

## FM WORLD CLUB REGULATIONS (effective from 1st April 2019)

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 catalogues or otherwise distributed by FM Cosmetics UK ('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. A Business Partner may participate as a Seller and 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 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. Business Partner (Distributor/Preferred Customer) - entity bound with FM Cosmetics UK or a Branch by an agreement for FM World Club Membership (Agreement, Business Partnership Agreement);
- 1.2. FM Cosmetics UK Business Partner (Distributor/Preferred Customer) - entity bound with FM Cosmetics UK by this Agreement;
- 1.3. Code of Ethics - a document which defines standards of Business Partners ethical behaviour;
- 1.4.1. FM WORLD - FM World sp. z o.o. registered office in Wrocław in Poland (postcode 51-129) at 247 Zmigrodzka Street, incorporated in the National Court Register of Entrepreneurs (KRS) run for District Court for Wrocław - Fabryczna in Wrocław, 6th Economic Division of the National Court Register under number KRS: 0000411446, NIP: 8952010760, REGON: 021825974;
- 1.4.2. FM WORLD DISTRIBUTION - FM WORLD Distribution sp. z o.o. registered office in Wrocław in Poland (postcode 51-129) at 247 Zmigrodzka Street, incorporated in the National Court Register of Entrepreneurs (KRS) run for District Court for Wrocław-Fabryczna in Wrocław, 6th Economic Division of the National Court Register under number KRS: 0000632230, NIP: 8952089916;
- 1.5. FM World Branch (Branch) - an entity, running economic activity in the scope of direct sales of FM World Products in the MLM system and rendering services pursuant to a distribution franchise agreement with FM World;
- 1.6. Marketing Plan - a set of principles defining, among others, conditions necessary to achieve an Effectiveness Level by Business Partners and calculate the Commission for reaching this Level;
- 1.7. FM World Products (Products) - products present in business transactions under the FM World Trademark;
- 1.8. Referrer - a Business Partner, who actually recommended cooperation with FM Cosmetics UK, helped others join the FM World Club;
- 1.9. Regulations - these FM World Club Regulations, an integral part of the Agreement;
- 1.10. Sponsor - a Business Partner, located directly above another Business Partner in the Group, indicated on the Application for the FM World Club as a sponsor;
- 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", "FONTAINAVIE", "AURILE", "NUTRICODE", "UTIQUE", "SMART&CLEAN" and "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, training and advertising materials.
- 1.13. Application - an application for the conclusion of the Agreement on a form provided by FM Cosmetics UK or Branch;
- 1.14. Agreement, Business Partner Agreement - FM WORLD CLUB membership agreement concluded between Business Partner or FM Cosmetics UK Business Partner and FM Cosmetics UK or Branch;
- 1.15. Taken Over Number - the number put at FM Cosmetics UK or the Branch disposal, in particular to grant it as the management to another Business Partner on terms of the Regulations, over the Business Network Structure (the Group of Business Partners who belong to the particular Line), created by the Business Partner, whose Agreement expired, has been terminated or suspended, or as a result of another circumstance arising from the Regulations, put at FM Cosmetics UK or the Branch disposal.
- 1.16. Other terms used in these Regulations shall have the meaning given

