

# **POLICIES** & PROCEDURES

## Organo Gold Distributor Policies & Procedures - SOUTH AFRICA

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## **I. INTRODUCTION**

Welcome to the world of Organo Gold.

Congratulations on taking the first step in a journey that could very well change your life. Though simple, the road ahead will not necessarily be an easy one. Your success as an Organo Gold Distributor will be directly related to the quality of your relationship with your customers, sponsored Distributors and Organo Gold (hereinafter the Company). A clear statement of our Policy & Procedures (P&P) promotes harmony in these vital relationships and ensures that equality of opportunity and fairness is available to everyone who comes to the table.

As an Independent Distributor, you agree to follow the spirit as well as the letter of the P&P. You will find that adhering to the P&P will assist you in providing quality and genuine service, which in turn will lead to greater success and rewards.

The Company's P&P constitutes part of the Independent Distributor Application and Agreement and they, when accepted by the Company, together with the Organo Gold Compensation Plan and any other document incorporated by reference, form the Agreement between the Independent Distributor and the Company. The purpose of the Agreement is to authorize an individual to be an Independent Distributor of the Company and set forth the respective duties, responsibilities and obligations of all parties. You confirm this agreement each and every time you receive Organo Gold bonus/commission payments or place a wholesale order. It is with great anticipation of your success that we present you this P&P and urge you to follow it closely and completely.

## **II. CODE OF CONDUCT**

First and foremost, Organo Gold is built on a foundation of integrity, edification and trust. Whether dealing with your customers, fellow Distributors or the Company, you should always give and expect to receive all of the above. All activities will be measured against the P&P. When combined with common sense and camaraderie, a powerful synergy will develop. Anything that detracts from this should be dealt with immediately, first through your upline organization, then to the Company if necessary. Destruction of this foundation will not be tolerated.

Application to become an Independent Distributor of the Company requires that the applicant agree to conduct business according to the following Code of Conduct. This code ensures high standards of integrity and professionalism throughout the Company's network of Independent Distributors and protects the Company's overall business image.

### III. COMPANY OBLIGATIONS

Distributors have a right to expect the Company to operate in accordance with the laws and practices that govern business in general as well as the network marketing industry in particular. The fiduciary relationship of trust between Distributors and the Company is fragile and the Company, as the primary steward of that relationship, has an obligation to be fair and equitable to all.

#### **A) The Company will:**

- 1) Conduct itself in an ethical and professional manner;
- 2) Process orders and ship products in a timely fashion;
- 3) Provide Distributors with the organization and volume information required to manage business activities;
- 4) Compensate Distributors in accordance with the approved compensation plan;
- 5) Comply with all laws governing the sale and distribution of products and the compensation of participants;
- 6) Administer its policy fairly, without prejudice or favor, to protect the interest of all Distributors;
- 7) Provide liability insurance on its products when used in accordance with the instructions on the label and marketed in accordance with the approved marketing plan.

#### **B) The Company will not:**

- 1) Guarantee success;
- 2) Provide any commissions/bonuses for the recruitment of others;
- 3) Tolerate Distributors pressuring prospects or downline into purchasing large quantities of inventory;
- 4) Allow misleading product claims to be made in any form;
- 5) Tolerate Distributors "stocking-up" on products merely to obtain commissions/bonuses;
- 6) Advise Distributors on meeting compensation qualifications;
- 7) Terminate Distributors without due process;
- 8) Represent that there is any substitute for hard work.

### IV. DISTRIBUTOR OBLIGATIONS

#### **A) Distributors will:**

- 1) Conduct their business in an ethical and professional manner;
- 2) Make it clear that success in the Company's compensation program is based on retail sales rather than recruiting;
- 3) Represent the compensation plan only as specified by the Company;
- 4) Comply with applicable consumer protection laws and regulations;
- 5) Provide bona fide training, motivation and support to Distributors in their organization.

**B) Distributors will not:**

- 1) Engage in deceptive, unlawful, or unethical business or recruiting practices (including cross sponsoring or recruiting);
- 2) Engage in high pressure selling or recruiting practices;
- 3) Make misleading sales claims or guarantees concerning the Company or its products;
- 4) Sponsor or enroll minors or persons who are not capable of making an informed decision;
- 5) Conduct business activities in countries other than those approved by the Company;
- 6) Disparage, demean, or make negative remarks about the Company, its Distributors, products, Compensation Plan, officers, directors, or employees;
- 7) Seek in any way to violate or circumvent Company policy, whether in spirit or deed.

**V. DEFINITIONS**

All Independent Distributors will better understand Company policy by understanding the basic terms commonly used in Company literature, the P&P and/or public presentations.

**A) Active:** A Distributor is considered active when they generate 50 PV in personal product business volume in the current or previous calendar month.

**B) AutoShip:** A predetermined order processed systematically, on a periodic basis, using a pre-approved payment method on file with the Company. In some countries, an AutoShip order is not required to be eligible to participate in the Organo Gold Compensation Plan.

**C) Commission Period:** The time frame used to calculate commissions, both weekly and monthly.

- 1) Weekly Commission Period - defined as Monday @ 12:00 a.m. (midnight) to Sunday @ 11:59:59 p.m., United States Pacific Time, taking into account Daylight Savings Time. Therefore, the deadline for weekly commissions may vary by an hour in areas not observing Daylight Savings Time.
- 2) Monthly Commission Period - defined by calendar month from midnight of the first (1st) through 11:59:59 p.m. of the last day of the month, United States Pacific Time, taking into account Daylight Savings Time. Therefore, the deadline for monthly commissions may vary by an hour in areas not observing Daylight Savings Time. Notice of a time change will be given in the Distributors' back office, as well as in corporate communication.

**D) Commissionable Volume (CV):** The assigned point value of each sold product upon which commissions are paid. Sales aids have no CV.

**E) Compression:** For commission calculation purposes only. If a Distributor fails to qualify for non-Dual Team commissions by failing to meet the Personal Volume (PV) or Personal Group Volume (PGV) threshold published in the Organo Gold Compensation Plan, any Point Value (PV) generated by the Distributor will be compressed up (or added to the PV of his Placement Sponsor) for that monthly commission period only. Compression takes place on a monthly basis after rank qualifications have been determined.

**F) Downline:** The organization of a Distributor, including those who are directly or indirectly sponsored by the Distributor and continuing down the lines of sponsorship through infinite levels and legs.

**G) Frontline:** Any first level Distributor, whether directly or indirectly sponsored.

**H) Household:** Spouses/Significant others and dependents residing at the same address.

**I) Identification:** A unique number assigned to Distributors and used for tracking sales and purchases and enrolling other Distributors into the organization. In the case of Retail Customers, the number is used to track their personal consumption purchases. Distributors and Retail Customers must refer to this number in all their correspondence and dealings with the Company.

**J) Leg:** A single line of sponsorship starting with a Distributor, through their frontline and continuing down through infinite levels.

**K) Business Report/Sales Recap Statement:** The accounting report provided by the Company which tracks Downline sales activities. This information is available on the Distributor's back office at [www.organogold.com](http://www.organogold.com).

