

## DISTRIBUTOR RULES OF PM INTERNATIONAL KAZAKHSTAN ("PM"), AUGUST2024

### **1. Legal Position of the Distributor**

- 1.1. A Distributor is a self-employed salesperson, who intends to earn income through the distribution of FitLine products.
- 1.2. A Distributors' distributary activities include selling FitLine products in their own name directly to end consumers, referring end consumers to PM (Customer Direct Program) and referring new Distributors to PM as a sponsor.
- 1.3. Distributors have no operational obligations and can freely decide when, where, how and how much they work. Distributors must bear all costs relating to their business themselves. Each Distributor is an independent contractor, and as such responsible for the fulfillment of all legal obligations resulting from the business (registering a company, income tax, sales tax, social insurance, competition law).
- 1.4. Distributors run their business part-time; anyone realizing this is no longer the case must notify PM thereof.

### **2. Beginning and Ending a Distributorship**

- 2.1. A Distributorship begins with a completed application by the Distributor; it becomes a valid agreement as soon as the application has been accepted by PM. It is not necessary to order FitLine Products to become a Distributor. PM will inform a Distributor of the acceptance of their application without delay.
- 2.2. Within 30 days of receiving notice of the acceptance of the application, a Distributor can withdraw their application by means of a written declaration to PM without stating any reasons. After the withdrawal of the application, all FitLine products purchased as a Distributor may be returned and PM will reimburse the full amount paid for them.
- 2.3. A Distributorship is concluded for an indefinite time; it can be ordinarily terminated at any time according to the legal notice period. The right to an extraordinary termination for cause remains unaffected. If a Distributor is in breach of its obligations under articles 3.3, 4.1, 5.2 or 7.4 of the Distributor Rules, PM generally considers this a cause for termination.
- 2.4. The Distributor shall regularly review and update the data provided in the application, especially name, address, bank account information, email and telephone.
- 2.5. In the case of death of the Distributor, the Distributorship can be transferred to a spouse, child, or parent if the transfer is requested in writing with the agreement of all heirs, the transferee accepts the PM Distributor Rules in the actual version and PM agrees in writing. PM's agreement may only be refused for an important reason.

### **3. Entitlement to Bonus**

- 3.1. For the referral of end consumers through the Customer Direct Program as well as for introducing, training and supporting new distributors referred as a Sponsor, the Distributor will receive a bonus which will depend on the FitLine products bought by the new end consumer or distributor. The bonus will also be paid for further orders by these end consumers and distributors as well as any other orders of FitLine products in the Distributor's sponsor line. The right to a bonus arises once the products have been paid for. Requirements for, and the amounts of the bonus can be taken from the PM Marketing Plan in the form valid at the time of referral; PM may decide to make amendments to the Marketing Plan which apply to all Distributors.
- 3.2. PM pays out the bonus on a monthly basis. Payment of the bonus will be made by the 15th of the following month at the latest. The bonus will be paid in Kazakhstani tenge, based on the average monthly exchange rate set by the National Bank of the Republic of Kazakhstan.
- 3.3. Any manipulation of bonus criteria is prohibited. This includes the sponsoring of Distributors who do not actually sell FitLine products (straw men), as well as open or disguised multiple registrations to the extent prohibited. It is also prohibited to use the name of the spouse, relatives, corporation, partnership, trust or any other names of third parties to circumvent this provision. It is also prohibited to encourage third parties to sell or purchase products in order to achieve a better position in the Marketing Plan or to manipulate the group bonus.

### **4. Sales Activity of a Distributor elsewhere**

- 4.1. A distributor shall not promote FitLine products under the name of the any other company whose products partially or fully competing with FitLine products.
- 4.2. Without prejudice to the distributors' right to free enterprise, PM strongly recommends its distributors not to undertake activities for a competitor of PM (direct sales companies, companies that manufacture, sell and distribute products partially or fully competing with FitLine products). Distributors are further advised to avoid any conflicts of interest that may be contrary to PM's policies.

### **5. Purchase and Distribution of FitLine Products**

- 5.1. The Distributor shall exclusively order and receive FitLine products directly from PM.
- 5.2. The Distributor shall only sell FitLine products to end consumers through personal direct sales. It is not allowed to sell FitLine products through retail stores, trading markets, fairs, online auctions, mass media and other similar sales activities. If the Distributor wants to sell FitLine products in another country, the Distributor is responsible for checking whether the FitLine product can be marketed in that country and whether it complies with the laws and regulations of that country, notably any consumer or import regulations,

health regulations and labelling requirements. PM declines any responsibility in this respect.

- 5.3. The Distributor has to take back FitLine products sold to consumers within 30 days after delivery in case of dissatisfaction. The consumer does not have to provide any special reasons, not being satisfied with the products is sufficient (PM satisfaction guarantee). The consumer may choose between exchange, credit or a refund of the purchase price paid once the products have been returned.
- 5.4. The Distributor is free to order any quantity of products from PM. There is no obligation to purchase any FitLine products, nor a minimum purchase requirement. The Distributor can return FitLine products to PM in accordance with PM's return policy, which can be found in the Partner Area after login on [www.pm-international.com](http://www.pm-international.com).
- 5.5. All orders made by the Distributor are processed according to the PM prices shown in the PM Online Shop at the time of order. Sales tax, costs of packaging and shipping are generally added, as far as they apply. Payment must be secured or completed before delivery.

