



**QNET**  
**POLICIES & PROCEDURES**

## **POLICIES & PROCEDURES (VIHAAN ONLY)**

### **1) Purpose**

These Policies & Procedures (the "P&P") spell out the rights and obligations between Vihaan Direct Selling (India) Pvt Ltd (the "Company") and its Independent Representatives ("IRs"). The Company is a franchisee of QNet Ltd (Hong Kong) for the distribution of QNET products within the territory of India. The P&P, the Independent Representative Application Form ("IR Application Form") that is accepted by the Company, the Compensation Plan and the Product Terms and Conditions together govern the total contractual relationship between the Company and its IRs.

### **2) Modifications to the IR Application Form, Policies & Procedures and the Compensation Plan**

The Company reserves the right to amend the P&P, the IR Application Form, the Compensation Plan and the Product Terms and Conditions in its sole and absolute discretion. By signing the IR Application Form, the IR agrees to abide by all amendments and/or modifications that the Company elects to make as and when deemed necessary. Any amendment shall be effective upon publication in the official materials of the Company. It is the sole responsibility of each IR to read, understand, agree, adhere to, and ensure that he/she is aware of, and operating under the most recently updated version of this P&P.

### **3) Definitions**

**"Agreement"** means the completed online IR Application Form that was submitted by an IR, which includes the P&P, the Compensation Plan and the Product Terms and Conditions that is subsequently accepted by the Company.

**"Business"** means the direct selling business

**"Products" mean anything, goods or services, tangible or intangible that constitutes the subject of an** intended direct selling transaction available with the company.

**"Business Planner"** means a kit that includes training materials, information about the Company, QNET and its products including related information and material.

**"Commission Payable Account"** means an accounting record within the Company's accounting system. Each IR has his/her own Commission Payable Account. Such an account records the amount of money that is due to the corresponding IR or vice versa.

**"Company"** means Vihaan Direct Selling (India) Pvt Ltd, which is a company incorporated with limited liability under the laws of India and having its registered office at *Level 11, Prestige Khoday Tower, 5 Rajbhavan Road, Bangalore-560 001, Karnataka, India.*

**"Compensation Plan" or "QNET Compensation Plan" or "ComPlan"** means the QNET Marketing and Compensation Plan that allows an IR to earn commissions/bonuses based on sales of products and services as detailed in Appendix 1.

**"Compensation Summary"** means a periodic statement issued by the Company to its IR that lists the value of commissions and/or bonuses each IR has earned within the relevant period.

**"Customer" or "Retail Customer"** means a person who has purchased the Company's products but does not register as an IR, and is considered a retail consumer. Where "buy"/"purchase" means to obtain in exchange for money.

**"Consumer"** refers to any person(s) to whom selling activities are directed, whether as an individual or as a company, as an end user.

- i. buys any product for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or
  - ii. hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person but does not include a person who avails of such services for any commercial purposes;
- Explanation: For the purposes of this clause, "commercial purpose" does not include use by a person of goods bought and used by him and services availed by him exclusively for the purposes of earning his livelihood by means of self-employment.

**"Downline"** means the Tracking Centres or the Customers/IRs below a specific Tracking Centre or IR respectively in the Genealogy whenever the context requires.

**"Genealogy"** means the relationship or relative positioning of Tracking Centres in the Company's database.

**"Independent Representative" or "IR"** means any person above the age of 18 years on the date of registration or a legal entity entitled to do business with eligibility to enter into a business contract.

An "IR" may be a retail customer or a registered Independent Representative. IRs are also known as direct sellers.

**"Register"** means to introduce/signup formally as a participant in the business.

**"INR" or "Indian Rupee"** means the official currency of the Republic of India.

**"IR Discounted Price"** means the prices of the Company's products at which the Company sells to the IRs.

**"Independent Representative Identification Number" or "IR ID No."** means the identification number that the Company assigns to an IR when the Company accepts that person as its IR. [See clause 4.01] An IR's Identification Number is a unique number assigned to each IR and is used to identify that IR through his/her business relationship with the Company.

**“Merger”** means the combination of two (2) or more TC’s into one (1) TC.

**“OTP Form”** means Offer to Purchase Form, by which a person can offer to purchase the Company’s products.

**“P&P”** means the Policies & Procedures as stated herein.

**“Primary TC”** means the first Tracking Centre an IR is given when s/he first becomes an IR. It is usually identified by the extension ‘001’ after the IR Identification Number.

**“Product Portfolio”** means a kit that includes an array of multimedia presentations, videos and brochures and many other valuable business building tools.

**“QNET”** means the brand name used by the Company for the purpose of promoting the direct selling business, in the territory of India.

**“Incentive / Commission”** means material remuneration given to an individual in exchange of acting in a particular way.

**“Referrer” or “referralship”** means an IR who refers Customers or other potential prospects by assisting them to register as IRs.

**“Representativeship”** means all the Tracking Centres that an IR has and all other interests s/he has as an IR.

**“Retail Price”** means the retail prices of the Company’s products at which the Company sells the products to Customers.

**“Social Media Policy”** means the Company’s policy and guidelines on how IRs can discuss and promote their business on social media platforms such as blogs, Facebook, YouTube, LinkedIn, MySpace, etc. and this can be found in the IR’s Virtual Office.

**“Tracking Centre” or “TC”** means a position in the Company’s database. Commissions and/or bonuses are calculated with reference to each Tracking Centre.

**“Secondary TC”** means the second and third Tracking Centres directly connected to the Primary TC of an IR upon registration. It is usually identified by the extension “002” and “003” respectively after the IR Identification Number.

**“Upline”** means the TCs or Independent Representatives above a specific TC or Independent Representative respectively in the Genealogy as the context requires.

#### **4) Independent Representatives**

##### **4.01 How to register as an Independent Representative (IR)**

To become an Independent Representative, a person must:

- (a) Be 18 years of age or above;
- (b) Have a Referrer;
- (c) Complete the online IR Application Form on the official website of the Company; and
- (d) Print the IR Application Form and agree to its contents by signing the hard/printed copy. This completed and signed IR application Form must be sent to the Company along with supporting documents for the purpose of KYC:

##### **How to Complete Your KYC:**

Login to the Virtual Office > My Global Support Centre > KYC > File CRF > Submit Form

##### **Scanned copies of these documents must be attached to the CRF:**

1. Signed IR Application Form
2. Signed IR Acknowledgement Letter
3. Signed Valid ID Proof (A copy of your Pan Card – This is a mandatory requirement.)
4. Signed Valid Address Proof (A copy of any one of these documents is required: Passport, Driving License, Bank Statements, Aadhar Card, Gas Bill, Notarised Rental Agreement, and Voter’s ID Card.)

Please also attach a recent passport size photograph of yourself in white background. This will be used to create your IR Identification Card, which will be couriered to your registered address. Accepted image formats are JPEG, JPG, and GIF, and the file size should be less than 2 MB.

##### **Failure to complete this requirement will result to the following:**

- Restricted access to your CPA (Customer Payable Account)
- Restricted access to the eStore (Shop Now)
- Restricted access to the Redemption eStore
- Your IR ID cannot be used as a Referrer IR ID

(e) It is mandatory that every Independent Representative (IR) of the company completes their KYC requirements within 30 days from their registration date. Failure to do so within the specified period will result to the IR being suspended.

An IR must be of legal age in the country of his/her country of domicile. In the event that an IR is shown to be a minor after verifying his/her date of birth from the relevant documents, the Company shall reserve the right to refund and terminate the IR accordingly.

##### **4.02 Business Entity**

For applications other than for an individual, all legal documents containing details of the directors and shareholders, partner or trustees shall be produced. The legal documents must be submitted within fifteen (15) days from the date of application to the Company's head office in Bengaluru, India. Acceptance of the application is at the sole discretion of the Company.

#### **4.03 Changes in Directorships, Shareholding, Partnerships or Trustees**

In the event of any changes in Directorships, Shareholding, Partnerships or Trustees in clause 4.02 above, the change(s) shall immediately be conveyed to the Company. The Company shall have the right at its sole discretion to terminate or confirm the IRship.

#### **4.04 Multiple online IR Application Forms**

If an applicant submits multiple online IR Application Forms that list different Referrers, only the first completed application received by the Company will be accepted.

#### **4.05 Customer's Referrer**

For a Customer of the Company who later applies to become an IR, his/her last Referrer for his/her purchase shall also be considered as his/her Referrer of his/her IRship, unless the Customer's last purchase from the Company was more than six (6) months before his/her IR application and in his/her application he/she states another IR as his/her Referrer.

#### **4.06 Acceptance**

The applicant will only be an IR if his/her application is received and accepted by the Company. The Company has the right to accept or decline any application at its sole discretion. In the case of rejection, a notice will be given to the applicant.

#### **4.07 Fictitious or Assumed Name**

A person or entity may not apply as an IR using a fictitious or assumed name.

#### **4.08 Buy-Back Policy**

IRs are hereby notified that Products are subject to the Company's Buy-Back Policy.

The Company shall be obliged to buy back any marketable products sold to the IR within thirty (30) days from the date of delivery of the product/services by the Company, after withholding TDS (Tax Deducted at Source), commission utilised, and other taxes if applicable, in accordance with its policies.

The Buy-Back Policy is only applicable upon the return of physical products to the company and shall only apply in conjunction with the IR's resignation request, in accordance with clause 8.01 below. No refund requests will be entertained after 30 days.

### **5) Appointment**

#### **5.01 IR Status**

Once the Company accepts an applicant's IR Application Form, the Company will grant to the applicant an IR status within the direct selling network of the company by sending him/her a written notice and thereafter only the applicant becomes an IR. The Company will assign the IR Identification Number. The IR shall include his/her IR Identification Number in all his/her orders and correspondence with the Company.

#### **5.02 Rescind**

The Company reserves the right to rescind the said acceptance at its sole discretion within sixty (60) days from the date of acceptance of the IR Application Form. Upon rescission of the acceptance, the Company shall give notice to the IR to notify him/her of the rescission. However, the Company is not obliged to give any reason to the IR for the Company's decision to rescind.

#### **5.03 Maintenance**

The registration of an IR with the Company is free of charge. An IR shall not be required to pay any money to maintain his/her Virtual Office and other services and facilities which are provided by the Company, or any monthly subscription or renewal charge.

#### **5.04 Independent Contractor**

An IR is an independent contractor with the rights and obligations conferred by this Agreement to promote or market the Products/services of the Company.

No IR can resell products purchased from the company without prior consent from the company.

#### **5.05 No Right to Represent the Company**

An IR is not a franchisee, partner, employee, trustee, agent or authorised representative of the Company. The relationship between an IR and the Company is wholly governed by this Agreement. Any breach of this clause on the part of the IR is a serious breach of the P&P and may result in the immediate termination of his/her IRship.

#### **5.06 Non-Employee**

As an IR is not an employee of the Company, any costs he/she incurs in the development of his/her business are at his/her own expenses. He/she shall not be entitled to seek reimbursement from the Company.

#### **5.07 Claim of Workmen's Compensation**

Similarly, the Company is not responsible for payment or co-payment of any employee benefits for its IRs. IRs are responsible for their own liability, health, disability and workmen's compensation insurance and such other payment which is not specifically provided for in this Agreement.

## **6) IR's Rights and Obligations**

### **6.01 Non-Exclusivity**

An IR has a non-exclusive right to market and promote products/services of the Company.

### **6.02 Right to Refer**

Only an IR has a right to refer Customers and/or refer potential IRs to the Company and is entitled to the benefits under the Compensation Plan for doing so. When referring potential IRs to the Company, the referring IR shall provide the person(s) that he/she intends to refer a copy of the P&P, Product details with terms & Conditions, and details of the Compensation Plan published by the company on official website

The compensation plan should be explained to the potential IRs as documented in the official publication by the company (online and offline).

### **6.03 Right to Purchase at Discounted Prices**

The first and initial purchase of Products by an IR of the Company will be at the Retail Price(s). Subject to the aforesaid, the IR shall have a right to purchase products of the Company at a discounted price known as the "IR Price".