**L) Paid Rank:** The actual pay-rank a Distributor qualifies for in the Organo Gold Compensation Plan during a given commission period. This may or may not equal the pin (recognition) rank of the Distributor (see below)

**M) Pin Rank:** For recognition purposes, the highest rank a Distributor ever achieves.

**N) Personal Qualification Volume (PQV):** The value associated with a product for rank advancement and qualification purposes only. This value is universal and not currency-dependent.

- 1) Personal Volume (PV): The PV generated directly by a given Distributor, including sales to Retail or personal customers.
- 2) Personal Group Volume (PGV): The aggregate PV of a Distributor and that of his/her entire Downline organization.

**O) Orphan:** An applicant without a Sponsor.

**P) Qualified/Eligible:** When a Distributor meets the weekly or monthly sales volume and organizational activity required to generate commissions/bonuses.

**Q) Distributor:** A person or legal entity currently authorized to purchase products at wholesale prices, resell the products, sponsor other Distributors into the organization to do the same, and participate in the Organo Gold Compensation Plan.

**R) Retail Customer:** Consumers who purchase product for personal use on an occasional or regular basis, and do not participate in the Compensation Plan. Retail Customer orders are processed at the Suggested Retail Price and fulfilled directly by Organo Gold. All Retail Customer Orders, including AutoShip orders, contribute to the PV of the Distributor through whom the orders are placed. Retail Customers are not authorized to resell the product.

**S) Personal Customer:** Consumers who purchase product for personal use on an occasional or regular basis directly from a Distributor, but do not participate in the Compensation Plan. Personal Customer orders are shipped or delivered directly by the Distributor, who also handles all returns. Personal Customers are not authorized to resell the product.

**T) Sponsor:** A Distributor who personally enrolls another individual as a Distributor.

**U) Placement:** The Distributor directly under whom another Distributor is placed within the Dual-team organization. OR The position of a Distributor within the dual-team organizational tree.

**V) Upline:** The line of Sponsors that links a Distributor to the Company and who, subject to qualifying sales, may earn commissions on that Distributor's sales activities. Upline is based on Sponsorship or Placement.

**W) 70% Rule:** Rule stating that, by ordering products, a Distributor certifies that over 70% of previously purchased products have been personally consumed or sold before further products can be ordered. Under this rule, any products certified as sold are not eligible for repurchase.

## VI. DISTRIBUTOR STATUS

Distributor Status does not constitute the sale of a franchise or distributorship. The only purchase requirement to become a Distributor is that of a Starter Kit, which includes the necessary information for conducting business in an efficient and ethical manner. A person will initially begin their distributorship status under individual status. A Distributor may only have interest in one distributor status.

### **A) Independent Status:**

- 1) Distributors are independent contractors.
- 2) A Distributor's decision to enter into this Agreement does not create, nor may the Distributor claim that they are, in any way, shape or form, parties to an employer/employee, agency, partnership, franchise, or joint venture relationship between the Company and the Distributor.
- 3) Distributors must abide by all laws, rules and regulations pertaining to the acquisition, receipt, holding, selling, distribution and advertising of Company products and income opportunity.

- 4) Distributors are solely responsible for declaration and payment of any taxes or fees associated with their independent Organo Gold business.
- 5) Distributors are solely responsible for supplying any equipment and tools necessary for operating their Organo Gold business, such as telephone, transportation, professional services, office equipment, office supplies, and general liability insurance.
- 6) Distributors are solely responsible for providing their own place of business and determine their own work hours.

#### **B) Application Requirements:**

- 1) Applicants must be at least 18 years old and authorized to work in their place of residence.
- 2) Applicants agree to abide by the official Company P&P and warrant that they understand the compensation requirements specified in the Organo Gold Compensation Plan.
- 3) An applicant that completes an application to become a Distributor with the Company agrees to receive any electronic communications from the Company include, but not limited to, electronic emails and text messages.
- 4) The Company is required by the law to ask an applicant for a personal tax identification number for income reporting purposes. Under its right of contract, the Company declines to grant a Distributor position to any unnumbered person or any person unwilling to provide a tax identification number (or Social Security Number) on the Application. It is the sole responsibility of the applicant/Distributor to ensure that they are functioning within the scope of their presence in the Country.
- 5) The Company reserves the right to reject an application or immediately terminate any existing contract if it is determined that the tax identification number provided during enrollment is incorrect or invalid.
- 6) By reference, the terms on the Distributor Application and Agreement are incorporated herein and form part of this P&P.

#### **C) Application Processing:**

- 1) The Company reserves the right to accept or reject any applicant and is under no obligation to offer any reason for rejection.
- 2) The Sponsor and the applicant are solely responsible for the completion of the Independent Organo Gold Distributor Application and Agreement. The Company will reject incomplete or faulty applications, and is under no obligation to notify neither the applicant nor Sponsor of a rejection.
- 3) If an Application is submitted by fax or through the Internet via an official Organo Gold Website, Replicating Website or Distributor Back Office, an original Application does not have to be submitted, unless requested by the Company.
- 4) Temporary telephone applications may be allowed at the discretion of the company. To finalize a phone registration, a faxed or mailed Application must be received by the Company within 7 days. Otherwise, the account will be automatically cancelled. At its discretion, the Company may elect to transfer the account to Retail Customer status.

#### **D) Falsified Registration:**

- 1) Submitting an Independent Organo Gold Application & Agreement on behalf of an individual without that individual's permission and bona fide signature is illegal and strictly prohibited, as is submitting or encouraging someone to submit false or invalid information on an Application & Agreement. A person who submits false information on their Application & Agreement, or encourages someone to do so, will have his or her account terminated and will lose all rights to his or her Distributor status. Criminal and/or civil legal consequences may result.

#### **E) Identification Numbers:**

- 1) A unique Distributor Identification Number (ID) will be automatically issued upon enrollment and is to be used for enrolling other Distributors and ordering products.
- 2) Retail Customers will have a separate and distinguishable identification number to use when ordering products.
- 3) Distributor and Customer ID numbers must be referenced in all correspondence with the Company.

#### **F) Multiple Distributor Entities:**

- 1) An individual may be part of only one Distributor Entity, whether under his or her name or a business name.
- 2) A household (married or common-law spouses or other dependents residing at the same address) cannot maintain separate distributorships.
- 3) Individual rent-paying tenants, roommates, independent adult family members (i.e. not considered a dependent for income tax purposes, spouses excluded) are not considered part of the Distributor's household and may be enrolled as separate Distributors, but must be personally enrolled by the original Distributor residing at that address.
- 4) If multiple accounts are found, the Company reserves the right to cancel the most recent account(s) without prior notification to the Distributor. Refunds will not be issued for starter kits purchased under subsequent accounts (including a spouse's account). The Company reserves the right to decide whether or not to transfer to the original account any downline enrolled under subsequent accounts.
- 5) A Distributor who encourages downline to maintain multiple entities or who enrolls Distributors already enrolled under another Distributor (crossline recruiting), will face disciplinary action against their distributorship, up to involuntary cancellation of their account.

#### **G) Distributor Status Duration:**

- 1) The term of the Distributor Status is one year from the date an Application is accepted by the Company.