to them in the Marketing Plan and 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 person, as well as an organisational entity with legal capacity.
- 2.2. Candidate interested in joining the FM World Club:
  - 1) submits to the FM Cosmetics UK one signed copy of the Application for the FM World Club on a form made available by FM Cosmetics UK (Application); or
  - 2) submits to the FM Cosmetics UK 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 the FM Cosmetics UK an offer for the conclusion of the Agreement by sending an e-mail or faxing a filled out Application and the Regulations 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) 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 Regulations, Marketing Plan, Code of Ethics or other applicable rules of operation within the Network;
  - 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 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, may terminate the Agreement and is able to continue their operations using the existing Business Partner's Number, provided:
  - a) the indication of such intention was made in the notification of termination, and b) application for the conclusion of the Agreement to another Branch is made within 14 days.
- 2.5.1. The Business Partner may have only one Business Partner Number unless stated otherwise in the Regulations 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 Regulations 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 structure, FM Cosmetics UK or Branch reserves the right to accept different point value than specified above (in the previous sentence)
- 2.5.3. The limit of personal points specified in the provision of point 2.5.2 of the Regulations, 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 Regulations nor Numbers obtained in result of taking over network structure, as specified in the provision of point 5.10.1. of the Regulations.
- 2.6. Business Partners who are partners of a partnership or who otherwise made a written application to grant them one Business Partner's Number before 01.01.2014, are treated as such, which means in particular that in the scope of their liabilities they are joint and several debtors and in the scope of their claims they are joint and several creditors.
- 2.7.1. The rights and obligations of the FM World Club Member cannot be assigned to any other person and they will not be assigned to third parties.
- 2.7.2. The rights and obligations of the FM World Club Member 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 3.1.4. of the Regulations
- 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.
  - a) Concluding with FM Cosmetics UK or Branch the Agreement which relates to such circumstances. In particular the content of this Agreement should state the name of heir, who has right to act on Business Partner Number on behalf of all heirs. In relation to commitments referring to this Number, heirs of deceased Business Partner are co-debtors, and in terms of claims, they are co-creditors, according to the certificate of inheritance.
  - b) Heirs will provide FM Cosmetics UK or Branch with a legally binding inheritance decision in part of the deceased Business Partner legacy. Until the necessary documents have been provided by heirs, the Number of deceased Business Partner will be treated as Business Partner temporarily suspended, subject to provision of point 3.1.4. of the Regulations

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 Regulations, Marketing Plan, Code of Ethics or Agreements binding Business Partner or FM Cosmetics UK Business Partner with FM Cosmetics UK. 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 Regulations, acknowledge that the benefits resulting from participation in the FM World Club depend on personal involvement and activity of a particular 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 Members of the FM World Club.
  - 3.1.2. Business Partner purchases FM World Products from FM Cosmetics UK or from a Branch at the Wholesale Prices.
  - 3.1.3. Points for the orders placed in FM Cosmetics UK can only be allocated to the network structure if the payment for such order has been successfully processed and credited to FM Cosmetics UK.
  - 3.1.4. 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 Regulations, 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 Regulations apply.
  - 3.1.5. Reaching the level of efficiency determined by the Marketing Plan entitles the Business Partner to a Commission in the form of a discount or remuneration 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.
  - 3.1.6. 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.
  - 3.1.7. If the Branch grants the Business Partner points, within the principles agreed between FM World and the Branch, these will (at amount not exceeding 550.80 points a Month) provide the basis for calculating Commission to the FM Cosmetics UK Business Partner, as if they were granted by FM Cosmetics UK. If the points were granted by the Branch against the principles referred to in the preceding sentence, it is exclusively the Branch which awarded the points that is responsible for the payment of Commissions.
  - 3.1.8. 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.
  - 3.1.9. 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.
  - 3.1.10. 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.
  - 3.1.11. 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.

3.1.12. 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 in writing as properly trained and competent for that purpose, provided that (i) such third party undertakes to FM Cosmetics 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 indemnified in relation to the acts and omissions of its delegates accordingly.

3.1.13. As an independent contractor the Business Partner agrees to:

a) abide by any and all laws, rules and regulations pertaining to the Agreement (and in particular the Trading Schemes Regulations 1997) and/or pertaining to the promotion of FM Cosmetics' 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 Cosmetics 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.

3.1.14. In the event that FM Cosmetics is required to pay VAT on any payments due to The Business Partner, whether under the Marketing Plan or otherwise, FM Cosmetics 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 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 in writing of the fact of such de-registration within fourteen (14) days of the de-registration taking effect. If FM Cosmetics 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 of de-registration for VAT then The Business Partner acknowledges and agrees that FM Cosmetics shall be entitled to recover from him/her the amount of such VAT by deduction from The Business Partner's account with FM Cosmetics or by any other means available to FM Cosmetics from time to time.