### **6.04 Right to Company Literature, Communication and Right to Participate in Company Functions**

IRs may receive periodic literature and other communications from the Company via electronic media or others. They may be invited to, and upon payment of appropriate fees (if applicable), participate in Company-sponsored events. They may be further invited to participate in promotional and incentive based contests/programs conducted/sponsored by the Company.

### **6.05 No Right to Represent the Company as a Servant, an Agent or an Employee**

An IR has no right to negotiate or conclude any contract on behalf of the Company. Neither shall he/she hold him/herself out as having such a right. He/she shall not represent himself/herself as a servant, or an agent, or an employee of the Company.

### **6.06 Obligation for Personal Promotion**

Regardless of their rank of achievement, IRs have an on-going obligation to personally support the sale of the Company's Products to Customers, providing sufficient and accurate details about the Company and its Products to prospective customers and guiding their existing Customers.

## **CODE OF ETHICS:**

The words "we", "us", "our", "the Company", and "Vihaan" mean Vihaan Direct Selling (India) Pvt. Ltd. The terms "you" and "your" refer to Independent Representatives ("IRs").

We expect all IRs to uphold the principles of fairness, honesty and integrity in all their dealings and activities as IRs.

This Code of Ethics forms part of our Policies & Procedures and all other regulations and agreements currently in place, which bind every IR. Any serious breach of this Code, Policies & Procedures, regulations and agreements in place will involve action(s) being taken by us in accordance with our Policies & Procedures.

The Code of Ethics explains the proper conduct of business of IRs.

It is a mandatory requirement that IRs comply with the Code of Ethics at all times.

## **DEALING WITH THE GENERAL PUBLIC**

### **Contact and Communications**

An IR:

- a) will at all times, when contacting anyone either from a telephone list or by any other means, respect the privacy and wishes of the person contacted;
- b) will never engage in objectionable or abusive conduct, unfair or aggressive conduct when contacting or dealing with any other person in relation to the Company or the opportunity it provides;
- c) will offer the opportunities of, and association with the Company, on its merits without exaggeration, concealment, or misrepresentation;
- d) will ensure they maintain any presentation in the proper dress code, language, and documentation thereby adhering to the highest possible standards;
- e) will observe the provisions of the law and proper decorum regarding times and days when making the calls and appointments.

### **Presenting the Opportunity**

An IR presenting the Business Plan at any time, conducting a Training Event or Seminar or IR Meeting will:

- a) not falsely represent to any party any details regarding the financial rewards available under the Company's Compensation Plan;
- b) not make any false or misleading representations about the features of the Company's products, services and programmes, including as to their standard, quality, value, characteristics, accessories, uses for a particular purpose, merchantability or benefits;
- c) not make any false or misleading representations about the price of the Company's products or services;
- d) not engage in conduct that is liable to mislead anyone as to the nature, manufacturing process, characteristics, suitability for purpose or quality of any of the Company's products or services;
- e) not make any false or misleading representations concerning the need by anyone for goods or services;

- f) make it patently clear to any person to whom the IR presents the opportunity that financial rewards to IRs are based on an IR's individual performance and may vary from IR to IR;
- g) use official literature as approved by the Company including forms, scripts, and other tools.

### **Conducting Business**

An IR must not at any time:

- a) take advantage of another person's disabilities or weaknesses, such as illness, age, infirmity, lack of education, or unfamiliarity with language;
- b) actively solicit or demand orders for the Company's products by anything other than an offer to collate any order an IR wishes to make, including by the use of physical force, undue harassment, or coercion;
- c) refuse to identify themselves when requested to do so.

### **Explaining the Business Plan**

When presenting or discussing the Company's Compensation Plan and the Benefits which are available, an IR must generally rely for reference on the Company's literature and observe the following regarding the contents of the Compensation Plan:

- a) if predictions as to profitability are made, they should reflect what an average person carrying on the Business would achieve under normal circumstances;
- b) if any estimates of profits are made, the assumptions on which they are based should be clearly stated;
- c) where there is no previous experience on which to base expectations as to profitability, this should be stated when making the representation.

When presenting or discussing the Company's Compensation Plan, an IR must not make false representations concerning:

- a) any risks likely to be associated with carrying on the business;
- b) the amount of time the average person would have to devote to carrying on the business;
- c) the annual expenditure and the annual gross income which the average person carrying on the business might expect and the method of calculating those figures.

## **OBLIGATIONS**

### **GENERAL OBLIGATIONS**

#### **Authorisation Limit**

Authorisation of an IR is limited. An IR shall refer any matter or query to the Company. An IR shall not interfere in any decision-making process without prior written approval from an authorised Company representative.

#### **Poaching Independent Representatives**

The Company does not condone the intentional poaching of competitors, distributors, or IRs from another line of referralship within the business.

### **USE OF THE COMPANY'S PROPERTY**

As trademarks, logos and service marks are registered and owned by or licensed to the Company and/or its affiliates, all written materials are the copyright of the Company. The use of trademarks, logos or service marks or the publication of copyright materials may only be undertaken with the written authorisation from the Company and not otherwise.

### **PRODUCT CLAIMS**

The Company publishes detailed data about its products, which are verifiable, accurate, and complete. An IR must not make claims about any of the Company's products or services unless it is published in the Company's official literature and accurately reflect the information contained in the literature.

### **OBLIGATIONS OF AN IR**

#### **Promote Ethical Business Practice**

An IR will:

- a) ensure the IRs in his/her group are aware of this Code and at all times carry out their business relationships either within the group or with the public in a lawful manner, with due courtesy and integrity, and in accordance with this Code;
- b) ensure they remain well informed regarding laws applicable to the business and duties of an IR including other essential facts and public policies or regulations which may affect such business and duties;
- c) keep confidential and not unethically use information that may be of detriment to another IR's Business.

#### **Company's Obligations**

The Company will ensure that:

- a) its employees will at all times act in a manner which does not conflict with the best legitimate interests of an IR and carry out duties in accordance with due professional courtesy and integrity;
- b) IRs are kept well informed regarding the laws applicable to the business and duties of IRs and other essential facts and public policies which affect such business and duties and will comply with all the requirements thereof;
- c) full cooperation of its employees is given to IRs with respect to advising them about matters which affect them;
- d) it acts in the IRs' legitimate interest to the best of its abilities.

## **Part C - APPLICATIONS**

### **APPLICATION OF THE CODE OF ETHICS**

The Company and the IR agree to accept the Code of Ethics entirely and observe its provisions.

### **Compliance**

The Company and the IR agree to ensure full compliance of the Code:

- a) in the Company's case by Directors, Executives, and all other employees;
- b) in the IR's case by the IR and his/her Downline(s).

### **Administration**

The Company will administer its dealings with IRs in a manner that is conducive and in compliance with the Code of Ethics.

### **ETHICAL CONTACT**

IR(s) must not:

- a) tout for or on behalf of another MLM Company or Direct Selling Company;
- b) divulge confidential information to unauthorised persons or for unauthorised or unethical purposes;
- c) discuss financial aspects of other IRs' Businesses;
- d) encourage another IR to change the line of referralship;
- e) engage in Cross Lining or Poaching;
- f) encourage or induce any other person to engage in Cross Lining or Poaching;
- g) use the Company's sponsored Functions, Literatures, or information media to support Cross Lining or Poaching.

### **POTENTIAL IR ASSISTANCE**

A potential IR with or without an Upline's assistance, must at all times complete all relevant parts of an IR Application Form.

### **Explanation to Prospect**

A Referrer or Upline must explain to the Prospect, and complete in their presence, the details of the IR Application Forms so that the Prospect comprehends that they are personally introduced by the Upline or Referrer.

### **Application Subject to Acceptance**

The IR Application Form is subject to the Company's discretion in accepting it as a valid application and making the appointment of that person as an IR.

### **COMPLAINTS**

If an IR becomes aware of a breach of this Code, and wishes to proceed to lodge a complaint, the complaint should be made in writing in accordance to the Company's Policies & Procedures.

### **Part D – "I AM COMMITTED TO MY SUCCESS"**

""Good Business ethics start with ME, the Leader. As a Vihaan Independent Representative, I will...

- Be honest and fair in my dealings with Vihaan;
- Perform all my professional activities in a manner that will enhance my reputation and the positive reputation established by Vihaan;
- Present the Compensation Plan accurately and honestly, clearly portraying the level of effort required to achieve success;
- Present realistic income possibilities only, and solely in relation to the appropriate effort involved;
- Present the benefits and information of the business as stated in the Company's official literature and from my own personal experiences;
- Accept and carry out to my best effort all duties expected of an IR and Referrer, including training and supporting the Downlines in my organisation;
- Abide by all Policies & Procedures that are applicable to the operation of my business;
- Strive to ensure that my Downlines are satisfied with my service and leadership;
- Answer the questions and queries of prospects and Downlines fairly and honestly;
- Refer only those people that I have developed as my own Downlines and/or business prospects;
- Always encourage prospect(s) developed by their initial referrers to be referred by them as well;
- Be clear that the business is a network marketing opportunity in which my income is related to my marketing and leadership skills as well as my own personal efforts;
- Treat all prospects, Downlines, and associates with respect, goodwill, and professional courtesy;
- Not entice Downlines from outside my Line of Referralship to sign under my organisation;
- Not misrepresent Vihaan's business in any way;
- Not use any advertising that I know may be false or misleading;
- Be fair and just to my Downlines and associates, and not engage in practices that may reflect unfavourably on myself, my organisation, the Company, and/or the industry;
- Conduct myself in such a manner as to reflect only the highest standard of integrity, frankness, and responsibility because I recognise that my actions as an IR with Vihaan have far-reaching effects;
- Use the information contained in all Vihaan websites for my personal, non-commercial use only;

### **6.07 Obligations to Downline(s)**

1. An IR engaged in direct selling should carry his/her national identity card and not visit the customer's premises without any prior appointment and/or approval;
2. At the initiation of the sales presentation, an IR, without request, should truthfully and clearly identify himself/herself and the identity of the direct selling entity, the nature of the goods or services sold and the purpose of the sales presentation to the prospective consumer/customer;



3. An IR must offer a prospective consumer/customer accurate and complete explanations and description of the goods and services, prices, credit terms, terms of payment, return policies, terms of guarantee, and after-sales services.
4. An IR must provide the following information to the prospect/consumer at the time of sale, namely:
  - a. Name, address, registration number or enrolment number, identity proof and telephone number of the direct seller, and details of the direct selling entity;
  - b. A description of the goods or services to be supplied;
  - c. Explain to the consumer/customer the goods return policy of the company in detail before the transaction is concluded;
  - d. The order date and the total amount to be paid by the consumer along with the bill and receipt;
  - e. Time and place for inspection of the sample and delivery of the goods and services;
  - f. Information of his/her rights to cancel the order and/or to return the product in saleable condition and avail of full refund on sums paid;
  - g. Details regarding the complaints redressal mechanism;
- 5: A direct seller shall keep proper books of accounts stating the details of the products, price, tax, and the quantity and such other details in respect of the goods sold by him/her, in such form as per the applicable law.
- 6: An IR shall not:
  - a. Use misleading, deceptive and/or unfair trade practices;
  - b. Use misleading, false, deceptive, and/or unfair recruiting practices, including misrepresentation of actual or potential sales or earnings and false advantages of Direct Selling to any prospective direct seller/consumer/customer, in their interaction with prospective individuals;
  - c. Make any factual representation to a prospective direct seller that cannot be verified or make any promise that cannot be fulfilled;
  - d. Present any advantages of Direct selling to any prospective direct seller in a false and/or deceptive manner;
  - e. Knowingly make, omit, engage, or cause, or permit to be made, any representation relating to the Direct Selling operation, including remuneration system and agreement between the Direct Selling entity and the direct seller, or the goods and/or services being sold by such direct seller which is false and/or misleading;
  - f. Require or encourage the direct seller engaged or prospected by the first mentioned direct seller to purchase goods and/or services in unreasonably large amounts/quantities;
  - g. Provide any literature and/or training material not restricted to collateral issued by the Direct Selling entity, to a prospective and/or existing direct seller both within and outside the parent Direct Selling entity, which has not been approved by the parent Direct Selling entity;
  - h. Require prospective or existing direct sellers to purchase any literature or training materials or sales demonstration equipment.
7. The relationship between the Direct selling entity and the Direct Seller shall be determined as per the written agreement between the parties which shall contain the rights and obligations that are expressly provided as conditions for the conduct of direct selling business as well as provide for the obligation of the direct selling entity and the direct seller in terms of these guidelines;
8. All other rights and obligations shall be determined as per the express terms of the written agreement between a Direct Selling Company and the Direct seller;
9. Any person who sells or offers for sale, including on an e –commerce platform/market place, any product or service of a Direct Selling Entity must have prior written consent from the respective direct selling entity in order to undertake or solicit such sale or offer.
10. Any IR who refers a potential IR to the Company is required to provide genuine assistance and training to ensure that his/her Downline is properly operating and conducting the business. It is advantageous to both the Referrer(s) and their Downline(s) to have on-going contact and communication.
11. IRs must truthfully convey and give a fair description of the Compensation Plan. No past, potential, or actual income claims may be made to prospective IRs. IRs must not use their own income, or other IRs' income, as indication or assurance to coerce a potential IR. Any Commissions paid by the Company shall not be used as marketing materials.
12. IRs shall not guarantee commissions or project any income estimation to potential IRs.
13. IRs shall not put any undue pressure on their Downlines regarding the business, to do anything they do not want to do or are not comfortable doing.