- 2) A Distributor shall remain eligible to renew their Distributor Status so long as he/she remains in compliance with the Company P&P and other rules and regulations. The Company reserves the right to reject renewal of Independent Distributor Agreement. Independent Distributors electing not to renew may only reapply for a new position six (6) months after the account has been cancelled (Section R. Voluntary Cancellation) or after a twelve (12) month period of consecutive inactivity.
- 3) To remain in Active status, a Distributor must generate a minimum 50 PV in a single calendar month.
- 4) To be Eligible to be paid in the Company's Compensation Plan, the Distributor must be in Active status and meet all monthly and/or weekly qualification requirements.
- 5) The Company reserves the right to remove Distributors from the system that are inactive for a consecutive twelve (12) month period, and any personally enrolled downline under their Distributor Status will remain under the Distributor's Sponsor organization. Unilevel compression will apply in accordance to the Compensation Plan.

#### **H) Change in Sponsor:**

- 1) To protect the integrity of all marketing organizations and safeguard the efforts of all Representatives, the Company discourages and rarely authorizes changes in sponsorship.
- 2) Sponsor Changes. Distributors wishing to change sponsors have the option of canceling their current distributorship and remaining inactive for six (6) months before reapplying as a new distributor under the Sponsor of their choosing. The 6 month inactivity period begins upon receipt and acceptance by the Company of the canceling Distributor's signed letter of cancellation.
- 3) Sponsor corrections must be submitted in writing by the Sponsor on record, and must meet all of the following criteria: a) Submitted within 3 business days of the enrollment date. b) Remain within the same line of sponsorship as the original Sponsor. Crossline changes will not be processed. c) Include an updated, duly signed and dated Application & Agreement for the Distributor being transferred. d) Include signatures from all the affected parties. If placement is affected, the request must meet the two additional criteria: 1) Remain within the same dual-team leg (right-to-left or left-to-right corrections will not be approved). 2) Agree that the moving Distributor to be placed in the first available open position at the bottom of the leg. e) Include US\$25.00 non-refundable administrative fee, per request, for updating the corporate records.
- 4) Upon acceptance by the Company, the new Sponsor of the transferred Distributor becomes permanent.
- 5) Other sponsor change requests that do not fall within the scope of the sponsor corrections as described in sections 3 above must be accompanied by a non-refundable US\$100.00 review fee. This non-refundable fee will apply even if the request is ultimately denied. The Company will not consider any changes submitted more than two (2) weeks from the enrollment date.
- 6) All sponsor changes are at the sole discretion and require the final approval of the Compliance Department, whose decision will take into account the overall good of the organization. All decisions are final.
- 7) If the changes are approved, adjustments will not be processed for previously paid commissions/bonuses.

### **I) Sale or Transfer of Distributor Status:**

- 1) Distributor Status that has reached the rank of Sapphire or above may be sold, transferred or assigned (within the same country) only with prior Company approval, which will not be unreasonably withheld.
- 2) The Distributor agrees to give the Company the first right of refusal to purchase the Distributor Entity under the same terms as the original offer. If the Company chooses not to accept, the Distributor's Sponsor will be given the opportunity to make an offer or find a purchaser, under the original terms, within a 30-day period.
- 3) All transactions must maintain the integrity of the organizational genealogy.
- 4) A US\$100.00 Sale/Transfer Fee will apply and must be submitted along with a notarized Transfer Affidavit, new Application & Agreement for the transferee, and any additional supporting documents requested by the Company.
- 5) Company approval of a proposed sale or transfer must be in writing. Until written approval is received, the transferee or buyer is not authorized to conduct business under the distributorship. Commissions/bonuses will continue to be paid under the name of the original Distributor until approvals are granted. Previously earned commissions/bonuses under the distributorship will not be reissued under the transferee or buyer's name.
- 6) By reference, the terms on the Transfer Affidavit are incorporated herein and form part of this P&P.
- 7) The transferee cannot have any interest in another position (including a co-applicant position) or account.
- 8) The Company may terminate the Distributor Status if the seller/transferor does not meet any of the above requirements.

### **J) Dissolution of Marriage:**

- 1) Should a marriage or common-law union dissolve, the parties must notify the Company in writing with details as to who will retain the Distributor position. The notification must contain the signatures of both parties.
- 2) Until said notification, commission payments and bonuses will be payable in accordance with the current Distributor Application & Agreement on file. Under no circumstances will the Company interfere in settlement disputes or split commission and bonus payments between divorcing spouses.
- 3) Once the dissolution is finalized, the second party may be entitled to enroll as a new Distributor under the Sponsor of his or her choice upon submission of a completed Application & Agreement, if he or she remains in good standing with the Company.

### **K) Beneficiaries:**

- 1) Upon death or incapacity, the benefits of this Agreement shall inure to the Distributor's heirs or successors in interest and the obligations and benefits of this P&P shall be binding upon the respective successors, upon completion of a new Distributor

Application and Agreement.

- 2) In the event of death, the designated beneficiary shall provide the Company with a certified copy of the final will and testament (or probate decision in absence of a will), if any, along with a certified copy of the Death Certificate.
- 3) In the event of an extended probate, the legal representatives of the deceased Distributor should contact the Company to discuss how to proceed. In the absence of any instructions, all communications and payments will be made in accordance with the original Application.

#### **L) Sponsoring Rights and Responsibilities:**

- 1) Distributors have the right to sponsor others within authorized territories. Only Organo Gold will determine and announce which territories are authorized for Organo Gold business activity.
- 2) Sponsors must fulfill the obligation of performing bona fide supervisory and training functions in the marketing of products and program benefits.
- 3) Sponsors must not make any income claims or exaggerated claims of financial rewards during marketing presentation. The displaying of commission/bonus payments is considered an income claim and is prohibited.
- 4) At all times Sponsors must emphasize that success in the Company's marketing program will vary from Distributor to Distributor and will depend on personal efforts, including, but not limited to skill and time invested in developing the business. Distributors are compensated solely for the sale of products sold by them and their downline organization. The mere act of sponsoring a new Distributor does not generate any compensation whatsoever.
- 5) The ultimate purpose of the Organo Gold business is the sale of products to end consumers; this must be emphasized in all opportunity presentations.
- 6) Sponsors will refrain from mentioning competitor brands in a negative, disparaging, or otherwise illegal manner, or to evaluate companies negatively or disparagingly.

#### **M) International Distributor Status:**

- 1) Distributors may only conduct business in countries where the Company officially announces that it is authorized to conduct business. This includes prospecting, lead generation, and sales of product. In addition, due to differing requirements in labeling and compliance from country to country product originating in one country may only be sold or delivered within that country. In order to protect the integrity of the Company as well as the organization, violations of this policy will not be tolerated.
- 2) Legal requirements for conducting business differ for each country, so Distributors should not assume that Distributor Status requirements are the same worldwide. Distributors interested in participating in other international Organo Gold ventures should contact their local office to obtain instructions.
- 3) Distributors are subject to the policies and procedures set forth by the Company in each country.
- 4) Distributors must utilize only authorized distribution channels to build their marketing organizations.