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

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

3.1.17. The Business Partner agrees that in conducting his/her FM Cosmetics 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 Cosmetics 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 Regulations as amended from time to time and ensure that he/she at all times is operating in accordance with the most current version of the Agreement including these Regulations;
- j) Familiarise himself/herself with and abide by all laws, common laws, regulations and statutes of any country in which he/she conducts his/her FM Cosmetics business; and
- k) Act at all times in a proper ethical, legal, moral and financially sound manner (including in accordance with these Regulations and the Code of Ethics) and will not engage in any activities that would or may bring FM Cosmetics or its Business Partners into disrepute. The FM Group Member must not use misleading, deceptive or unfair recruiting methods.

3.1.18. In case of direct sales of 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.

3.1.19. 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.

3.1.20. The Business Partner is obliged to refrain from actions which may harm the reputation of FM World, FM Cosmetics UK or a Branch as well as the Products, in particular from disseminating information which might be harmful for FM World, FM Cosmetics UK or FM World Branch as well as other entities, in particular as a result of illegal use of the names of their products. The Business Partner may not use the Network and the business as well as the participation in FM World Club to promote, market, advertise, or sell any other third party's products or services (regardless whether they operate in a formalised or non-formalised way).

3.1.21. The Business Partner who sells FM World Products cannot do it in shops, news-stands, stalls, or any other fixed, organized points of retail sale, or any other way that is not a form of direct selling or is in breach of this Agreement.

3.1.22. 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.

3.1.23. The FM World Member shall order Products under the Agreement in accordance with the procedure set out in the Starter kit (as such ordering procedure may be amended by FM Cosmetics from time to time). FM Cosmetics shall be under no obligation to the Business Partner to deliver any Products to the Distributor unless FM Cosmetics has received payment in full for the same and the Business Partner has no other outstanding indebtedness to the company. Title in respect of the Products will pass to the Business Partner on the later of delivery or when payment for the Products has been received. 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 Business Partner may operate in the FM World Network 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 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. FM Cosmetics shall be entitled to request proof of ownership, e.g. sale receipts for the Products that the FM Cosmetics UK Business Partner requires FM Cosmetics to buy back in accordance with the Agreement (other than on termination where the buy-back is in accordance with the Business Partners statutory rights as reflected in clause 5 below). FM Cosmetics offers a 30 days money back guarantee on all products which are not used/opened/damaged (except for the products excluded from the return policy). The Business Partner has the right to return the Products within 30 days from the date of purchase (date on the invoice). All points from those Products allocated during the purchase will be deducted as well as the Commission granted for those points.

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

4.1. If the Business Partner is in material breach any of the provisions of the Agreement (including these Regulations, Marketing Plan and the Code of Ethics) or if the Ethics Commission so recommends upon the conclusion of a hearing of other investigation pursuant to the Code of Ethics, FM Cosmetics UK is entitled to:

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. 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;

4.1.3. 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 3.1.8.-3.1.21., 4.2. of the Regulations 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. 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, for any reason including with the intent to cease operation in its current Group or to act in any other Group.

#### **5. TERMINATION OF FM WORLD CLUB MEMBERSHIP**

5.1. The Business Partner may terminate the Agreement at any time with one weeks 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 3.1.8.-3.1.21. of the Regulations, 4.2. of the Regulations and provisions of the Code of Ethics.