#### **6.08 Cross Lining**

Subject to clause 10.01 and clause 10.03 herein, no IR may refer or attempt to refer another IR from a different line of referralship to 'switch' to his/her or another line of referralship. Examples of Cross Lining are:

- (a) Placing additional TCs of his/her own in lines of referralship not below his/her Primary TC;



(b) Placement of a new IR using another IRs name known to the Referrer and placing it in lines of referralship not below the Referrer's Primary TC, while intending to profit from the proceeds of the said new IR;

(c) An IR owning an interest in an entity that is an IR in lines of referralship not below his/her Primary TC;

(d) Entering in other lines of referralship under the same name as an existing IR using a valid IR Identification Number other than the one used previously.

Any situation (whether in the above examples or others) found to be in violation of these clauses shall be met with the greatest scrutiny and may result in termination of the newly placed IR, as well as the IR having instigated such cross lining.

#### **6.09 60-Day Non-Compete Clause**

If an IR who successfully procured a potential Customer or potential IR to sign any written document evidencing that the said IR successfully referred that potential Customer or IR to the Company, the potential Customer or IR shall not within sixty (60) days from the date of the written document register himself/herself under the referralship of any other IR. The Company shall have the right to suspend, terminate or switch the TC or IRship for any breach of this clause.

#### **6.10 Obligation not to Refer to Other Network Marketing Companies and Programmes**

An IR shall not refer, attempt to refer, or knowingly assist another person to refer, another IR or any person into any other direct selling or network marketing company or into another IR's sales organisation. In addition, no IR shall participate in any action knowing that participating in such action may cause another IR or any person to be referred through someone else into another network marketing company.

IRs are strictly prohibited from promoting any competing services, products and/or business programmes.

At Company functions, or on all Company premises, an IR shall not solicit any person to join any other network marketing company or promote the sale of products of any other direct selling or network marketing company.

Breach of any part of this clause is a serious breach of the P&P and may lead to immediate suspension or termination of the IR who is in breach.

#### **6.11 Breach of Security**

All IRs have a responsibility to maintain the network integrity of the Company. Any IR who is found to be 'hacking' into, or interfering, or tampering with the Company's database, or any part of the Company's computer systems (hardware and/or software), or attempting to do any of the aforesaid acts shall be liable to immediate termination of his/her IRship. He/she shall also be liable to the Company for all consequential damages and losses resulting from such breaches.

#### **6.12 Legal Compliance**

IRs must comply with all laws, statutes, regulations directives, by-laws and ordinances concerning the operation of their Business.

#### **6.13 Tax and Expenditure**

IRs are personally responsible and liable for paying local, state, provincial and federal taxes (where applicable) on any income they generate as IRs. Unless required by law, regulations or rules in India, the Company shall have no obligation to provide tax information or any other related information about the income, commissions and/or bonuses earned by IRs to any government authorities.

Any commissions and/or bonuses paid by the Company are net earnings of an IR after deduction of statutory government taxes like TDS (Tax Deducted at Source) or any other taxes as applicable from time to time. In the event of any oversight by the company in regards to deduction of any statutory government taxes the same shall be recovered from the respective IR's.

#### **6.14 Obligation to the Company**

An IR shall, at all times, remain loyal to the Company and shall not publish any written and/or verbal disparaging, or adverse information, and/or statement(s) against the Company. He/she shall hold the Company's management in high esteem at all times, failing which, he/she may be suspended or terminated notwithstanding that he/she may also be liable for libel or slander.

### **7) Commissions and Bonuses**

#### **7.01 Qualification for Commissions and/or Bonuses**

An IR must be in compliance with this Agreement, P&P, the Product Terms & Conditions and Compensation Plan.. So long as an IR is entitled under the Compensation Plan to receive commissions and/or bonuses, the Company shall pay commissions and/or bonuses to the IR in accordance with the Compensation Plan. IRs must refer to the Compensation Plan for a detailed explanation of the benefits, commissions and/or bonuses structure, and the corresponding requirements.

Commissions and/or bonuses are paid ONLY on the sale of the Company's products. No commission or bonuses will be paid on any purchase of the Company's marketing material, literature, Business Planner, Product Portfolio, or for referring other IRs and/or Customers.

There is no compulsion for an individual to attend any company event and or buy any marketing material. Attending any company event is not a qualifying criterion for any type of income for the IR or his/her upline.

In order to receive commissions and/or bonuses on Products sold, an IR has to complete the IR Application Form that must be received and accepted by the Company prior to the end of the Commission Period in which the sale is made.

Commissions and/or bonuses are calculated for each individual Tracking Centre. An IR is entitled to have more than one (1) Tracking Centre. For details of additional TCs and placement of TCs, please refer to the Compensation Plan as detailed in Appendix 1.

#### **7.02 Commission Period**

A Commission Period means the period when commission is calculated and paid based on the preceding week's sales. The calculation of commissions starts from 00:01 on Saturdays and ends at 23:59 on Fridays, Hong Kong Standard Time. However, calculation for commission is calculated daily at the end of each day from Monday to Friday only. All transactions or BVs accumulated by or for any IR during Saturday and Sunday shall be considered as if they were accumulated on Monday for all the purposes of calculating commissions and/or bonuses.

#### **7.03 Adjustments to Commissions and/or Bonuses**

IRs will receive commissions, bonuses and other benefits under the Compensation Plan based on the actual sale of Products to Customers or IRs. When a Product is returned to the Company for a refund or is repurchased by the Company, or the transaction is in any way not successfully completed, the commissions, bonuses and/or other benefits attributable to the returned or repurchased product or the unsuccessful transaction will be deducted in the Commission Period in which the refund or repurchase occurs, and continuing every Commission Period thereafter until the commissions, bonuses and/or other benefits are fully recovered from the IRs who received commissions and/or bonuses on the sale of the refunded or repurchased product.

In addition, if the Company has already paid commissions and/or bonuses to an IR for a returned Product, the Company shall have the right to request the IR for the return of the said commissions and/or bonuses, and the IR must return such commissions and/or bonuses to the Company.

#### **7.04 Compensation Summary**

The Company reserves the right to charge a processing fee when issuing an electronic or paper Compensation Summary as and when requested by an IR.

#### **7.05 Payment of Commission**

All commissions and/or bonuses an IR earns will be credited to his/her Commission Payable Account. The IR may instruct the Company to make payment to him by way of telegraphic transfer, or demand draft, or such other mode as is offered by the Company, out of his/her Commission Payable Account.

#### **7.06 Unclaimed Commissions and/or Bonuses**

In the event the Company issues commissions in the form of a cheque or demand draft, IRs must deposit or cash the same within three (3) months from the date of issuance. A cheque or demand draft that remains uncashed after three (3) months will be made void. After a commission cheque or demand draft has been made void, and if the IR who holds that void commission cheque or demand draft requests the Company to reissue another commission cheque or demand draft in replacement, the Company shall be entitled to charge that IR a processing fee for the reissuance of the same. The processing fee shall be deducted from the balance owing to the IR.

#### **7.07 Set Off**

The Company shall have the right to set off any debt(s) an IR owes to the Company against his/her commissions and/or bonuses.

### **8) Resignation, Suspension and Termination**

#### **8.01 Resignation**

An IR may voluntarily resign from and/or terminate his/her IRship by tendering thirty (30) days' written notice of such resignation or termination to the Company. Voluntary resignation and/or termination is effective upon the expiry of the thirty (30) day notice period.

#### **8.02 Suspension**

An IR may be suspended for violating any term of this Agreement, P&P, Product Terms and Conditions, the Compensation Plan and/or any other relevant documents produced by the Company. When a decision is made to suspend an IR, the Company will inform the IR in writing of the decision, the effective date of the suspension, the reason(s) for the suspension, and the steps necessary to remove such suspension (if any). The suspension notice will be sent to the IR's address on file pursuant to the notice provisions contained in the P&P. Such suspension may or may not lead to termination of the IR as determined by the Company at its sole discretion. The IR may seek a review of the decision, by making a request in writing to the Company within fifteen (15) days from the date of the suspension notice. The Company will review the suspension and notify the IR in writing, in accordance with the notice provisions in clause 13.12, of its decision within thirty (30) days from the date of receipt of the IR's written request. The decision of the Company pursuant to review shall be final. No further review or appeals shall be entertained. The Company may take certain action(s) during the suspension period, including, but not limited to, the following:

- (a) Prohibiting the IR from holding himself/herself as an IR or using any of the Company's proprietary marks and/or materials;
- (b) Withholding commissions and/or bonuses due to the IR during the suspension period;
- (c) Prohibiting the IR from purchasing Products from the Company;
- (d) Prohibiting the IR from referring new IRs, contacting current IRs (as is the same personal right of any IR), or attending meetings of, for, or by IRs or the Company;
- (e) If the Company, in its sole discretion, determines that the violation that caused the suspension is continuing, and has not satisfactorily been resolved, or a new violation involving the suspended IR has occurred, the suspended IR may be terminated.

#### **8.03 Termination**

Dependent upon the seriousness of the violation, an IR may be immediately terminated for violating the terms of this Agreement, P&P, Product Terms and Conditions, Compensation Plan, and/or any other relevant documents produced by the Company. The Company may, at its sole discretion, terminate a violating IR without placing the IR on suspension. When the decision is made to terminate an IR, the Company will inform the IR in writing that the termination has occurred in accordance with the notice provisions in clause 13.12.

The IR may seek a review of the decision to terminate by making a request in writing to the Company within fifteen (15) days from the date of notice of termination. The Company will review the termination and notify the IR in writing, in accordance with the notice provisions in clause 13.12, of its decision within thirty (30) days from the date of receipt of the IR's written request. The decision of the Company pursuant to review shall be final. No further review or appeals shall be entertained.

#### **8.04 Termination for no activity**

The company reserves the right to terminate a contract, with a 90-day notice period, in cases where an IR is found to have made no sales of goods or services for a period of up to two years since the contract was entered into, or since the date of the last sale made by the IR. The company will inform the IR in writing by email sent to their registered email address 90 days prior to termination. In the event that the IR makes a sale or purchase even after the notice is sent but before the 2-year period lapses, the IR will remain in an active status and the notice will be treated as void.

#### **8.05 Effects of Resignation, Suspension and Termination**

After resignation, the former IR must not represent himself/herself as an IR of the Company, and shall cease to use any materials bearing the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any Product, plan or programme or any other literature of the Company. He/she shall have no rights to enjoy any benefits under this Agreement, P&P, the Product Terms and Conditions, and/or Compensation Plan.