#### **N) New Market Development:**

- 1) Distributors may not individually import, export or distribute products or business building tools in any country.
- 2) The Company has the sole responsibility of contacting and coordinating with government or legal agencies for the purpose of initiating the approval process to introduce Organo Gold products to any country. Notwithstanding the Distributor's enthusiasm and good intentions, circumvention of this policy could have harmful effects on the Company's ability to conduct business. Therefore, attempts to market in countries outside of Organo Gold's official list of open countries will result in sanctions, up to and including immediate termination of the Distributor's status.
- 3) Distributors understand that conducting any pre-launch activity in countries not officially open for Organo Gold business is against Company policy and may be illegal in some countries.
- 4) Violators of this policy shall be subject to the laws governing that country, termination of their Distributor Status and subject to civil and/or criminal prosecution to recuperate any damages to the Company.

#### **O) Orphans:**

- 1) Orders will not be accepted from anyone who does not have a Sponsor.
- 2) If the Company receives inquiries from the public about its products and opportunity, it will attempt to ascertain whether contact resulted from a Distributor's sponsoring efforts and if so, the inquiring party will be referred to that Distributor. Other prospects, who have simply heard of the Company without any discoverable contact with a Distributor, will be referred to an Active Distributor pursuant to the Company's lead distribution policy.

#### **P) Yearly Account Administration Fees:**

- 1) A yearly account administration fee of US\$25.00 will apply on the Distributor's anniversary date.

#### **Q) Voluntary Cancellation:**

- 1) Distributors may cancel their Distributor status at any time with a signed and dated letter indicating their intent to discontinue their Status.
- 2) Any Downline organization affected by the resignation will remain under the Distributor's Sponsor organization. Unilevel compression will apply in accordance to the Compensation Plan.
- 3) Once an account has been cancelled, the former Distributor may not re-apply for Distributor Status, either as an individual or part of an entity, for six (6) months from the date of cancellation, provided he or she was in good standing at the time of voluntary cancellation.
- 4) Cancelled accounts will not be reinstated to their original placement position or rank under any circumstance.

## **R) Involuntary Termination:**

- 1) The Company may terminate a Distributor immediately and without notice if any provision of the Agreement, including any amendments that have been made by the Company in its sole discretion, is violated.
- 2) Any Downline organization affected by the termination will remain under the Distributor's Sponsor organization. Unilevel compression will apply in accordance to the Compensation Plan.
- 3) Cancellation shall become effective on the date on which written notice is mailed, faxed, or emailed to the Distributor's last known address (physical or electronic), or when the Distributor receives actual notice of cancellation, whichever occurs first.

## **VII. COMPANY PRODUCTS & SERVICES**

The Company opportunity is built upon retail sales to the ultimate consumer. Distributors must certify that over 70% of previously purchased products have been sold before further products can be ordered (this is commonly referred to as the 70% Rule). Products certified as sold under this 70% rule are not eligible for repurchase. Distributors may be asked at any time to verify the certification in writing and document said retail sales.

### **A) Ordering:**

- 1) The Company will accept orders for products and services from Distributors only when a valid Distributor Application is on file.
- 2) When submitting orders to the Company, Distributors must use official order forms that may be downloaded from the Distributor's backoffice.
- 3) Orders are accepted via telephone, facsimile, mail or the Distributor section of the Company website. It is the sole responsibility of the Distributor to verify receipt of the order by the Company and to ensure that the order is received in time to meet the deadlines for weekly and monthly commission periods.
- 4) Unless otherwise indicated, products and services are processed at Distributor wholesale prices.
- 5) The Company has established a Suggested Retail Price (SRP) as a recommendation for selling a particular product or service to Customers.
- 6) Initial orders may not be in excess of US\$1,500.00. Subsequent orders will be subject to verification of the 70% Rule and cannot exceed US\$2,500.00 each. The Company reserves the right not to sell product to a Distributor if verification cannot be confirmed.
- 7) The order must be accompanied by authorized payment covering the full order amount, shipping, processing and tax.
- 8) Separate payment must be included for each order submitted.
- 9) Multiple Distributors cannot combine two or more orders on the same form.

- 10) Accepted payment methods are noted on the Order Forms.
- 11) At its discretion, the Company may require the Distributor to submit a credit card billing authorization form before processing an order. By reference, the terms of the credit card billing authorization form are incorporated into this document.
- 12) Orders are credited to the commission period in which they are received, provided that full payment is also received.
- 13) For an order to be credited to a given commission period, it must be COMPLETED:
  - 1) if by mail, phone or fax - by the end of the last working day prior to the commission period deadline (generally, for weekly commissions/bonuses by the end of the Company's posted business hours on Friday (unless a holiday); or 2) online via back office or corporate website - by 11:59:59 p.m. Pacific on the final day of the commission period. In the event of disagreement, the Company's timepieces will prevail.
- 14) The Company will correct any charge errors reported within 15 days of the date the order was placed, but will not be responsible for any errors or omissions not reported within 15 days.
- 15) Once an Order is placed it cannot be cancelled. The Distributor will have to follow the return or exchange procedures as outlined in this document. Retail Customers must call Distributor Support for instructions.
- 16) By reference, the provisions on the Order Form are incorporated into this Agreement.

#### **B) AutoShip Program:**

- 1) For convenience, the Company offers an AutoShip program to assist Distributors in managing their inventory.
- 2) Distributors may enroll in the AutoShip Program by setting up an AutoShip profile by phone, fax, or online through their backoffice.
- 3) Distributor AutoShip orders are processed on the 5th or 15th day of each month and, subject to processing volume, Distributors will be allowed to specify one of the above process dates. AutoShip orders will ship within 5 business days from the date the order was processed.
- 4) Distributors may modify their AutoShip orders on a periodic basis. If a request for modification or cancellation is received by the Company less than two (2) business days prior to the scheduled shipment, the changes will become effective the following month.
- 5) By reference, the AutoShip Agreement is incorporated into this P&P.

#### **C) Retail Customer Program:**

- 1) The Retail Customer Program is designed as a convenience for Distributors to easily reach and service their customer base.
- 2) The primary relationship in these transactions is between the Distributor and their customer. Organo Gold fulfills a third-party merchant and fulfillment service role only.
- 3) Distributors will operate their Retail Customer business in accordance with all the rules, regulations, policies, and procedures set forth by the Company.
- 4) In the event of a Retail Customer dispute, resolution is the responsibility of the selling Distributor. The Company may step in as a third-party intermediary in the case of non-

- resolution.
- 5) Distributors agree that if within 30 days of purchasing product directly from the Company the Retail Customer is not satisfied with the results for any reason, the Retail Customer may contact the Company for an exchange or refund on the purchase amount of the product(s) and any applicable taxes (Shipping and Handling charges excluded). The product(s) must be returned in an unopened undamaged and saleable condition.
  - 6) Distributors are responsible for paying the Company the expenses of a Retail Customer product return or credit card chargeback. Should the Retail Customer initiate a product return or a credit card chargeback, the Distributor agrees that the Company may debit from the Distributor's commission /bonus payments all reasonable expenses incurred and commission/bonus or incentives paid on the returned products.
  - 7) Distributors acknowledge that the Company reserves the right to discontinue service to a Retail Customer if the Retail Customer returns more than 50% of total purchases over any six-month period or files for a credit card chargeback.
  - 8) Retail Customers purchase product directly from the Company at the current Suggested Retail Price (SRP). Distributors receive the difference between the SRP and the wholesale price (Retail Profit).
  - 9) Retail Customers are not authorized to sponsor any individual or entity, resell Company products or services, or participate in the Organo Gold Compensation Program.

