. of the Rules and provisions of the Code of Ethics. 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 Cosmetics UK can withdraw from it in the form stipulated by law. In scope of concrete Products purchased by Business Partner from FM Cosmetics UK, 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 Cosmetics UK may conclude a separate, prior settlement in writing, under pain of nullity, regarding resell to FM Cosmetics UK 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. 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.

5.5. The Agreement terminates with regard to any partner in a partnership or civil company, where all partners made an application to grant them one Business Partner Number and that partner loses their status as a partner of this partnership or civil company.

5.6. The Agreement shall expire upon the removal from the register, of the Business Partner being a legal person or an organisational unit with legal capacity. The Agreement shall expire upon the death of the Business Partner, unless the parties of the Agreement provided that the rights and obligations under the Agreement transmit to the heirs of the deceased Business Partner, subject to point 2.7.4 of the Rules. Business Partner or FM COSMETICS

UK Business Partner who runs a one-man business activity in connection to which an Agreement or other agreements were concluded with FM COSMETICS UK 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 COSMETICS UK Business Partner and FM COSMETICS UK 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 of the Agreement automatically results in the termination of other agreements concluded between the Business Partner and FM Cosmetics UK or the Branch.

5.8. Re-entering the FM World Club by a person who has ceased to be a Business Partner due to the termination the Agreement, is possible after 6 months from the date of termination of membership, subject to point 5.9 below.

5.9. In exceptional circumstances FM Cosmetics UK or Branch may conclude an Agreement with the person with whom such contract has ceased, before the 6-month period referred to in the preceding point of the Rules.

5.10.1. FM Cosmetics UK will grant the management of the Taken Over Number, through the prior conclusion of a separate Agreement in writing, under pain of being declared null and void, to the closest active Sponsor in the Line above Number of the Business Partner, whose Agreement expired, has been terminated or suspended for a period not longer than 6 months, who is entitled and obliged to conduct activity including management over the Business Network Structure using the Taken Over Number. The condition of taking over such Business Network Structure is obtaining by the Sponsor, who is taking over the management over the Business Network Structure of the Business Partner, whose Agreement expired, has been terminated or suspended for not longer than 6 months period, in each of the 6 months preceding expiration, termination or suspension of the Agreement of the Business Partner, whose Business Network Structure is to be managed, Effectiveness Level in accordance with the Marketing Plan – at least 12%.

5.10.2. FM Cosmetics UK reserves the right to entrust the management, under a separate prior agreement concluded in writing under the pain of nullity, of Taken Over Number mentioned in 5.10.1 of Rules, to another FM Cosmetics UK Business Partner or Business Partner if the FM Cosmetics UK 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 Cosmetics UK Business Partner managing the Taken Over 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, accident, rehabilitation, old age, incapacitation, as well as other circumstances that may affect the legal capacity of the Business Partner or FM Cosmetics UK Business Partner), the Business Partner or FM Cosmetics UK Business Partner may submit to FM Cosmetics UK or the Branch a written application for transferring management of his/her Business Partner Number or FM Cosmetics UK Business Partner Number (including Additional Numbers, if any assigned) to the closest person of this Business Partner. Along with the application, the applying Business Partner may submit an application for the conclusion of the Agreement according to the provisions of point 2.7.4. of the Rules.

5.10.3.2. Along with the application mentioned in provisions of point 5.10.3.1. of the Rules, the Business Partner or FM Cosmetics UK Business Partner should also submit:

- a). documents, which will prove the circumstances entitling this Business Partner to submit an application basing on provisions of this point of the Rules,
- b). justification of the submitted application,
- c). indication of the person who would be granted the management of Number(s) of this Business Partner,
- d). documents (in accordance with the applicable law - in particular, civil status records, –final court decisions), which will result in the existence of kinship, affinity or other legal nodes of the person indicated in subpoint c.

above, with the Business Partner who submits an application for transferring management of the Business Partner Number.

5.10.3.3. The closest person is understood as a spouse, ascendants, descendants, siblings, persons remaining in the relationship of adoption, care or guardianship (only during adoption, guardianship or legal supervision).

5.10.3.4. FM Cosmetics UK or the Branch reserves the right to request from the Business Partner who submits an application for transferring management of his/her Number, according to provisions in point 5.10.3.1. of the Rules, submitting additional explanation or completing missing documents, if the submitted application is incomplete, unclear or impossible to take into consideration, as well providing additional information or documents mentioned in provisions of point 5.10.3.2. of the Rules, if they are incomplete, unclear, raising doubts as to their content - within one month from the date of receipt of the application by FM Cosmetics UK or the Branch.

5.10.3.5. In case of not completing the application in the manner indicated in provisions of the point 5.10.3.4. or submitting it in an incorrect manner or in a manner which makes processing the Business Partner's application, mentioned in provisions of the point 5.10.3.1. of the Rules, this application will not be considered, and it will not constitute a basis for paying this Business Partner a commission, an extra commission or compensation in any other form.