If an IR is suspended, he/she shall not before the removal of his/her suspension, further represent himself/ herself or hold himself/herself out as an IR of the Company. Nor shall he/she use any materials bearing the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any Products, plan or programme or any other literature of the Company. He/she shall have no rights to enjoy any benefits under the Agreement, P&P the Product Terms and Conditions and/or Compensation Plan. But he/she shall be allowed to retain his/her TCs pending the final resolution of his/her case. Any commissions and/or bonuses payable to him/her will be suspended and shall be retained by the Company. If the suspension of the IR is subsequently removed, all outstanding commissions and/or bonuses shall be paid to the IR. However, if the IR is subsequently terminated, the termination shall be treated as effective from the effective date of the suspension and all commissions and/or bonuses retained as aforesaid by the Company shall be forfeited forthwith to the Company.

Immediately upon termination, the terminated IR:

- (a) Must remove and permanently discontinue the use of the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any Product, plan or programme or any other literature of the Company;
- (b) Must cease representing himself/herself as an IR of the Company;
- (c) Loses all rights to his/her IR position in the Compensation Plan and to all future commissions and earnings resulting therefrom;
- (d) Must take all actions reasonably required by the Company relating to protection of the Company's confidential information. The Company has the right to set off the amount to the extent of the damages/losses caused by the IR, the extent of damages/losses being assessed at the sole discretion of the Company without limitation, any indemnity obligation incurred pursuant to clause 12.14 herein, from commissions and/or bonuses or other compensation due to the IR.

#### **8.06 Reapplication**

A Representative who resigns or has been terminated due to a violation of the P&P and/or the Code of Ethics as determined by the Company may only reapply as a Representative twelve (12) months from the date of termination, and the acceptance of which will be subject to the approval of the Company.

### **9) Transfer of IRship**

#### **9.01 Acquisition of IRship**

- (a) Except as expressly set forth herein, an IR may not sell, assign or otherwise transfer his/her IRship (or any rights thereof) to another IR or to any other person. Notwithstanding the foregoing and clause 9.01(c) but subject to clause 9.01(d), an IR may transfer his/her IRship to his/her personal Referrer or the personal Referrer of his/her personal Referrer up to five (5) personal Referrer levels. In such an event, the Referrer's IRship and the transferring IR's IRship shall be merged into a single IRship.
- (b) No transfer of IRship shall be allowed within six (6) months from the date of registration of the IR. In the event of a transfer, an IR has to transfer all his/her TCs, i.e. the entire IRship, to the transferee without limitation and/or exception.
- (c) Any IR desiring to acquire the IRship of another IR or any interest therein must first terminate his/her IRship and allow twelve (12) months before becoming eligible for such an acquisition. All such transactions must be fully disclosed in writing and must be approved by the Company in advance.
- (d) IRs may not sell, assign, merge or transfer their IRship (or any right thereto) without the prior written approval of the Company and with due compliance with the following conditions:
  - (d.1) The Company possesses the right of first refusal with respect to any sale, assignment, transfer or merger of any IRship. An IR who desires to sell, assign, merge or transfer his/her IRship must first offer it to the Company in writing on the same terms and conditions as any outstanding or intended offer. The Company will advise the IR within fifteen (15) days upon receipt of such notice of its decision to accept or reject the offer. If the Company fails to respond within the fifteen (15) day period or declines such offer, the IR may make the same offer or accept any outstanding offer that is on the same terms and conditions as the offer to the Company to any person who is not an IR;

(d.2) The IR and the prospective purchaser must provide the Company with a copy of all documents that relate to the sale, assignment, transfer, or merger including, without limitation, the name of the purchaser, the purchase price, and terms of purchase and payment;

(d.3) An administration fee for transfer will be charged for such transfers.

(d.4) The IRship transfer agreement must contain a condition made by the selling IR for the benefit of the proposed purchaser not to compete with the proposed purchaser or attempt to divert or refer any existing IR for a period of one (1) year from the date of the sale or transfer;

(d.5) Upon completing the sale, transfer merger or assignment as approved in writing by the Company, the purchaser must assume the position and terms of the agreement of the selling IR and must execute a fresh IR Application Form and all such other documents as required by the Company;

(d.6) The Company reserves the right, at its sole discretion, to stipulate additional terms and conditions prior to approval of any proposed sale, assignment, merger or transfer. The Company reserves the right to disapprove any such sale, assignment, merger or transfer.

## **9.02 Complying with Company Requirements**

Any sale, assignment, merger or transfer of IRship, or any interest therein which does not comply with the above requirements, will not be accepted or recognised by the Company.

## **9.03 IRships not Settled in Full**

No transfer, assignment, merger or sale of IRship will be allowed if the transferor, assignor or selling IR has not fully settled any or all dues to the Company.

## **9.04 Transfer to One's Downline**

Transfer of an IRship to one's own Downline is not allowed.

## **9.05 Circumvent Compliance**

If it is determined, at the Company's sole discretion, that an IRship was transferred in an effort to circumvent compliance with the Agreement, the P&P and/or the Compensation Plan, the transfer will be declared null and void. The Company may, at its sole discretion, take appropriate action(s), including, without limitation, terminating the transferring IR's IRship.

## **10) Devolution**

### **10.1 Death**

An IR must nominate a person as his/her beneficiary to whom the Company will transfer the IR's IRship upon the death of the IR. This nomination is a mandatory requirement in the IR Application Form. The IR has a right to change his/her beneficiary during his/her lifetime by giving written notice to the Company. However, the Company will not accept such a transfer unless the beneficiary or the last beneficiary has executed a fresh IR Application Form and submitted certified copies of the death certificate of the IR to the Company. The beneficiary will then be entitled to take over the IRship of the deceased IR and entitled to all the commissions, bonuses or other benefits accrued thereafter and all the rights, and/or be subject to all the obligations as an IR of the Company. If the beneficiary has predeceased the IR and the IR had failed to nominate a living beneficiary, his/her IRship shall be terminated upon his/her death. All monies due under the IRship shall be distributed according to the laws relating to intestacy in India. Any cross lining as a consequence of the devolution of IRship under this clause shall not be treated as a breach of the P&P.

### **10.2 Dissolution of a Partnership**

If an IRship is registered by two (2) or more persons, they will be deemed as a partnership under this Agreement and the P&P. In the event that the partnership is dissolved, unless the Company receives a valid and legally enforceable agreement signed by all the partners regarding the arrangement of their IRship within thirty (30) days of being notified of the dissolution of the partnership, their IRship will be automatically terminated after the expiry of the said thirty (30) day period.

### **10.3 Marriage and Divorce**

In the event that two (2) IRs in separate lines of referralship were to marry, they may nonetheless maintain their individual IRships'. They may merge their IRships into one (1) but they however, will not be allowed to transfer or change the positions of their TCs in the Genealogy. The merger shall not be treated as cross lining under clause 6.08. Should a married couple opt to merge to a single IRship reflecting both as equal owners and these two (2) individuals subsequently divorce or separate, the Company will continue to pay earned commission as before the divorce or separation until the Company receives written notice, signed and notarised by both parties or by a court decree, specifying how future commissions are to be paid.

## **11) Proprietary Information**

### **11.01 Confidential Information**

During the term of this Agreement, the Company may supply to IRs confidential information, including, but not limited to, genealogical and Downline reports, Customer lists, Customer information developed by the Company or developed for and on behalf of the Company by IRs (including, but not limited to, credit data, Customer and IR profiles, and Product purchase information), IR lists, manufacturer and supplier information, business reports, commission or sales reports, and such other financial and business information that the Company may designate as confidential. All such information (whether in written or electronic format) is proprietary and confidential to the Company and is transmitted to IRs in the strictest confidence on a 'need-to-know' basis for use solely in the IR's business with the Company.

IRs must use their best efforts to keep such information confidential and must not disclose any such information to any third party, or use such information for any non-Company activity directly or indirectly while as an IR or thereafter. IRs must not use the information to compete with the Company or for any purpose other than promoting the Company's programme and its Products. Upon non-renewal or termination of this Agreement, IRs must discontinue the use of such confidential information and promptly return any and all confidential information in their possession to the Company.

#### **11.02 Online and Telephonic Reports**

Upon a Representative's request, the Company may provide information such as online or telephonic Downline activity reports, including, but not limited to, personal and group sales volume (or any part thereof), and Downline referring activity, to the Representative. Nevertheless, due to any of the various factors, including but not limited to, the inherent possibility of human and mechanical error; information technology failures; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic cheque payments; returned products; and credit card and electronic cheque charge-backs; the information and/or the accuracy, completeness, adequacy, timeliness or otherwise thereof is not guaranteed by the Company or any persons creating or transmitting the information.

#### **11.03 Use of Company's Name, Logo, or Trade Names**

(a) The Company name, logo, trade name, trademarks, Product names, brochures, catalogues, sales material, contracts and sales training sessions, literature, audio or video material, presentations or events are copyright-protected property of the Company, and the Company retains ownership rights or exclusive licenses to the contents in its entirety.

(b) IRs shall not reproduce or distribute privately reproduced versions of such materials as stipulated in clause 11.03 (a) under any circumstances. IRs shall not use the Company name, logo, trade name, trademarks, programme names, or Product names in any other manner or form without the prior written consent of the Company.

#### **11.04 Copyright Restrictions**

With respect to Product purchases from the Company, IRs must abide by all manufacturers' recommended use and restrictions.

Without prior written approval from the Company, no IR shall video and/or audio record the Company's meetings, conferences and/or training sessions or any speeches (including conference calls) given therein.

#### **11.05 Vendor Confidentiality**

The Company's business relationships with its vendors, manufacturers and suppliers are confidential. IRs must not contact, directly or indirectly, or speak to, or communicate with any supplier or manufacturer of the Company except at Company-sponsored events at which the supplier or manufacturer is present at the request of the Company.

### **12) Promotion of IR's Business**

#### **12.01 Promotional and Advertising Materials**

Only the promotional and advertising materials produced or approved in advance in writing by the Company may be used to advertise or promote an IR's Business, or to sell Products of the Company. Company literature and materials may not be duplicated, reprinted or personalised without prior written permission of the Company. IRs are not allowed to reproduce promotional items of the Company. All promotional items that bear the Company's name or logo must be purchased solely from the Company unless prior written permission is obtained from the Company.

An IR may affix or state his/her name, address, IR Title, contact number and IR Identification Number to any promotional materials that the Company has approved or sold to him/her.

#### **12.02 Income Claims**

No income projections, including those based solely on mathematical projections or 'ideal projections' of the Compensation Plan will be allowed to be made to prospective IRs or Customers. No IR may represent his/her own incomes as an indication of the success assured to others, since income success is dependent on many variables. IRs shall not guarantee any salaries, draws, expenses, allowances, or such other income. No IR shall share or display an original or a copy of his/her earned commission or bonuses as an enticement to any prospective IR.

Earning and Income disclaimer:

We make every effort to ensure that we accurately represent these products and services and their potential for income. Earning and/or income statements made by our Company and/or Independent Representatives are estimates of what you can possibly earn. There is no guarantee that you will make these levels of income and you accept the risk that the earnings and income statements differ by individual. The examples are not to be interpreted as any guarantee, promise, representation and/or assurance. We do not purport our business and/or us as being a 'get rich scheme'.

As with any business, your results may vary, and will be based on your individual capacity, business experience, expertise, and level of desire. There are no guarantees, promises, representations, and/or assurances concerning the level of success you may experience. Your level of success in attaining the results claimed depends on the time you devote to the business, the ideas and techniques mentioned, your finances, knowledge, and various skills, since such skills and factors differ according to individuals.

Testimonials and examples used are exceptional results, which do not, or may not, apply to the average person, and are not intended to guarantee, promise, represent, and/or assure that anyone will achieve the same or similar results. We reiterate that each individual's success depends on his or her background, dedication, desire, and motivation.

There is no assurance that examples of past earnings can be duplicated in the future. We cannot guarantee your future results and/or success. There are some unknown risks in business and on the Internet that we cannot foresee, which can reduce results. We are not responsible for your actions. Any claims made of actual earnings or examples of actual results can be verified upon request.