**D) Non-payment:**

- 1) The Company reserves the right to levy a US\$42.00 service charge for non-payment of credit cards supplied as a form of payment for product and services, be it a one-time order or an AutoShip order.
- 2) At the Company's discretion, commission/bonus payments may be debited or withheld until the issue is resolved.

**E) Distributor-Company Employee Relations:**

- 1) In order to protect the rights of Distributors and Organo Gold employees alike, all calls may be recorded for training and compliance purposes.
- 2) Company employees are trained to be courteous and professional in all contact with Distributors and the public.
  - (a) Should a Distributor ever receive less than respectful treatment from Company personnel, they should document the situation and forward it to the Compliance Department for immediate review.
- 3) Distributors are expected to extend these same courtesies when dealing with corporate staff, via telephone, Internet, or in person.
  - (a) Company employees are not expected to endure abusive behavior from Distributors; in the event an employee feels that this is occurring, they are instructed to politely end the conversation, document the incident, and report it to a supervisor.

- (b) Documentation will be forwarded to the appropriate executive officer for review.
- (c) In severe circumstances, offending Distributors may be subject to immediate suspension or termination of their account.
- 4) Distributors wishing to acknowledge exceptional service from an employee are encouraged to write letters of appreciation to be added to the employee's file. The Company discourages Distributors from giving gifts to individual employees.
- 5) To avoid any conflict of interests, Distributors may not solicit or sponsor Company employees into any program. Such attempts may be viewed as hostile and may result in termination of the Distributor and/or the employee.

**F) Shipping and Handling:**

- 1) The Company will ship product orders to the street address specified by the Distributor.
- 2) The Company will not ship product orders to P.O. Box.
- 3) Distributors are solely responsible for notifying the Company, in writing, of any change in their address. If delivery is unsuccessful due to outdated or incomplete address information, or if the Distributor refuses the shipment, the original shipping charges will be recovered from the Distributor and additional charges will be levied for reshipping the product.
- 4) Orders received and posted Monday through Friday, over the weekend, or on a holiday, will normally be shipped the following business day.
- 5) The Company has no minimum order restrictions, although minimum shipping charges may apply.
- 6) All orders are shipped ground service via the carrier under contract with the Company.
- 7) Shipping charges are subject to market variables, so Distributors should consult their backoffice for freight updates.
- 8) Distributors should report any order shortages or errors to the Company immediately upon receipt of the order. In the event a shipment is damaged in transit, the Distributor should refuse the package and immediately contact the Company.
- 9) When concerned that an order is lost, the Distributor should wait a minimum of seven (7) business days before requesting assistance or replacement. Package tracking information is available through the Distributor's backoffice.
- 10) All orders must be properly completed with appropriate payment attached. The Company is not responsible for orders that are delayed or not processed if order or payment information is illegible or incomplete, or insufficient payment was enclosed. The Company is not responsible for notifying Distributor of order delays caused due to incomplete information.
- 11) The Company will not be responsible for shipping delays caused by circumstances beyond its control.

**G) Out of stock items:**

- 1) If any products are temporarily out of stock, the Distributor will receive notification of the back-order at the time of the order or on the invoice.
- 2) Back-ordered product is paid for when ordered and commissionable volume is

- accrued for the corresponding commission period.
- 3) Back-orders are always filled first and will be shipped at no additional charge.
  - 4) At its discretion, the Company may substitute contents of pre-set product packs with items of equal or greater commissionable value.

#### **H) Product Exchanges:**

- 1) Distributors or Retail Customers may exchange products within 45 days of the invoice date if the products are unopened, undamaged and in resalable condition. Components of product packs cannot be exchanged individually.
- 2) Refer to section VII. L. for return procedures.

#### **I) Distributor Repurchases (Buy Back):**

- 1) Upon cancellation or termination of the Distributor Agreement, Distributors may return for refund Starter Kits, products and sales aids that (a) he or she personally purchased from the Company; (b) are in resalable condition. Any items that have been clearly identified at the time of sale as non-returnable, discontinued, or as seasonal items shall not be considered resalable; and (c) were purchased by the Independent Distributor within twelve months before the date of cancellation less a reasonable handling charge up to 10% of the net purchase price. Products purchased in breach of the 70% rule are not returnable.
- 2) To be eligible for refund, Starter Kits or Product Packs must be returned complete; individual components will not be refunded.
- 3) Upon acceptance of a resalable Starter Kit and/or resalable products and sales aids, the Distributor will be reimbursed 100% of net cost of the original purchase price(s) in the same form as the original payment was submitted. Shipping charges incurred at the time of purchase will not be refunded. If a Distributor was paid a commission based on a product that was subsequently returned for a refund, the Company may (a) deduct from the amount of the refund any commission that was paid based on that product purchase or (b) deduct the applicable PV/GV from the commissionable month in which the return was processed.
- 4) Distributors who voluntarily cancel their Distributor Status will be ineligible to participate actively or passively in the Organo Gold Compensation Plan for a period of at least six months.

#### **J) Retail Customer Refunds:**

- 1) Please refer to section VII.C Retail Customer Program for returns by Retail Customers (customers who purchase products directly from the Company)

#### **K) Personal Customer Refunds:**

- 1) Products are provided to Distributors at wholesale prices and may be retailed directly to customers at a competitive price.

- 2) Distributors must provide all personal customers with a Retail Sales Receipt at the time of the sale that specifies the total amount the customer will be required to pay, the Customer's Right to Cancel policy, and the contact information for the Distributor.
- 3) Distributors agree that within 30 days of purchasing product, the Personal Customer may contact the Distributor who sold them the product for a refund on the purchase amount and any applicable taxes upon return of the product to the Distributor. The product(s) must be returned in an unopened undamaged and saleable condition.
- 4) The Distributor may keep the returned product for their personal inventory or contact the Company within 45 days of the original purchase date to initiate a product exchange for any unopened products. Product exchanges will be subject to section VII.H above.
- 5) The Company does not accept returns from a Distributor's Personal Customers.

**L) Procedures for Returns:**

- 1) To exchange or return a product, the Distributor or Retail Customer must:
  - (a) Call Distributor Support,
  - (b) provide them with the original invoice number,
  - (c) notify them of the product(s) being exchanged or returned,
  - (d) receive a Return Merchandise Authorization (RMA) number, and
  - (e) if exchanging, place and pay any difference for an order for exchange products; the total must be equal to or greater than the products being returned, excluding shipping and taxes. Appropriate shipping charges and taxes will also be charged. No credit will be allowed towards future purchases.
  - (f) Clearly print the RMA number in indelible ink on the outside of the box. Packages without visible RMA numbers will not be accepted by the Company.
  - (g) The Distributor or Retail Customer is responsible for pre-paying all shipping costs related to the returned or exchanged items to be sent. The Company does not accept shipping-collect packages.
  - (h) Distributors or Retail Customers are encouraged to add a pre-paid tracking or delivery confirmation service to all return packages. If returned product is not received by the Company, it is the responsibility of the Distributor to trace the shipment.