## **6. Further Obligations of the Distributor / Penalty**

- 6.1. The Distributor has to act as an independent and responsible entrepreneur and avoid any appearance of acting as an employee of PM, or of being entitled to make any statements in the name of PM.
- 6.2. As far as PM is a member of national and international associations for direct marketing, such as Direct Sales Association of Kazakhstan ([Code of Ethics](#)) and The European Direct Selling Association ([Code of Conduct](#)), the Distributor must comply with the standards of conduct specified by these associations for their members and their representatives.
- 6.3. Everything the Distributor says about PM and FitLine products must be in accordance with PM's stipulations, especially those in the product catalog, on the product labels, official websites and in other product information. Under no circumstances may the Distributor attribute therapeutic or healing properties to FitLine products or use health claims contrary to applicable legal provisions.
- 6.4. The Distributor may not make any changes to FitLine products or their packaging and may not allow third parties to make such changes. It is allowed to stick an address label with address information of the Distributor on a label as long as no advertising statement or product information is hidden by it.
- 6.5. The Distributor will only use the product information, sales materials and sales aids published by PM when advertising for PM and for the FitLine products and, insofar as

advertising and sales take place over the Internet, will only use the Internet shop made available to the Distributor by PM. Distributors are granted limited rights to use PM's trademarks, trade names, logos, marketing materials and sales aids solely for the purpose of promoting and selling FitLine products. Any unauthorized use, modification, or misrepresentation of PM's intellectual property is strictly prohibited. For more information, please refer to PM's "Guidelines of Use for Trademarks, Logos, Brands and Names" which you can find in the Partner Area after login ([www.pm-international.com](http://www.pm-international.com)).

- 6.6. A Distributor will incur a contractual penalty to PM for every violation of obligations under Sections 4.1, 5.1, 5.2, 6.3, 6.4 and 6.5 of the Distributor Rules, the amount of which will be stipulated by PM in each individual case taking into account the significance of the violation and the income of the Distributor. Further claims, especially for injunction, damages, blocking or suspension will not be affected by claiming a contractual penalty. Every Distributor has to comply with binding legal regulations during any general advertising measures and in attracting new Distributors. This applies in particular to the rules on unfair competition and unlawful trading practices. Any form of 'spamming' and the systematic poaching of distribution partners from other companies is forbidden. Any information provided on sales and potential earnings when working as a Distributor of PM has to be correct and based on facts. Any violation will be strictly followed up by PM, up to termination of the distributorship.
- 6.7. PM will monitor and randomly check the compliance of its distributors with contractual and legal obligations, especially in the context of online advertising measures, including social media marketing by external service providers.
- 6.8. PM reserves the right to suspend a Distributors access to the Partner Area without prior notice if the Distributor violated contractual rules or applicable law. The suspension will remain until the violation has been removed upon corresponding notification by PM.

## **7. Line Protection**

- 7.1. It is a principle of PM to respect and protect the sponsor line. During the term of the Distributorship and 12 months thereafter, no persons or companies already registered in a sponsor line with PM may be enticed to change to another sponsor line. It is also prohibited to use the name of the spouse, relatives, corporation, partnership, trust or any other names of third parties to circumvent this provision.
- 7.2. A Distributor who has terminated their business partnership can only be re-registered as a Distributor if they submit a new application and (a) are sponsored by their former sponsor, or (b) if at least 12 months have passed since termination. A Distributor who has been deleted from records due to inactivity (12 months without personal volume) can be freely re-registered with a new application, i.e. not just under the former Sponsor but in any line under any Sponsor.

7.3. The registration of relatives and spouses is subject to specific rules that can be found in the Partner Area under [www.pm-international.com](http://www.pm-international.com) in the “FAQ Registration of Relatives”.

7.4. Line protection also applies to customers in the Customer Direct Program. Any registered customer may only register anew and under a new sponsor if 6 months have passed after their last order of FitLine products.

## **8. Participation in mediation proceedings**

As a Distributor, you are obliged to resolve any disagreements arising from a contractual relationship concluded online in an amicable manner. If the problem is not resolved to the customer's satisfaction, they should contact the relevant direct sales association. This association will try to mediate between you and your customer. If an amicable solution cannot be reached in this way, you should take part in an out-of-court arbitration procedure according to local law.

## **9. Final Provisions**

9.1. The contractual relationship between the parties is governed by the laws of Kazakhstan, without regard to any mandatory provisions of the laws of the country in which the Distributor resides.

9.2. The court of jurisdiction for any disputes in Almaty Kazakhstan, if a Distributor is neither resident in Kazakhstan nor is usually residing there upon conclusion of this Agreement or when court proceedings have started; the right of one contractual party to bring legal proceedings against the other party in their jurisdiction remains untouched.

9.3. A contractually agreed-upon requirement for written form is also met by telefax or e-mail, except for a notification of termination for cause which has to be made by registered letter.

9.4. In addition to these Distributor Rules, the following rules of PM, which can be found in the Partner Area at [www.pm-international.com](http://www.pm-international.com) also apply and are expressly recognized as part of the Distributorship agreement by the Distributor:

- Marketing Plan
- Guidelines of Use for the Internet and Social Media Policy
- PM Return Policy
- Guidelines of Use for Trademarks, Logos, Brands and Names
- Privacy Policy
- Code of Business Conduct and Ethics.

Date: 14/08/2024