The use of our information, products, and/or services should be based on your own due diligence, which you undertake and confirm that you have carried

out to your entire satisfaction. You agree that our company is not liable for any success or failure of your business, acts, and/or conduct that is directly or indirectly related to the business, and/or the purchase and use of our information, products, and/or services.

### 12.03 Title of IRs

IRs shall only present themselves as “an Independent Representative of the Company”. Reference may be made to the relative rank an IR achieved at any one time, for example a Gold Star Independent Representative.

### 12.04 Stationery and Business Cards

- (a) Only the approved Company graphics version and wordings are permitted to be used.
- (b) Unless prior approval has been obtained from the Legal Affairs Department of the Company, IRs are not permitted to ‘create’ their own stationery, business cards or letterhead graphics, where the Company’s trade name or trademarks are used.
- (c) IRs are not allowed to insert the address, contact numbers or emails of any office of the Company or its associated or related companies in their business cards, stationery or letterheads.

### 12.05 Electronic Advertising

IRs shall not advertise or promote the Company’s business, Products or marketing plan or use the Company’s name in any public media including electronic media or transmission, on the Internet via websites or otherwise, without the prior written approval of the Company’s Legal Affairs Department. Upon obtaining such approval, IRs are required to comply with the Company’s Social Media Policy. Spamming and the use of automatic telephone dialling systems are prohibited. Breach of this clause is a serious breach of the P&P and could lead to the immediate suspension or even termination of the IR.

Independent Representatives are permitted to discuss and promote their business on social media platforms such as blogs, Facebook, YouTube, LinkedIn, MySpace, etc. The following is the Company’s policy and guidelines on such representation. The absence of, or lack of explicit reference to a specific site, does not limit the extent of the application of this policy. Where no policy or guideline exists, Independent Representatives should use their professional judgment and take the most prudent action possible.

- a. Personal blogs, websites, and social media profiles should have clear disclaimers that the views expressed by the author are the author’s alone and do not represent the views of the Company.

**E.g.** “The opinions and positions expressed are my own and don’t necessarily reflect those of QNet Ltd.”

- b. You must represent yourself accurately and clearly state your relationship with the Company as Independent Representative. No other claims may be made as employee, agent or otherwise.
- c. You may not use the Company’s trademarks or brands in any username or handle in any social media platform. These include but are not limited to Twitter, Facebook, and LinkedIn.
- d. Information published on your blogs, websites, and social media profiles should comply and adhere with QNET’s Policies & Procedures. (See clause 11.03, 11.04, and 11.05 of the Policies & Procedures). This also applies to comments posted on other blogs, forums, and social networking sites.
- e. Independent Representatives may not use or attempt to register or sell any of QNET and its associated companies’ trade names, trademarks, service names, service marks, product names, or any derivative thereof, for any internet domain name or email address (See 10.03 (c) of the Policies & Procedures).
- f. By identifying yourself as an Independent Representative, you identify yourself with the brand image and the values of the Company. As such, your online activity can affect others’ perceptions of the Company, its products and services. It is therefore important to be aware that your actions captured via images, posts, or comments can reflect that of the Company. The following guidelines must be adhered to for posting any content online:

- You must use only text found on the Company’s official website.
- You may not supplement the content of your website or social networking profile with text from any source other than the Company.
- All content must be spell-checked.
- All misleading or deceptive activities, information, and tactics are prohibited.
- Respect copyright laws, and reference or cite sources appropriately.
- No abusive language is permitted.
- No personal attacks are permitted.

- g. Independent Representatives must always disclose their relationship or identify themselves as a QNET Independent Representative when making any comment in regard to QNET and/or its products.

- h. Independent Representatives who provide testimonials online must be truthful and subject to typical results.

**E.g.** “I made INR 200,000 in one month with QNET, and you can too.” While this statement may be true, the result is not “typical”. Such statements would be in violation of the current guidelines. Whenever discussing earnings, you should refer to clause 11.02 of the Policies & Procedures for guidance on this subject matter.

- i. For paid Internet advertising such as Facebook ads, the Company’s logo or trademark may not be used. All links must be directed to the IR’s Personal Website and not the Company’s official site.

- j. If you have a complaint with the Company, contact the Company for resolution through any of its official social media channels available at [www.qnetindia.net](http://www.qnetindia.net). Alternatively, you may contact us on 9900060062/64/68. Do not use other social media to express your grievances publically

as the Company will have no way of addressing your grievance. Many of the people who read your grievance won't know when it is resolved, so they will be left with bad unresolved feelings that may never be corrected.

#### **12.06 Telephone Listing**

IRs are not permitted to use the Company's trade name in advertising their telephone and telecopy numbers on materials not produced and approved in writing by the Company's Legal Affairs Department.

#### **12.07 Media Interviews**

IRs are prohibited from granting radio, television, newspaper, tabloid or magazine interviews or using public appearances, public speaking engagements, or making any type of statement to the public media to publicise the Company, its Products or Company businesses, without the express prior written approval of the Company. All media enquiries should be referred to the Company's Corporate Affairs Department.

#### **12.08 Independent Communication**

IRs, as independent contractors, are encouraged to distribute information and direction concerning the Business to their respective downlines. However, IRs must ensure that their downlines can identify and distinguish between personal communication and the official communication of the Company.

#### **12.09 Display of Company Products**

The integrity of the Compensation Plan is built upon person-to-person, one-on-one and in-door presentation methods of sale. IRs shall not knowingly sell any Company Product to, or display any Company Product, Company name, trademark, literature, or promotional materials at any retail outlet, including, but not limited to, supermarkets or food stores, flea markets or swap meets, permanent restaurant displays, bars or night clubs or any such similar establishment, convenience stores or gas stations, or on any other e-commerce platform. Any exemptions under this clause must be approved in writing by the Legal Affairs Department of the Company.

IRs may promote the Compensation Plan at their office, fairs, and trade shows on the condition that it is not presented or displayed with any other compensation plan associated with any other direct selling company or networking company.

#### **12.10 Product and Services Claims**

IRs shall make no claim, representation or warranty concerning any Product of the Company, except those expressly approved in advance in writing by the Company, or contained in official Company materials, such as Product brochures and the P&P.

#### **12.11 Fax Blasts and Spamming**

Fax blasting and unsolicited emailing (spamming) is prohibited.

#### **12.12 Record Keeping**

The Company encourages all IRs to keep complete and accurate records of all their business dealings.

#### **12.13 Legal Conformity**

Any tool or presentation technique used by an IR whilst promoting the Company's business concept, Products and/or the Compensation Plan must be within the scope of an IR's rights in his/her respective country and state or province. It is the IR's responsibility to ensure that any statements made, or any demonstration techniques performed, are, in fact, lawfully permitted in his/her country and state or province. If a special license or professional degree is required in a certain location to legally make such statements or perform such presentations, or to conduct such business, then it is the IR's responsibility to secure the necessary license, degree or permit.

#### **12.14 Indemnity Agreement**

Each and every IR shall indemnify and hold harmless the Company, its shareholders, officers, directors, employees and agents from and against any claim, demand, liability, loss, cost or expense including, but not limited to, court costs and attorneys' fees, asserted against or suffered or incurred by any of them, directly or indirectly arising out of, or in any way related to, or connected with allegedly or otherwise, the IR's:

- (a) Activities as an IR;
- (b) Breach of the terms of this Agreement, the P&P, Product Terms and Conditions and the Compensation Plan; and
- (c) Violation of or failure to comply with any applicable laws, regulations or rules in India.

### **13) General Provisions**

#### **13.01 Company's Employee Prohibition**

Employees of the Company and their immediate family members (for example spouse, mother, father, brother, sister) are strictly prohibited from taking part in the Compensation Plan. Breach of this clause will be deemed serious, and could result in the dismissal of the employee and the removal of his/her entire network to the credit of the Company. The Company shall have the sole discretion to determine whether or not to terminate or suspend the network and/or IRship of the immediate family member. IRs being transferred to a paid position or taking up an employment with the Company shall, prior to their acceptance of the employment or paid position, file ownership transfer notice to the Company and give up their ownership rights and privileges of their TCs to persons to be nominated by the IR.

#### **13.02 Liability**



Representatives agree and acknowledge that they are making use of the Company's websites, services, software, functions, information, applications and tools (herein after referred to collectively as the "Services") at their own risk, and that the Services are provided "AS IS" "AS AVAILABLE" "WITH ALL FAULTS" without any warranty of any kind, whether express or implied, including without limitation, that the Services will be provided uninterrupted and continuously at all times.

To the fullest extent permitted by law, the Company shall not be liable for, and each Representative releases the Company from, and waives all claims for any loss of profits, indirect, direct, special, incidental, punitive or consequential damages or any other losses and/or damages whatsoever incurred or suffered by Representative as a result of:

- (a) the breach by another Representative of his/her Agreement, any Term or Condition of the P&P, and/or the Compensation Plan;
- (b) the operation of other Representatives' business;
- (c) any inadvertent, incorrect or wrong data or information provided by the Company;
- (d) the Company's failure to maintain complete and accurate records of Representatives' business dealings;
- (e) any system, server or connection failure, breach of security, error, tampering, unauthorised intervention, fraud, deletion, defect, omission, interruption, delay in operation or transmission, computer virus, bug or other malicious, destructive or corrupting code, agent programme or macros, or any other technical or other malfunction;
- (f) Representatives' access, use or inability to access or use the Services; and
- (g) the Company's failure to provide any information or data necessary for Representatives to operate their business, including, without limitation, the marketing and promoting of products of the Company and/or the introducing or referring of persons as Customers/Representatives to the Company,

regardless of whether the Company has been advised or should have been aware of the possibility of such losses and/or damages.

In the event any of the above exclusion on remedies, damages or liability is prohibited or restricted by law, and the Company is held liable to any Representative for any reason, the Representative shall limit the liability of the Company to the Representative for any and all losses, damages, costs (including attorneys' fees), expenses, claims, demands, suits, actions, proceedings, orders or judgments whatsoever, so that the total aggregate liability of the Company to the Representative shall not exceed the sum of INR 310,000.

### **13.03 Force Majeure**

The Company shall not be responsible for delays or failure in performance caused by circumstances beyond the Company's control, such as strikes, labour difficulties, fire, floods, earthquakes, Acts of God and other natural disasters, war, government decrees or orders, information technology (including hardware and software) failures arising out of zero-day vulnerabilities or curtailment of a party's usual source of supply.

### **13.04 Violations**

It is the obligation of every IR to abide by and maintain the integrity of the P&P. If an IR observes another IR committing a violation, he/she should discuss the violation directly with the violating IR. The IR must report such violation to the Company. He/she should detail the violation in writing or complete the Company's Complaint Form, which is downloadable from the official Company website at [www.qnetindia.net](http://www.qnetindia.net) and mark the correspondence "Attention: Network Compliance Department", or by email to [support.centre@qnetindia.in](mailto:support.centre@qnetindia.in).

### **13.05 Amendments**

The Company reserves the right to amend/change this P&P, its retail prices, Product availability, and/or the Compensation Plan at any time without prior notice as it deems appropriate. Amendments will be communicated to IRs through official Company publications or the Company's website at [www.qnetindia.net](http://www.qnetindia.net). Amendments are effective and binding upon submission to the Company's website. In the event any conflict exists between the original documents or policies and any such amendment, the amendments shall prevail.

### **13.06 Assignment/Novation/Transfer**

The Company may at any time, without the consent of the IR, assign, novate or transfer all or part of its benefit, rights and obligations under this Agreement to a third party and the IR undertakes to execute and do all such things as the Company may require for perfecting and completing such assignment, novation or transfer.

### **13.07 Non-Waiver Provision**

No failure of the Company to exercise any power under this P&P or to insist upon strict compliance by an IR with any obligation or provision herein, and no custom or practice of the parties at variance with the P&P, shall constitute a waiver of the Company's right to demand exact compliance with the Agreement and/or this P&P.