**M) Product Liability and Business Insurance:**

- 1) The Company has product liability insurance, which covers claims arising from the use of the products in accordance with the label.
- 2) Product tampering, is strictly forbidden by state, provincial, and federal laws, and completely nullifies the liability insurance.
- 3) Distributors who tamper with products become personally liable and are subject to immediate termination, as well as criminal and/or civil legal consequences.
- 4) The Company does not release copies of its insurance certificates or policies.
- 5) Distributors may wish to contact their insurance agent to arrange insurance coverage for their business property. The protection of business property may be frequently accomplished with a simple "Business Pursuit" endorsement attached to your present home owner's policy.

## VIII. COMPENSATION

The Organo Gold Compensation Plan is based on a Network Marketing system of person-to-person distribution and direct sales to end consumers. Distributors are compensated for the products sold and distributed through their sales and marketing organizations. By reference, the Organo Gold Compensation Plan is incorporated into this P&P.

### **A) Qualifications & Payments:**

- 1) To qualify for bonuses, commissions, rank advancements and incentives, Distributors must be Active and in compliance with the Agreement.
- 2) As long as the Distributor complies with the terms of the Agreement, the Company shall pay commissions/bonuses to such Distributor in accordance with the Organo Gold Compensation Plan.
- 3) The Company recommends that all Distributors service at least three to five retail customers each qualification period.
- 4) Commissions/bonuses are not paid on the purchase of any promotional business material such as sales aids.
- 5) Distributors receive bonuses and commissions based on the actual sales of products to end consumers.
- 6) Monthly commission/bonus are paid via Company's established mode of payment on the 20th day of the month (or nearest succeeding business day) following every commission period.
- 7) Weekly commission/bonus are paid via Company's established mode of payment.
- 8) If a Distributor finds any commission/bonus discrepancies, these must be reported to the Commissions Department within 15 days of receipt of the commissions/bonus payments for adjustments to be made.
- 9) In drawing down on any commission/bonus payments, or placing a wholesale order, the Distributor reaffirms his or her commitment to abide by this P&P, as may be amended from time to time.
- 10) Under no circumstances will the Company split commission and bonus payments between divorcing spouses or members of dissolving entities.

### **B) Commission/Bonus Payment Fees:**

- 1) Monthly accounting fees covering withholding tax, currency conversions, general account and organizational tree maintenance may be deducted from the Distributor's commission/bonus payments.
- 2) The Company may debit or place a hold on any commission/ bonus payments for any amount owed it by the Distributor.
- 3) When a product is returned to the Company for a refund, the Company, at its discretion may, in the month in which the product is returned, and continuing each pay period thereafter until the bonuses or commissions are recovered:
  - (a) Deduct any bonuses and commissions attributable to the returned or repurchased products from the Distributor(s) who received the bonuses and commissions on the sales of said products.

- (b) Deduct the corresponding points from the Personal or Group Volume of the Distributor who earned commissions/bonuses based on the sale of the returned products.

## **IX. RESTRICTIONS**

The Company has a fiduciary obligation to protect and safeguard Distributors who have placed their trust and confidence in the Company mission and management. In conducting their business, Distributors should endeavor to promote the reputation of the products and services of the Company, and refrain from all conduct that might be harmful and inconsistent with the greater public interest of Organo Gold. By reference, any compliance updates distributed by the Company are automatically incorporated into this Agreement.

### **A) Representations: Distributors...**

- 1) shall truthfully and fairly represent the Company, its products, and programs in discussions with current or prospective Distributors.
- 2) may not enter into a contract or transaction on behalf of the Company or represent themselves as employees, agents or preferred vendors of the Company.
- 3) may not make any claims as to any therapeutic or curative properties of the Company's products. The Company's products are not intended to diagnose, treat, cure, mitigate, or prevent any disease and should never be offered as such.
- 4) shall not suggest any diagnosis, prognosis, evaluation, treatment, description, management or remedy of illness, ailment or disease.
- 5) may not make any false, unreasonable, misleading, or intentionally misrepresentative income projections to prospective or current Distributors.
- 6) shall stress that success in the Company's marketing program will vary from Distributor to Distributor and will depend on personal efforts, including, but not limited to skill and time invested in developing the business.
- 7) may not claim that the Company's plan or product portfolio has been approved or endorsed by any governmental agency.
- 8) are fully responsible for any verbal or written statements they make regarding the Company, its products, services, and opportunity, which are not in compliance with the current, official Company sales support material.

### **B) Advertising:**

- 1) Organo Gold compensates its Distributors for marketing products person to person. This may be done in a by-appointment environment where personal services are provided (e.g.: barbershops, salons, real estate offices, and health clubs) so long as the products are not displayed in areas where other similar products are displayed.
- 2) Retail Establishments: Company products cannot be sold, marketed or distributed at any retail location, including but not limited to stores, markets, restaurants, bakeries, chain convenience stores, big box retailers, etc.
- 3) Swapmeets, Flea Markets, Bazaars, Vending Carts: Company products cannot be sold, displayed, or distributed at swapmeets, flea markets, bazaars, vending carts, or similar venues.

- 4) Fairs, Expos, Tradeshows: The booth displays, advertisement or promotion of Company products, services or business opportunity at fairs, trade shows, open-air markets or any similar events, requires prior written approval from the Company. Requests must be made a minimum of 30 days prior to the event and before any contracts are signed with the venue.
- 5) To protect person to person marketing efforts, the Company retains the discretion to restrict its products from being sold at any location which it does not deem acceptable.
- 6) Exterior Signs or Window Displays: Exterior signs or window displays advertising the Company or its products will not be permitted at any non-corporate location.
- 7) Promotional Items: Except for pre-approved promotional items that may be available for sale by the Company, no Distributor or business entity may use Company trademarks, logos, or designs on any independently produced promotional items (e.g: vehicle decals/magnets/clings, key chains, hats, shirts, mugs, business cards, banners, stickers, stationary, etc.).
- 8) Use of Company Trademarks: Distributors may not use, reproduce or disseminate the Company trade name, logo or any trademark or service mark except those found in literature published and made available by the Company. This includes, but is not limited to, using the term "Organo Gold" (or any derivative or confusingly similar variation thereof that may confuse someone into believing that they are dealing with the Company), the corporate logo, and all marks or slogans designating products or services offered by the Company.
- 9) All Distributor material should display the phrase "Organo Gold Independent Distributor" in a prominent position, using the same (or larger) font size (min 14 point), color, and type as the surrounding text, and must be submitted for approval by the Company prior to production.
- 10) Distributors agree to avoid any references or website links to any third party literature for the purpose of verifying or stressing any medicinal or therapeutic effects of any Company product or its components. By reference, these third party claims become direct claims without proper validation.
- 11) Distributors must avoid any false appeals to authorities (e.g.: deities, doctors, nurses, therapists, scientists, officers of the company, etc.) when presenting the Company's products or opportunity.
- 12) Distributors may not charge any for-profit fee for any services, trainings, literature, materials, websites, memberships, or other Company-related material.
- 13) To avoid a conflict of interest, Distributors will not sell, display, or advertise the Company's products in conjunction with similar non-Company products in any physical or electronic retail sites, displays, or advertisements.
- 14) The Company prohibits Distributors from promoting another company's products along with the Company's products on any physical or electronic retail sites, displays, or advertisements. (Competitor is defined as another ganoderma or coffee beverage company).
- 15) It is strictly prohibited for Distributors to advertise or display Organo Gold's products below the suggested retail price published by the Company in any advertising material, whether in print, electronic, or other.