5.10.3.6. If the application mentioned in provisions of the point 5.10.3.1. of the Rules has been approved, FM Cosmetics UK or the Branch shall conclude with the indicated by the applying Business Partner person, a separate Agreement in writing, under pain of being declared null and void, which will grant the management of the applying Business Partner Number. Provisions of point 5.10.1. apply accordingly, however, the restrictions mentioned in provisions of this point do not apply to the indicated by the applying Business Partner person. If the person indicated by the applying Business Partner is not a Business Partner or Business Partner of FM Cosmetics UK, the Agreement will be concluded under the condition that this person joins the FM World Club under the terms of the Rules.

5.10.3.7. The Agreement for transferring the management of the applying Business Partner Number may be concluded for one calendar year, without the possibility of its extension for subsequent periods. After termination of this agreement, the parties must conclude another prior Agreement in writing transferring the management of the applying Business Partner Number(s).

5.11.1. In the event of the expiration of the franchise agreement linking FM World with FM Cosmetics UK or the Branch, the Business Partner who concluded the Agreement, may - within 7 days from the day of learning about the franchise agreement expiration, but not later than within 30 days from the date of expiry of this agreement - conclude the Agreement with another Branch or FM Cosmetics UK.

5.11.2. To comply with the above-mentioned deadline, it is sufficient for the Business Partner to submit in the chosen Branch or FM Cosmetics UK, or in the manner mentioned in the provisions of point 2.2 subpoints 2 and 3 of the Rules, an application for the conclusion of the Agreement with Business Partner's signature, unless there are indications mentioned in provisions of point 2.5. above, and the Branch or FM Cosmetics UK will refuse to conclude the Agreement. In case of the conclusion of the Agreement, the Business Partner retains the existing Number. The provisions mentioned in point 5.8. above, do not apply to cases mentioned in provisions of this point or provisions of point 5.11.1 of the Rules.

5.11.3. In the event of failing to conclude the Agreement, mentioned in the provisions of the point 5.11.1 of the Rules, Numbers of the Business Partner will be transferred to FM World Distribution. The Numbers, however, will remain inactive until the Business Partner concludes the Agreement with FM World Distribution on the terms resulting from the Rules defining the functioning of this Branch. If the Business Partner does not conclude the Agreement with FM World Distribution within 12 months following 30 days from the franchise agreement expiration, provisions of point 3.1.7. of the Rules apply accordingly. After the date specified in the previous sentence, the Business Partner will be entitled to join the WORLD FM Club only on the terms mentioned in the provisions of point 2.1. and 2.2. of the Rules, unless there are indications mentioned in the provisions of point 2.5. above.

## 6. FINAL PROVISIONS

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

6.2. In its activity FM Cosmetics UK uses the Code of Ethics, which is available after logging in on the website [www.uk.fmworld.com](http://www.uk.fmworld.com), as well as at FM Cosmetics UK at: 490-492 Neasden Lane North, London NW10 0DG.

6.3. The terms and provisions of the Agreement and any dispute arising thereunder shall be governed by English law and the parties hereby submit to the exclusive jurisdiction of the English courts.

6.4. FM Cosmetics UK employs in its legal relations with its Business Partners a standard considering the protection resulting from the law in force in the European Union. However, if the law applicable to FM Cosmetics UK provides a higher standard for legal relations with consumers than that resulting from the law in force in the European Union, FM Cosmetics UK shall comply with the law applicable to FM Cosmetics UK.

6.5. If FM Cosmetics UK registered office is incorporated outside the European Union or if FM Cosmetics UK is not obliged to process and protect personal data pursuant to Rules (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (Text with EEA relevance) (hereinafter referred to as GDPR) on the basis of separate contractual provisions, FM Cosmetics UK collects and processes data in a standard not lower than that resulting from the GDPR.

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.

6.7. FM Cosmetics UK reserves the right to change the Rules, Marketing Plan, Code of Ethics, as well as other documents determining the relations between a Business Partner and FM Cosmetics UK. This includes changes made to reflect the introduction of a different Effectiveness Level, introduction of new products to the sales in the Network, the acquisition of rights to use the trademark, the need for changes in the rules for calculating Commission, the need to adapt the provisions of the Rules to the existing legislation, the need to regulate the rules regarding membership in the FM World Club hitherto not covered by the Rules and raising dispute or doubt as to the application of the Business Partners, the introduction of the FM Cosmetics UK new functional, organisational or technical solutions, modification or change of the IT system by which the FM Cosmetics UK performs its obligations to its Business Partners.

6.8. FM Cosmetics UK shall give not less than 60 days' notice of any amendment to the Agreement which will alter the annual financial commitment of the Business Partner. The Business Partner shall in any event have the right to refuse to accept the proposed change within 14 days from the day they receive the notification about the change of the Rules. Failure to submit a written refusal shall be regarded as an acceptance of the proposed change. The refusal to accept the proposed change of the Rules submitted in the mentioned time limit shall be equivalent to the termination of the Agreement.