The Company's waiver of any particular default by an IR shall not affect or impair the Company's rights with respect to any subsequent default, nor shall it affect in any way the rights or obligations of any other IR. A waiver by the Company can be effected only in writing by an authorised officer of the Company.

### **13.08 Governing Law**

This Agreement, the P&P, the Product Terms and Conditions and the Compensation Plan shall be governed by the laws of the Republic of India.

### **13.09 Jurisdiction**

Any dispute, controversy or claim arising from or in connection with this Agreement, the P&P, the Product Terms and Conditions and/or the Compensation Plan or the breach, termination or invalidity thereof (herein after called the "Matter"), shall first be sought to be resolved amicably between the IR concerned and the Company. The IR should make an immediate attempt (within 24-48 hrs of incidence) to contact the company on email id [support.centre@qnetindia.in](mailto:support.centre@qnetindia.in) to voice his/her concern. If the IR and the Company cannot resolve the Matter within sixty (60) days from the date the Matter was first brought to the attention by one party to the other, the Matter may be referred to the district consumer forum in **Bengaluru**. However, no complaint can be filed for alleged deficiency in any service that is rendered free of charge or under a contract of personal service.

#### **13.10 Entire Agreement**

This Agreement, the P&P, the Product Terms and Conditions and the Compensation Plan together constitute the entire Agreement between an IR and the Company.

#### **13.11 Severability**

If at any time any provision of this Agreement, the P&P, the Product Terms and Conditions and/or the Compensation Plan is or becomes illegal, invalid or unenforceable in any respect under the laws of India, neither the legality, validity or enforceability of the remaining provisions of this Agreement, the P&P, the Product Terms and Conditions and/or the Compensation Plan shall in any way be affected or impaired thereby.

#### **13.12 Notices and Communications**

Each notice, demand or any other communication to be given or made under this Agreement, the Product Terms and Conditions, the P&P and/or the Compensation Plan by the Company to an IR shall be in writing and delivered or sent to the relevant party at his/her last known address or email address on file. Any notice, demand or other communication to the Company shall be sent or delivered to the India Support Centre of the Company at its office in India, or by email to [support.centre@qnetindia.in](mailto:support.centre@qnetindia.in). Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered upon the expiry of fifteen (15) days from the date it was given or made, provided that, if such day is not a working day in the place to which it is sent, such notice, demand or other communication shall be deemed delivered on the next following working day at such place. In the event of such notice, demand or communication is serviced by email, it shall be deemed to have been received by the other party upon confirmation by email by that other party.

#### **13.13 Headings and Table of Contents**

Headings and Table of Contents in this Agreement, the Product Terms and Conditions, the P&P and the Compensation Plan are provided for convenience only and they are not part of those documents. They are not to serve as a basis for interpretation or construction of those documents or as evidence of intention of the parties.

#### **13.14 Gender**

Unless the context otherwise requires, words importing the singular number shall include the plural number and words importing the masculine gender shall include the feminine or neuter gender and vice versa, and references to persons shall include companies and bodies, corporate or unincorporated.

#### **13.15 English Language Prevails**

In the event that the P&P is translated into another language and there exists any inconsistencies in any provision between the English-language version and the translated version of the P&P, the English-language version shall always prevail.

## APPENDIX 1 – COMPENSATION PLAN

### 01 Title

This is the “QNET Compensation Plan” or “CompPlan” as referred to in Vihaan Direct Selling India Pvt Ltd Policies & Procedures (“P&P”). This Compensation Plan provides for the entitlement and calculation of commissions and/or bonuses of Independent Representatives of Vihaan Direct Selling India Pvt Ltd

Registration as an Independent Representative (IR) is absolutely free and Commissions and/or bonuses are paid ONLY on the sale of the Company’s products pursuant to the Company’s Compensation Plan. No commission or bonuses will be paid on any purchase of the Company’s marketing material, literature, Business Planner, Product Portfolio, or for referring other IRs and/or Customers.

### 02 Definitions and Interpretation

Unless specified herein below, all terms in this Compensation Plan have the same meanings as defined in the P&P.

“**Active IR**” means any IR who achieves the minimum Monthly RSP maintenance requirements designated for his/her current rank, from retail sales or purchases of any QNET products for personal consumption.

“**Activated**” means when a Qualified IR has achieved and allocated a minimum of 500 BV on each side of any of his/her Tracking Centres (TC).

“**Business Volume**” or “**BV**” means the point value of a product used to qualify TCs and calculate Step Commissions.

“**BV Bank**” means a place which stores the BV earned by IR.

“**Commission Period**” or “**Commission Week**” means the period or week when commission is calculated and paid based on the preceding week’s sales.

“**Compensation Level**” means the pay level of an Independent Representative. Commissions and/or bonuses are paid out according to an IR’s Compensation Level and as provided for in Schedule 1 of this Appendix 1.

“**Compression**” means when an IR does not meet the minimum Monthly RSP Maintenance requirement for his/her current rank, Active IRs below that IR will move up to temporarily fill his/her position for earning Repeat Sales Points (“RSP”) from Downlines within his/her network or line of referralship.

“**Counter**” means a calculating mechanism for a TC and it is on the left and right of each TC, the record of which reflects the balance of BV its Downline Group has accumulated for the purpose of calculating Step Commission. The Counters are either on or off based on the rules described in subclause 8.03.

“**Commission Cycle**” means six (6) Commission Steps.

“**Commission Step**” or “**Step**” means one (1) part of the Commission Cycle, which is equivalent to 3,000 GBV on the lower-volume leg.

“**Customer**” or “**Retail Customer**” means a person who purchased the Company’s products at a retail price but does not register as a Representative.

“**Demotion Policy**” means that in the event that an IR fails to meet the minimum Monthly Rank Maintenance requirements for his/her current Rank, he/she will retain his/her current Title Rank but shall be Paid as the Pay Rank corresponding to his/her achievement in that particular Month.

“**Direct BV**” means the BV that an IR earns when he/she sells QNET Products to directly referred retail customers or direct referrals.

“**Direct Referral**” means a person who is directly referred to join the QNET business by an existing Independent Representative (IR) and is placed within the line of referralship of the IR who refers him/her.

“**Downline Group**” has the same meaning as provided in subclause 7.02 hereunder.

“**Early Payout Option**” or “**EPO**” means the partial payment of the first Step Commission payable in advance to the new Qualified and Activated IR upon achieving the required Group Business Volume (GBV) in any of the Lower Volume Team of his/her Primary TC within the given time frame. This Payout only applies to the Primary TC at the first Step Commission Cycle 1 irrespective of whichever rank the new IR is placed and the total payout will be in accordance to Schedule 1. The Early Payout procedure will be as explained under subclause 7.03.

“**Incentive products**” are earned on the 6<sup>th</sup> step of every commission cycle.

“**First Purchase Profit**” means the difference between the price of new IR’s first purchase and the IR Discounted Price before applicable taxes and shipping & handling charges if any. New IR’s first purchase price is equivalent to the Retail Price.”

“**Flushing**” or “**Flushed**” means the elimination of excess BV when an IR has exceeded the Maximum Payout of the Compensation Level he/she is in, for the Commission Period.

**Group Business Volume** or “**GBV**” means the total BV accumulated in both left and right Downline Groups of a TC.

**Group Performance**” means the number of downlines who advanced in rank to Gold Star and above.

“**Group Repeat Sales Points**” or “**Group RSP**” means the RSP that the IR earns from the repeat sales and personal purchases made by his/her Downlines within his/her network or line of referralship.

“**Inside Leg**” means the left Downline branch of a TC if that TC is on the right Downline branch of its immediate Upline or the right Downline branch of a TC if that TC is on the left Downline branch of its immediate Upline. It means the opposite side of the Leg below which the TC is placed.

“**IR Discounted Price**” or “**IR Price**” means the prices of the Company’s products at which the Company sells to the IRs.

“**Lower Volume Team**” means the weaker leg or the leg with the lesser volume in the Genealogy on which the Step Commissions are calculated.

**“Rank Maintenance”** means an IR is required to achieve or maintain the minimum requirements of his/her current Rank as provided in Schedule 3 of Appendix 1.

**“Month/Monthly”** means minimum four (4) Sales Periods.

**“Outside Leg”** means the Downline branch of a TC other than its Inside Leg.

**“Paid As”** means if an IR fails to fulfil his/her Rank Maintenance, he/she shall be paid in accordance to the Pay Rank in which he/she is qualified for during that period. In this connection, if the IR’s current Rank is for instance Diamond Star but he/she is unable to fulfil the Maintenance for Diamond Star and he/she has only managed to fulfil the Maintenance of Gold Star, he/she shall be paid in accordance to the Pay Rank which is Gold Star (the Rank in which he/she is qualified for). This shall apply to each Rank and the corresponding Rank for avoidance of doubt.

**“Pay Rank”** means the recognition title given to an IR, when he/she achieves the rank advancement and/or maintenance requirements within a fixed Month period. Pay Rank is subject to Demotion based on his/her achievement in a particular month.

**“Pay Rank Maintenance”** means the number of months that an IR is required to achieve the monthly RANK requirements to get promoted to Platinum Star rank and above.

**“Personal Business Volume”** or **“PBV”** means the BV that the IR is personally responsible to produce or achieve, whether it is through retail sale to a customer or his/her personal purchase of QNET products for personal consumption.

**“Personal RSP”** means RSP that an IR earns from his/her personal purchase of retail sales.

**“Placement”** means the way the TCs are placed in the database of the Company as shown in the Genealogy.

**“Primary TC”** means the first TC given to the new IR upon successful registration. It is usually identified as the extension ‘001’ after the Representative Identification Number (IR ID No).

**“Qualified”** means when a TC has achieved and allocated the minimum required BV to his/her TC (Primary TC-001 TC-002 and TC-003 each requires 500 BV).

**“QNET eStore”** means the place accessible from the QNET website and IR’s Virtual Office (VO) where Products are offered for sale to customers and IRs for their personal consumption.

**“Rank”** means the recognition title given to an IR, which is based on the compensation level he/she achieved. There are two types of Rank assigned to each IR: namely, Title Rank and Pay Rank.

**“Rank Advancement”** means an IR will be promoted to a new rank when he/she meets all of the requirements for the new rank as set out in Schedule 3 of Appendix 1 within a fixed Month period.

IR is the default rank for a newly registered IR in the QNET Compensation Plan

Bronze Star is the Title Rank and Pay Rank given to a Qualified and Activated IR.

Silver Star is advancement from Bronze Star rank upon fulfilment of all the Silver Star Rank Advancement requirements within a fixed month period as set out in Schedule 3 of Appendix 1.

Gold Star is advancement from Silver Star rank upon fulfilment of all the Gold Star Rank Advancement requirements within a fixed month period as set out in Schedule 3 of Appendix 1.

Sapphire Star is advancement from Gold Star rank upon fulfilment of all the Sapphire Star Rank Advancement requirements within a fixed month period as set out in Schedule 3 of Appendix 1.

Platinum Star is advancement from Sapphire Star rank upon fulfilment of all the Platinum Star Rank Advancement requirements for 2 Consecutive Months as set out in Schedule 3 of Appendix 1.

Diamond Star is advancement from Platinum Star rank upon fulfilment of all the Diamond Star Rank Advancement requirements for 2 Consecutive Months as set out in Schedule 3 of Appendix 1.

Blue Diamond Star is advancement from Diamond Star rank upon fulfilment of all the Blue Diamond Star Rank Advancement requirements for 3 Consecutive Months as set out in Schedule 3 of Appendix 1.

**“Referralship”** means the activity of referring retail Customers or new IRs to participate in the Compensation Plan.

**“Repeat Sales”** means recurrence purchase or sale of products and services of the Company.

**“Repeat Sales Points”** or **“RSP”** means points assigned to each QNET product that an Active IR earns from maximum of ten (10) Pay Levels based on his/her current Rank.

**“Repeat Sales Commission”** means commission derived from accumulated Repeat Sales Points.

**“Retail Price”** means the price of the Company’s products at which the Company sells to Customers and the new IRs on their first qualifying personal

purchase.