- 16) All advertisement approval requests must be submitted along with a hardcopy copy of the proposed material, prior to the material being published or distributed. These advertisements include, but are not limited to: literature, audio or video tapes, emails, displays, vehicle signs, bulletin boards, websites, internet communications, telephone messages, print ads, merchandise, etc. Any approved material is for personal use and distribution within the Distributor's personal downline only.
- 17) Mass-media marketing is not authorized and any requests for such projects will be denied. Examples of this type of marketing include radio and television appearances or infomercials or commercials, billboards and/or online feeds.
- 18) Distributors may not produce for sale or distribution any recorded Company events and/or speeches without written permission from Organo Gold. Nor may Distributors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.
- 19) The Company retains the right, at its sole discretion, to request the immediate removal of any and all non-compliant or offensive material used by Distributors to promote the Company's products or opportunity.
- 20) Violation of any of the above restrictions may result in instant suspension and/or termination pending an investigation (See XI. Disciplinary Measures).
- 21) Distributors must utilize only authorized distribution channels to build their marketing organizations.

### **C) Internet Advertising:**

- 1) All general advertising policies apply to internet/electronic advertising, including posts on any social media sites (e.g.: Facebook, Twitter, MySpace, LinkedIn) or opinion sites (e.g: blogs, Yelp, etc.)
- 2) Distributors will not promote or sell Company products in any electronic or physical auction or sale sites (including, but not limited to e.g.: eBay, Craigslist, Yahoo, etc.). To protect person to person marketing efforts, the Company retains the discretion to restrict its products from being promoted or sold on any electronic site which it does not deem acceptable.
- 3) Domain names intended for use in marketing the Company's products or opportunity must be submitted for approval prior to purchase.
- 4) Distributors are not allowed to use the trade name "Organo Gold" or any Company trademark (or any derivative or confusingly similar variation thereof that may confuse someone into believing that they are dealing with the Company) as part of their email address, domain name, online ads, business name, username(s) and/or contract details. At their own expense, Distributors agree to transfer to the Company any domain names that violate this policy.
- 5) Under no circumstance can an independently created website be presented as an official site of the company.
- 6) The Company offers replicated retail websites on the Internet with pre-approved text and photos for Distributors to manage their retail customers and enroll new Distributors. Enrollment pages or shopping carts independent of those on the Company-issued replicated websites will not be authorized for promoting Company products or opportunity.

- 7) Distributors may create their own websites independent of the websites available from the Company, provided these have been approved by the Company. To initiate the personal website approval process, please contact the Compliance Department for instructions and the current required legal fee requirements.
  - (a) Once the request for approval is received, the Distributor agrees that any changes to the site in the future must be submitted to and authorized in writing by the Company.
  - (b) Distributors are responsible for keeping their independent site current, including product, promotion, event and marketing information.
  - (c) Any approved websites are authorized for personal use only. Distributors cannot supply other Distributors with independently-created replicated websites.
- 8) Violation of any of the above restrictions will result in instant suspension and/or termination pending the removal of the offending material and/or an investigation (See XI. Disciplinary Measures).

#### **D) Spamming:**

- 1) The Company maintains a zero-tolerance policy regarding any spamming activity by Distributors. Spamming is the sending of electronic or other messages in an attempt to force information upon others who have not specifically expressed a desire or granted an approval to receive said information, regardless of whether or not a signature is included in the message.
- 2) Unsolicited Email:

Organo Gold does not permit Distributors to send unsolicited commercial emails unless such strictly comply with applicable laws and regulations, and they have been approved by the Company prior to distribution. Any email sent by a Distributor that promotes Organo Gold, the Organo Gold opportunity, or Organo Gold products and services must comply with the following:

  - (a) There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice). There must be a functioning return email address to the sender.
  - (b) The email must include the Distributor's physical mailing address.
  - (c) The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
  - (d) The use of deceptive subject lines and/or false header information is prohibited.
  - (e) All opt-out requests, whether received by email or regular mail, must be honored. If a Distributor receives an opt-out request from a recipient of an email, the Distributor must forward the opt-out request to the Company.
  - (f) The Company may periodically send commercial emails on behalf of Distributors. By entering into the Distributor Agreement, Distributor agrees that the Company may send such emails and that the Distributor's physical and email addresses will be included in such emails as outlined above. Distributors shall honor opt-out requests.
- 3) Automatic Dialing and Unsolicited Faxes:
  - (a) Except as provided in this section, Distributors may not use or transmit unsolicited faxes or use an automatic telephone dialing system relative to the operation of their Organo Gold businesses.

- (b) The term “automatic telephone dialing system” means equipment, which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.
  - (c) The terms “unsolicited faxes” means the transmission via telephone facsimile of any material or information advertising or promoting Organo Gold, its products, its compensation plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person’s prior express invitation or permission; or (b) to any person with whom the Distributor has an established business or personal relationship.
  - (d) The term “established business or personal relationship” means a prior or existing relationship formed by a voluntary two way communication between a Distributor and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Distributor; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.
- 4) Telemarketing Techniques:
- (a) Distributors must not engage in telemarketing in the operation of their Organo Gold businesses. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of an Organo Gold product or service, or to recruit them for the Organo Gold opportunity. Every Country has laws that restrict telemarketing practices and Distributors are responsible for observing these laws. “Cold calls” made to prospective customers or Distributors that promote either Company products or services or opportunity constitutes telemarketing and is prohibited.

**E) Media Inquiries:**

- 1) It is the Company’s policy that spokespersons from the corporate office handle all media inquiries (whether radio, television or print).
- 2) Distributors must not attempt to respond to media inquiries regarding the Company, its products, or their Independent Organo Gold business, and agree to immediately refer all media inquiries to the Company at [compliance@organogold.com](mailto:compliance@organogold.com).

**F) Trademark, Proprietary Information, and Trade Secrets:**

The Company’s trademark is an important and valuable business asset. The trademark helps identify the Company’s products worldwide and distinguish the products from those of its competitors. The Company must protect its trademark from misuse and infringement, or it can be lost. Each time a trademark or symbol is used improperly or is used by someone other than its owner, the value and importance of the trademark can be greatly diminished. Therefore, the Company makes every effort to protect its trademark, its corporate logotype, and designs, so that others cannot use them. The rules set forth below have been developed to maintain the integrity of the Company Trademark and to ensure that the Company’s name and marks will be available exclusively for the Company’s business.