5.3. The Business Partner who concluded the Agreement with FM Cosmetics UK, may withdraw from the Agreement at any time with an immediate effect by submission of the unilateral declaration of will; Where the Business Partner terminates the Agreement within a period of fourteen (14) days, of entering into the Agreement the Business Partner may (i) require FM Cosmetics to repay to the Business Partner within 14 days any monies which the Business Partner has paid to or for the benefit of FM Cosmetics or any of its other Business Partner in connection with the Business Partner's participation in this trading scheme or paid to any other Business Partner in accordance with the provisions of this trading scheme, and (ii) return any Products purchased under the FM Cosmetics trading scheme within that period and which remain unsold provided that such unsold Products are in the condition in which they were in at the time of purchase, (whether or not their external wrappings have been broken) and to recover an amount equal to one hundred percent (100%) of any monies paid in respect of such Products and (iii) cancel any services which the Business Partner has ordered under the trading scheme within such 14 day period and recover any monies paid in respect of such services, provided that such services have not yet been supplied to the Business Partner. In order to recover monies paid for such Products the Business Partner must deliver the Products at its own cost to FM Cosmetics within 14 days of entering into this Agreement to the address referred to above. The monies paid in respect of those Products is payable to the Business Partner by FM Cosmetics on delivery of the Products, or forthwith if the Products have not yet been delivered to the FM World Member. Where FM Cosmetics has terminated the Agreement, the Business Partner shall have the right to return to FM Cosmetics at the cost of FM Cosmetics any Products which the Business Partner has purchased under this trading scheme within a period of ninety (90) days prior to such termination and which remain unsold and to receive from FM Cosmetics a full refund of the price (inclusive of VAT) which the Business Partner paid for the Products together with any costs incurred by the Business Partner for returning the Products to FM Cosmetics. Any such refund shall be on terms whereby any Products not already held by FM Cosmetics will be delivered within twenty-one (21) days of such termination at FM Cosmetics' expense to the address set out in the Application Form or as notified by FM Cosmetics to the Business Partner from time to time.

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 organizational 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. The entitlement of the heirs of the deceased Business Partner to assume the Agreement in this manner shall be evidenced in such manner as FM Cosmetics UK may reasonably require.

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 of 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 Regulations.

5.10.1. FM Cosmetics UK will grant 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 grant the management, through the prior conclusion of a separate Agreement in writing, under pain of being declared null and void, on Taken Over Number, mentioned in the provision of point 5.10.1. of the Regulations, to another FM Cosmetics UK Business Partner or Business Partner, providing that FM Cosmetics UK Business Partner or Business Partner achieved Effectiveness Level in accordance with the Marketing Plan – at least 12% 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. The Business Partner or FM Cosmetics UK Business Partner managing the taken over Business Network Structure is not entitled to act using the Number of Business Partner, whose Agreement expired, has been terminated or suspended, but to manage this Business Network Structure only.

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 Regulations.

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

- documents, which will prove the circumstances entitling this Business Partner to submit an application basing on provisions of this point of the Regulations,
- justification of the submitted application,
- indication of the person who would be granted the management of Number(s) of this Business Partner,
- 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.

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 Regulations, 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 Regulations, 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 Regulations, 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 Regulations 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 Regulations.

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. 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.

5.12. 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 Regulations, an application for the conclusion of the Agreement with Business Partner's signature, unless there are indications mentioned in provisions of point 2.3. 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. of the Regulations.

5.13. In the event of failing to conclude the Agreement, mentioned in the provisions of the point 5.11. of the Regulations, 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 Regulations 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 3.1.4. of the Regulations 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 Regulations, unless there are indications mentioned in the provisions of point 2.3. above.

## 6. FINAL PROVISIONS

6.1. The Application form, these Regulations, the Code of Ethics and the Marketing Plan (as each of those documents may be amended by FM Cosmetics from time to time) constitute the entire agreement ("the Agreement") between the Business Partner and FM Cosmetics and each of those separate document are by this reference hereby expressly incorporated into the Agreement and supersede any and all other additional promises, representations, warranties or agreements of any kind. The Agreement governs the legal relationship between FM Cosmetics UK and the FM Cosmetics UK Business Partner. The provisions of the regulations of other FM World Branches may regulate certain matters governed by the provisions of these Regulations in a different way.

6.2. 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.

6.3. 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.

6.4. FM Cosmetics UK reserves the right to change the Regulations, 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 Regulations to the existing legislation, the need to regulate the rules regarding membership in the FM World Club hitherto not covered by the Regulations 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.

6.5. FM Cosmetics 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 Regulations. 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 Regulations submitted in the aforementioned time limit shall be equivalent to the termination of the Agreement.

6.6. 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.