**“Retail Profit”** means the difference between the Retail Price and the IR Discounted Price of a product of the Company before tax and any shipping and handling charges. It is awarded only to an IR who sells the Company’s products to retail customers and new direct referrals.

**“Retail Sale”** means sales of Company’s products to Customers.

**“RSP Pay Level”** refers to a position in the genealogy from which the Active IR is eligible to earn RSP. IR can earn RSP from a maximum of ten (10) Pay Levels based on his/her current Rank.

**Sales Period”** or **“Sales Week”** means a one-week period commencing from 00:01 on Saturday until 23:59 on the following Friday, Hong Kong Standard Time.

**“Secondary Tracking Centres”** means the left and right Tracking Centres that are directly connected to the Primary TC given to the new IR upon successful registration. The left TC is usually identified as the extension ‘002’ and the right TC is identified as the extension ‘003’ after the Representative Identification Number (IR ID No.).

**Self-Activation** means a method of activating Representativeness with BV that the IR achieved from his/her retail sale or purchase of QNET products for personal consumption.

**“Step Commission”** means the commission paid to a Qualified and Activated IR according to his/her GBV on the Lower Volume Team and Compensation Level.

**“Title Rank”** means the recognition title given to an IR, which is based on the highest rank advancement requirements that he/she achieved. IR retains the highest Title Rank achieved and is not subject to demotion.

**“Tracking Centre”** or **“TC”** means a position in the Company’s database. Commissions and/or bonuses are calculated with reference to each Tracking Centre.

### **03 Acquisition of TCs**

#### **3.01 Tracking Centres**

An IR will be granted three (3) TCs when he/she is first accepted as an IR. The three (3) TCs shall appear in the Genealogy in the following configuration: the Primary TC-001 being the uppermost TC has TC-002 connected immediately to its left and TC-003 immediately to its right.

#### **3.02 Qualifying all TCs**

An IR has to qualify all his/her TCs before he/she can acquire additional TCs.

#### **3.03 Minimum BV**

For the purpose of acquiring additional TCs and also for the purpose of qualifying a TC, the minimum number of BV that can be allocated to one (1) TC is 500 BV for Primary TC 001 and for Secondary TCs 002 and 003.

#### **3.04 Acquiring additional TCs**

Subject to subclause 3.05, after an IR’s initial three (3) TCs are qualified with a minimum of 500 PBV each, he/she can acquire an additional TC by obtaining 1,000 Personal Business Volume. Thereafter, every 1,000 PBV will create one (1) new TC.

#### **3.05 Maximum additional TCs in a single transaction**

An IR can only create a maximum of two (2) additional TCs in a single transaction, regardless of whether the PBV earned has exceeded the minimum BV required to create the two (2) TCs.

### **04 Placement**

#### **4.01 Right of placement**

A Referrer has the right to place the Primary TC of an IR whom he/she personally referred or any additional TCs that are allocated to him/her (meaning the IR decides the placement location of his/her own 004 and subsequent TC extensions as described under subclause 3.04 herein) subject to the Rules of Placement as stated herein below.

### **05 Rules of Placement**

#### **5.01 Limit of connected TCs**

Only two (2) TCs can directly be connected to the Primary TC.

#### **5.02 Immediate Upline TC**

Each TC can only have one (1) TC as its immediate Upline.

### **5.03 Placement rights of a Referrer**

Subject to subclause 5.08, a Referrer shall have the sole right to place the Primary TC of an IR whom he/she personally referred. Subject to the aforesaid, an IR shall have the right to place any secondary TCs that are allocated to him/her.

### **5.04 Placement rights of an IR**

Subject to subclause 5.07, an IR can place any TC, which he/she has a right to place under existing TCs in his/her Downline, beginning anywhere under his/her Primary TC (TC-001). But he/she cannot place a TC in a position that is already occupied by another TC.

### **5.05 Placement above the Primary TC**

An IR is not allowed to place any TC above his/her own Primary TC.

### **5.06 Placement under the Primary TC**

An IR cannot place any TC, which he/she has a right to place in a position that is not under his/her Primary TC. In other words, he/she cannot place a TC in contravention to subclause 5.08.

### **5.07 Subsequent TC extensions to TC-003**

Pursuant to subclause 5.01, all TC extensions belonging to an IR subsequent to TC-003 (i.e. TC 004 and onwards) shall not be placed/connected directly to the same IR's existing TCs

### **5.08 Default placement**

Where the placement instruction from a Referring IR is not clear, erroneous, contrary to the P&P (including the Compensation Plan) or he/she failed to give any placement instruction, default placement as stipulated under clause 6 Default Placement Method shall apply.

## **06 Default Placement Method**

### **6.01 Default placing of a TC**

A TC placed by default, in the Genealogy, shall only be placed in the first vacant position in the Outside Leg of his/her TC or his/her Referrer's TC.

## **07 Commissions and/or Bonuses**

- (a) All IRs are entitled to Retail Profit. No Customer is eligible for any commissions and/or bonuses although a TC will be placed for their purchase.
- (b) Only Qualified and Activated TCs are eligible for earning Step Commissions and/or bonuses other than Retail Profit
- (c) Any BV accumulated before Activation is not commissioned to the IR unless it occurs in the same Commission Period of Activation.
- (d) All commissions and/or bonuses payable under this Compensation Plan are based on the sale of the Company's products, not based on the introduction of persons into the Company.

### **7.01 Retail Profit**

- (a) An IR shall be entitled to the Retail Profit for every product that he/she personally and successfully promoted to a Customer who thus purchases it from the Company.
- (b) A Referrer is also entitled to the Retail Profits from the first qualifying personal purchase (which may include more than one product) at Retail Price by his/her personally referred Downlines.

### **7.02 Step Commission**

- (a) Step Commissions are paid to IRs based on BV accumulated from the purchases of products made by Customers or IRs. Only Qualified and Activated IR is eligible for Step Commission.
- (b) BV is assigned to each type of product and the same types of products may be assigned with different units of BV.
- (c) Upon the sale of a product, the Company shall credit a certain number of BV, which shall be equal to the BV of that product, to one (1) of the TCs or the BV Bank of an IR who either purchased the product himself/herself or successfully promoted the sale of the product to a Customer. In the case of any product sold to a Customer, the Company shall credit the BV assigned to that product to a BV Bank of the IR who successfully promoted the sales of the product and the IR shall allocate the BV so obtained within seven (7) days to his/her TC.
- (d) In the Genealogy, the TCs in the Inside Leg of a particular TC represent a Downline Group of that particular TC. The TCs in its Outside Leg represent another Downline Group. In other words, every TC should have one (1) Downline Group in its Inside Leg and one (1) in its Outside Leg.
- (e) For every TC, there is one (1) Counter recording the accumulation of BVs of each Downline Group.
- (f) Step Commission shall be calculated for each TC based on the total BV accumulated in both Downline Groups of a TC as shown in its Counters and according to Schedule 1.

- (g) Step Commission is calculated daily and paid on a weekly basis. Commission payable to a TC shall be calculated at the end of the Commission Period and any remaining balance for non-commissioned BV shall be carried forward to the following Commission Period.
- (h) A maximum weekly step commission is capped for each Compensation Level of Independent Representatives as prescribed in Schedule 1. Any BVs accumulated within a single week in a Commission Period after corresponding weekly maximum Step Commission for that Commission Period has been reached shall be forfeited and shall not be taken into consideration for the calculation of any Step Commission payable to the IR.

### **7.03 Early Payout Option (“EPO”)**

Early Payout Option (“EPO”) is only applicable to a newly Qualified and Activated IR who achieved the required Lower Volume Team of the Primary TC at the first Step Commission Cycle 1 within the specified time frame. This is irrespective of whichever rank the new IR is placed and the total payout will be in accordance to the Schedule 1.

As stipulated in this clause, the IR must be Activated by referring 2 Qualified Direct Referrals placed on each side of any of his/her tracking centres, in order to be eligible for the Early Payout option. Self-Activation will not allow the IR to earn from the Early Payout option.

A new IR who is Qualified and Activated must achieve the required first 1,000 BV on his/her Lower-Volume Team within the first 4 weeks from the registration date to be eligible to receive the corresponding first Early Payout as set out in Schedule 2 of Appendix 1.

Thereafter, the new IR who is Qualified and Activated must achieve the required second 1,000 BV on his/her Lower Volume Team within the first 6 weeks from the registration date to be eligible to receive the corresponding second Early Payout as set out in Schedule 2 of Appendix 1.

An example of the Early Payout procedure: A new IR who is Qualified and Activated, placed on the first rank (Bronze Star) would immediately earn INR 3,100 upon achieving the first 1,000 BV on his/her Lower Volume Leg within the first 4 weeks from his/her registration date and another INR 3,100 when his/her Lower Volume Leg reaches the second 1,000 BV within the first 6 weeks from the registration date. The remaining balance of the designated total Step 1 payout for his/her active rank amounting to INR 6,200, will be paid out upon achieving the third 1,000 BV on his/her Lower Volume Leg.

In other words, for Bronze Star Rank, Step 1 Commission total payout of INR 12,400 is paid on a partial basis of INR 3,100 for first 1,000 BV and INR 3,100 for a second 1,000 BV and INR 6,200 for the third 1,000 BV of the total required 3,000 BV of the Lower Volume Leg for Step 1, Commission Cycle 1. Please refer to Schedule 2.

### **7.04 Repeat Sales Points (RSP) and Repeat Sales Commission**

An IR can convert his/her earned RSP into cash based on the standard conversion rate of 10,000 RSP: INR 18,600.

Repeat Sales Points mean points assigned to each QNET product that an Active IR can earn from maximum ten (10) Pay Levels based on his/her current Rank.

Cash converted from earned RSP is called Repeat Sales Commission.

An IR needs to meet the minimum Monthly RSP Maintenance for his/her current rank, from his/her retail sale or purchases of any QNET products for personal consumption, in order to earn RSP from maximum ten (10) RSP Pay Levels depending on his/her current Rank.

### **7.05 Change of Commissions and/or Bonuses**

The Company may, at its sole discretion, replace the Schedules to this Compensation Plan or amend them to change the method or amount therein or may add or remove anything to or from the Schedules.

Where the Company intends to replace, change or delete the Schedules to the Compensation Plan, it shall give a reasonable time of prior notice to IRs by publishing the said change on its official website. The new replacement, change or deletion shall take effect immediately upon the expiry of the reasonably timed notice period.

## **08 Activation and Qualification**

### **8.01 Qualification**

- (a) For qualifying a TC, an IR can only use the BV assigned to a product that he/she purchased personally or that he/she successfully promoted to a Customer.
- (b) An IR has to qualify his/her Primary TC (TC-001) before he/she can qualify his/her other TCs.
- (c) After qualifying his/her Primary TC, an IR may allocate his/her remaining BV to other TC extensions. In other words, once the IR has allocated the required qualifying BV to his/her Primary TC, the Primary TC is considered as a Qualified TC and if he/she allocates the required qualifying BV to other TC extensions, the other TC extensions will also be considered as Qualified TCs.

### **8.02 Activation**

A Qualified IR can activate his/her Representativeness by achieving and allocating a minimum of five hundred (500) BV on each side of his/her Primary TC or on any of his/her Secondary TCs.

A Qualified IR can activate his/her Representativeness in three (3) ways.

- (a) Retail Sale – IR achieves BV from his/her retail sale and allocate five hundred (500) BV each on each side of any of the IR’s TCs;



(b) Combination of Retail Sale, and Personal Purchase(s) or Qualified Direct Referral – Allocate a minimum of five hundred (500) BV each on each side of any of the IR’s TC through combination of BV from Retail Sales and IR’s purchases of QNET products for personal consumption or Qualified direct referral; or

(c) Direct Referral – Place at least one (1) Qualified Direct Referral per side on any of the IR’s TCs.

### **8.03 Turning on TC Counters**

The Counters of a TC will only be turned on after the TC is qualified and the Representativenesship is activated.

## **09 Promotion**

### **9.01 Compensation Levels**

There are seven (7) Compensation Levels of IR for the purpose of awarding Step Commissions and Repeat Sales Commissions derived from earned RSP. Thereafter the ascending order of the compensation levels is as set out in Schedules 1 and 5 of Appendix 1.