- 1) Permission Prior to Use Required: The Company will not allow use of its trade name (company name), trademarks (product names), designs, or symbols by any person, including a Distributor, without its prior permission. The Company will issue cease-and-desist orders to any persons using its trade name, trademarks, designs, and symbols without its permission and will, if necessary, follow with appropriate legal action for failure to comply with a cease-and-desist order. If the Company did not do this, Distributors would soon find the market flooded with the Company's products not produced by the Company or sold by its Distributors. Obviously, the Distributors would be greatly harmed by such unfair competition.
- 2) Distributors may not use or attempt to register any of the Company's current or after-acquired trade names, trademarks, service names, service marks, logotypes, product names, Company name (collectively referred to as Intellectual Property), or any derivative or confusingly similar variation thereof, in a manner that may possibly cause confusion, mistake, or deception as to the source of the products or services advertised.
- 3) Distributors may not use Company's intellectual property or any confusingly similar variation of this property in a business name, e-mail address, internet domain name or sub-domain name, telephone number, online ads, username(s) or in any other address, contact details or title.
- 4) Distributor agrees to immediately re-assign to Company any registration of the Company names, trade names, trademarks, or Internet domain names registered or reserved in violation of this policy. Failure to do so will result in immediate termination of the Distributor Status. These provisions will survive the termination of the Agreement.
- 5) Distributor information including: names, addresses, email addresses and telephone numbers of other Distributors, are the Company's proprietary trade secret information.
- 6) Proprietary information is transmitted to the Distributor in confidence and, but for this agreement of confidentiality and non-disclosure, the Company would not provide this information to the Distributor.
- 7) Distributors agree not to disclose such information to any third party or use such information for non-Company purposes or to compete with the Company.
- 8) The Distributor acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to the Company and to Independent Distributor businesses.
- 9) Upon demand by the Company, any current or former Distributor will return the original and all copies of proprietary information to the Company.
- 10) The Company and its Independent Distributors will be entitled to injunctive relief to prevent violation of this policy.
- 11) The Company prohibits current and former Distributors, either directly or through a third party, from promoting another company's business, during Company-related or sponsored activities or any activity promoted as such.
- 12) The Company prohibits Distributors from selling or promoting another company's products, along with the Company's products, on any physical or virtual sites, displays, or advertisements.

- 13) Distributors are independent contractors, and the Company imposes no restrictions on any Distributor's participation or sales activities in other multi-level marketing or direct sales opportunities, so long as it is not an opportunity that directly competes with Organo Gold in offering ganoderma-based products and/or healthy beverages.
- 14) Should they elect to participate in another non-competing direct selling opportunity, Distributors agree to maintain separate organizations independent of one another. Distributors will not engage in cross sponsoring. This policy shall apply to all countries in which the Company officially operates and shall survive the cancellation of this Agreement.
- 15) Violation of the letter and/or spirit of the P&P constitutes voluntary resignation and cancellation of the Independent Distributor Agreement, effective the date of the violation, and the forfeiture of all commissions/bonuses payable for and after the calendar month in which the violation occurred.
- 16) Violations of this policy are especially detrimental to growth and sales, and the Company may seek and obtain damages for violations of this policy.

## **X. DISCIPLINARY MEASURES**

- A) All of the policies in this P&P, which includes the Independent Distributor Application & Agreement, the Organo Gold Compensation Plan, and any other agreements incorporated by reference, and entered into by and between the Company and the Distributors, are material terms to the agreement between the Company and the Distributors. Any violation of the terms and conditions entered into by and between the Company and the Distributors or the P&P or any illegal, fraudulent, deceptive or unethical business conduct by a Distributor may result, at the Company's discretion, in one or more of the following corrective measures:
  - 1) Issuance of a written warning;
  - 2) Imposition of a fine to be withheld from future commission or bonus payments;
  - 3) Reassignment of all or part of their marketing organization;
  - 4) Suspension of their Independent Distributor agreement;
  - (a) Suspension means that, pending investigation and/or final decision, the Distributor will not be able to conduct any Company business until such time that the suspension has been lifted (No commission/bonus payments and no communication with his/her downline or upline). Any Distributor found conducting Company business during a suspension will have their distributorship immediately terminated with the Company.
  - 5) Termination of their Independent Distributor Agreement (Distributor forfeits all outstanding commission/bonus payments and rights to any downline organization); and
  - 6) Any other measure expressly stated within the policies set forth in the P&P.

## **XI. FOREIGN TRANSLATIONS**

From time to time, the Company may make available foreign language translations of marketing, sales and policy materials. If discrepancies are found in wording, meaning, or interpretation between the English and foreign language translation, the English version will always prevail.

## **XII. PRIVACY STATEMENT**

- A) The Company maintains a firm commitment to privacy and does everything possible to protect the security of those Distributors and Customers who choose to do business with Organo Gold. The Company has security measures in place to protect against loss, misuse, and alteration of the confidential Distributor or Customer information we collect and manage. The Company uses industry-recognized leaders in secure server and encryption technology to protect the transactions of Distributors and Customers, and takes the necessary precautions to protect against identity theft or credit card fraud, including the verification of Distributor or Customer information with each transaction. The Company will never sell the information it collects or use it to promote non-Company-related products or services.
- B) Distributors acknowledge that they will receive or have access to Personal Information. Distributors will hold such information separate and apart from any other information used or held by Distributor and, undertakes to the Company, that it will collect, use and/or disclose Personal Information only for the purposes authorized by the Company with respect to the use and/or disclosure of Personal Information. Distributor shall comply at all times with applicable Privacy Legislation and Distributor shall promptly advise the Company of any breach or suspect of breach of security protecting and Personal Information.

## **XIII. INDEMNITY**

Each Distributor shall hold the Company harmless for any claims, damages, or liabilities arising from the Distributor's misrepresentation, negligence or failure to follow the P&P. This provision will survive the cancellation of the Agreement.

## **XIV. STATUTORY PRECEDENCE**

The Company's P&P is subject to the prevailing territorial, provincial, or federal laws governing our industry. These laws take precedence over any item included herein.

## **XV. PROGRAM MODIFICATIONS**

In order to maintain a viable business and to comply with governing laws and economic conditions, the Company has the sole right and discretion to modify its compensation plan, product line, pricing, terms or P&P. Such modifications shall be immediately binding upon notice to Distributors. Updates shall be posted in the Distributor's backoffice. A hardcopy will be made available at the Distributor's written request. Distributors agree to abide by any such modifications.

## **XVI. NON-WAIVER PROVISION**

Failure by the Company to exercise any rights to the provisions stated in this P&P, Organo Gold Compensation Plan, Distributor Application & Agreement, or any other document referenced herein, shall not constitute a waiver of the Company's right to demand exact compliance therewith. Waiver of this right by the Company can only be made effective by an authorized officer of the Company in writing.

## **XVII. POLICY ENFORCEMENT**

If any provision of the P&P is found to be invalid, illegal or unenforceable for any reason, the Company may amend or delete that provision. The amendment or deletion of any clause or provision, will not affect the remaining clauses and provisions, which will remain in full force and effect.

## **XVIII. ARBITRATION**

- A) Both the Distributor and the Company hereby agree that their relationship is governed by this P&P. Any claim, dispute or other difference shall be exclusively resolved under provisions of the arbitration legislation for the time being in force in South Africa. Distributors waive their right to obtain relief from a court. All arbitration proceedings shall be held in the city of Johannesburg, South Africa with only the parties and their legal representatives present thereat.
- B) Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and, if necessary, be reduced to a judgment in any court of competent jurisdiction. Nothing in this Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction, a writ of attachment, an injunction, or other relief available to safeguard and protect the Company's interest prior to, during, or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding. This agreement to arbitration shall survive any termination or expiration of the Agreement.

## **XIX. GOVERNING LAW, JURISDICTION & VENUE**

The parties consent to the non-exclusive jurisdiction of the High Court of South Africa, Gauteng Division, Johannesburg for purposes of enforcing an award by an arbitrator or any other matter not subject to arbitration.

## **XX. CONTACT INFORMATION**

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