### **9.02 Promotion to a higher rank**

An IR will be promoted to the next higher Rank upon his/her fulfilment of the requirements designated for each Rank in the QNET Compensation Plan within a fixed Month period.

The minimum Monthly Rank Advancement and maintenance requirements for the seven (7) Ranks are provided in Schedule 3.

### **9.03 Demotion**

IRs who fail to fulfil the Rank Maintenance or meet the minimum Monthly Rank Maintenance requirements of the current Rank they are in, will retain their current Title Rank but shall be Paid As the Pay rank corresponding to their achievement.

New IRs who registered on or after 22 July 2017 will be placed under the IR Status and thereafter upon fulfilment of the necessary rank advancement requirements, will be promoted to Bronze Star, Silver Star, Gold Star, Sapphire Star, Platinum Star, Diamond Star, and Blue Diamond Star accordingly. However, if IRs are unable to fulfil the Maintenance of their current rank within the time frame, they will retain their current Title rank but they shall be Paid As the Pay Rank corresponding to their achievement, The lowest rank that an IR can be demoted to is Silver Star rank. As such, new IRs who are promoted to Gold Star, Platinum Star, and Diamond Star may be Paid As the Pay rank not in any event below Silver Star Rank.

Existing IRs who have registered and have achieved a certain Rank before 22 July 2017 will retain their current Rank. However, if IRs are unable to fulfil the Maintenance of their current Rank within the time frame, they will retain their current Title Rank but shall be Paid As the Pay Rank corresponding to their achievement.

## **10. Extinguishment of BV for Specific IR Status**

If an IR’s status is marked as one of the following, all his/her BV in the left and right volume counters and in the BV Bank are deemed expired and set to a value of zero (0):

- (a) “Terminated”;
- (b) “Nullified”; or
- (c) “Cancelled”.

No deduction will be made from the volume that has been counted for the uplines of the concerned IR.

For the purposes of this clause:

- a) A “Terminated IR” is one whose Representativenesship has been terminated by QNET due to his/her violation of the QNET Policies and Procedures, Code of Ethics, or has not been active for two (2) years as stated in clause 8.04.
- b) A “Nullified” IR is one whose Representativenesship has ceased by his/her voluntary cancellation of his/her purchase orders and registration fee; and
- c) A “Cancelled” IR is one whose Representativenesship has been terminated by his/her voluntary cancellation of his/her partially paid product within 12 months from the registration date.

## **11. Enhanced QNET Compensation Plan**

Effective 22 July 2017, the Company shall roll out various enhancements to the QNET Compensation Plan. All existing and new IRs are thenceforth automatically subject to the new Business Rules as stated hereunder:

1. An IR will have an opportunity to earn commissions/bonuses from both BV and RSP of his/her personal purchases, retail sales and sales to downlines.
2. An IR can earn from one or more of the following seven (7) different types of commissions/bonuses from the QNET Compensation Plan
  1. Retail Profit
  2. Early Payout Option (EPO)
  3. Step Commission
  4. Repeat Sales Commission
  5. Rank Advancement
  6. Rank Maintenance

## 7. Year-Round Incentives

3. An IR can advance to seven (7) Ranks with designated Compensation Level and RSP Pay Level in the QNET Compensation Plan as set out in Schedule 1 and Schedule 5 respectively of Appendix 1. The seven (7) Ranks are:
  1. Bronze Star
  2. Silver Star
  3. Gold Star
  4. Sapphire Star
  5. Platinum Star
  6. Diamond Star
  7. Blue Diamond Star
4. There is a maximum payout per TC per Week based on the IR's Pay Rank as set out in Schedule 1 Appendix 1. Maximum Payout varies with the IR's Pay Rank.
5. An IR must achieve the prerequisite and the Monthly Rank Advancement requirements of the next rank within a fixed month period to advance in rank as set out in the Schedule 3 of Appendix 1. An IR is not allowed to skip rank when advancing to a higher rank.
6. An IR must achieve the Monthly Rank Maintenance requirements within a fixed month period to maintain his/her current Title and Pay Rank and Compensation Level on a monthly basis.
7. An IR who fails to achieve the Monthly Rank Maintenance for Gold Star and above, will be Demoted to a lower Pay Rank based on his/her achievement but not to a Rank below Silver Star rank.
8. An Active IR will be eligible to earn RSP from his/her personal purchase, retail sales and repeat sales to his/her downlines up to a maximum of ten (10) RSP Pay Levels based on his/her current Rank. An IR must achieve a minimum of 50 Personal RSP to remain Active and eligible to earn Repeat Sales Commissions.
9. An IR who fails to achieve 50 Personal RSP within a fixed month period, will be Compressed and all the RSP from his/her Downlines' repeat sales will be forfeited in that particular month.
10. The RSP Pay Level of an Active IR is based on his/her current Pay Rank as set out in Schedule 5\_of Appendix 1. RSP from RSP Pay Level 2 are doubled in value.
11. Earned RSP are automatically converted into cash on a weekly basis using a conversion rate of 10,000 RSP: INR 18,600
12. Diamond Star and Blue Diamond Star who maintain their current Title and Pay Rank for 6 consecutive Months will be eligible to earn a Maintenance Bonus as set out in Schedule 4 of Appendix 1.
13. Rank Advancement to Bronze Star and Silver Star is effective immediately within the same week of achievement but the ranks will only be reflected on the website later in the 3rd week of the achievement in the same Month as set out in Schedule 6.
14. Rank advancement to Gold Star and above is effective in the first week of the following Month of the achievement but the Rank will only be reflected on the website later in the 3rd week.

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**SCHEDULE 1: COMPENSATION LEVEL PER RANK**

STEP	GROUP BUSINESS VOLUME IN ANY LOWER VOLUME TEAM	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
1	3,000 GBV	INR 12,400.00	INR 13,950.00	INR 15,500.00	INR 16,120.00	INR 17,050.00	INR 18,600.00	INR 20,150.00
2	3,000 GBV	INR 12,400.00	INR 13,950.00	INR 15,500.00	INR 16,120.00	INR 17,050.00	INR 18,600.00	INR 20,150.00
3	3,000 GBV	INR 12,400.00	INR 13,950.00	INR 15,500.00	INR 16,120.00	INR 17,050.00	INR 18,600.00	INR 20,150.00
4	3,000 GBV	INR 12,400.00	INR 13,950.00	INR 15,500.00	INR 16,120.00	INR 17,050.00	INR 18,600.00	INR 20,150.00
5	3,000 GBV	INR 12,400.00	INR 13,950.00	INR 15,500.00	INR 16,120.00	INR 17,050.00	INR 18,600.00	INR 20,150.00
6	3,000 GBV	Incentive Product	Incentive Product	Incentive Product	Incentive Product	Incentive Product	Incentive Product	Incentive Product

\*Incentive products are given on the 6<sup>th</sup> step of every commission cycle.

**STEP COMMISSION**

**Maximum Weekly Step Commission per Tracking Centre**

Rank	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
Pay out per step	INR 12,400.00	INR 13,950.00	INR 15,500.00	INR 16,120.00	INR 17,050.00	INR 18,600.00	INR 20,150.00
Weekly Maximum Number of Steps per TC	40	50	60	65	70	80	90
Weekly Maximum Step commissions per TC	INR 4,21,600.00	INR 5,85,900.00	INR 7,75,000.00	INR 8,86,600.00	INR 10,05,950.00	INR 12,46,200.00	INR 15,11,250.00
Weekly Maximum Step commissions per TC	Incentive Product	Incentive Product	Incentive Product	Incentive Product	Incentive Product	Incentive Product	Incentive Product

\*Incentive products are given on the 6<sup>th</sup> step of every commission cycle.

**SCHEDULE 2: EARLY PAYOUT OPTION ("EPO")**

Group Business Volume in any Lower Volume Leg (GBV)	Early Payout, INR	Time Frame
1,000 BV	INR 3,100.00	IR must achieve the first 1,000 GBV lower volume team within the first 4 weeks from his/her date of registration
1,000 BV	INR 3,100.00	IR must achieve second 1,000 GBV lower volume team within the first 6 weeks from his/her date of registration
1,000 BV	INR 6,200.00	N/A

The above only illustrates Early Payout for Step 1, Commission Cycle 1 of the Primary TC of those IRs under the first rank (Bronze Star) where the total payout is INR 12,400.00.

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**SCHEDULE 3: MONTHLY RANK ADVANCEMENT AND MAINTENANCE REQUIREMENTS**

REQUIREMENTS	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
Prerequisite	Registered IR, Qualified and Activated	Qualified and activated and must be a Bronze star	Qualified and activated and must be a Silver star	Qualified and activated and must be a Gold star	Qualified and activated and must be a Sapphire star	Qualified and activated and must be a Platinum star	Qualified and activated and must be a Diamond star
PERSONAL RSP	*50 RSP (Optional) IR must achieve 50 RSP to be eligible to earn RSP	*50 RSP (Optional) IR must achieve 50 RSP to be eligible to earn RSP	50 *	50 *	50 *	50 *	50 *
QUALIFIED DIRECT REFERRALS	N/A	OPTION 1 3 Qualified Direct Referrals with 500 BV Each OPTION 2 2 Qualified Direct Referrals with 1,000 BV each (One Time Requirement)	N/A	N/A	N/A	N/A	N/A
DIRECT BV ****	N/A	N/A	500	1,000	1,000	2,000	3,000
GROUP RSP	N/A	N/A	600 GRSP from downlines within line of Referralship	2,000 GRSP from downlines within line of Referralship	5,000 GRSP with maximum of 2,500 GRSP per downline from at least 2 different legs within line of Referralship	15,000 GRSP with maximum of 7,500 GRSP per downline from at least 2 different legs within line of Referralship	20,000 GRSP with maximum of 7,500 GRSP per downline from at least 3 different legs within line of Referralship
STEPS	N/A	N/A	2	40	120	200	320
GROUP PERFORMANCE	N/A	N/A	N/A	5 Downlines within line of Referralship who advance/maintain to Gold Star Pay Rank or above	5 Downlines within line of Referralship who advance/maintain Sapphire Star Pay Rank or above and 10 Downlines within line of Referralship who advance/maintain Gold Star Pay Rank or above	30 Downlines (any Downline) who advance/maintain Sapphire Star Pay Rank or above (a maximum of 21 from any side of TC 001) and 1 Downline (within line of Referralship) who advance/maintain Platinum Star Pay Rank or above	10 Downlines (any Downline) who advance/maintain Platinum Star Pay Rank or above (a maximum of 7 from any side of TC 001) and 2 Downlines who advance/maintain a Diamond Star Pay Rank or above (1 on each side of TC 001, at least 1 within line of Referralship)
PAY RANK MAINTENANCE					Achieve the Platinum star rank requirements for 2 consecutive months ***	Achieve the Diamond star rank requirements for 2 consecutive months ***	Achieve the Blue Diamond star rank requirements for 3 consecutive months ***

\* Achieved by either personal purchase or retail sales of any QNET products. Personal RSP can be carried forward up to one year from transaction date.

\*\* Achieved from downlines within line of sponsorship.

\*\*\* For rank maintenance, achieve the requirements for one (1) month only.

\*\*\*\* Direct BV can be accumulated from Directly Referred Retail Customers and Direct Referrals (new and existing). DBV can be carried forward up to one year from transaction date.

**SCHEDULE 4: RANK MAINTENANCE BONUS**

Rank	DIAMOND STAR	BLUE DIAMOND STAR
Achieve the rank maintenance requirements for 6 consecutive months	INR 6,20000.00	INR 18,60000.00

**SCHEDULE 5: RSP PAY LEVEL PER RANK**

RSP REQUIREMENTS	IR	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
RSP PAY LEVELS	5	5	5	6	7	8	9	10
MINIMUM RSP REQUIREMENTS PER MONTH	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP

50 RSP must come from IR's personal purchase or retail sales.

A different Compensation Plan may apply to other States of India.

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