



# STEMTech U.K. Limited Policies and Procedures

Market: United Kingdom  
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<i>Policies and Procedures</i> .....	1
FOR UK DISTRIBUTORSHIPS.....	1
<b>SECTION 1 - INTRODUCTION</b> .....	<b>1</b>
<b>1.1 - GOVERNING DOCUMENTS</b> .....	<b>1</b>
<b>1.2 - PURPOSE OF POLICIES</b> .....	<b>1</b>
<b>1.3 - CHANGES TO THE GOVERNING DOCUMENTS</b> .....	<b>1</b>
<b>1.4 - DELAYS</b> .....	<b>2</b>
<b>1.5 - POLICIES AND PROVISIONS SEVERABLE</b> .....	<b>2</b>
<b>1.6 - WAIVER</b> .....	<b>2</b>
<b>1.7 - ENFORCEMENT</b> .....	<b>2</b>
<b>SECTION 2 - STEMTECH INDEPENDENT DISTRIBUTOR STATUS</b> .....	<b>2</b>
<b>2.1 - THE APPLICATION</b> .....	<b>2</b>
<b>2.2 - ACCEPTANCE OF APPLICATION</b> .....	<b>2</b>
<b>2.3 - STEMTECH DISTRIBUTOR KIT</b> .....	<b>3</b>
<b>2.4 - ID NUMBER</b> .....	<b>3</b>
<b>2.5 - NO PRODUCT PURCHASE IS REQUIRED</b> .....	<b>3</b>
<b>2.6 - DISTRIBUTOR BENEFITS</b> .....	<b>3</b>
<b>2.7 - MULTIPLE APPLICATIONS</b> .....	<b>3</b>
<b>2.8 - OPERATING A STEMTECH INDEPENDENT DISTRIBUTORSHIP</b> .....	<b>3</b>
<b>2.9 - LEGAL AGE</b> .....	<b>3</b>
<b>2.10 - ONE STEMTECH DISTRIBUTORSHIP PER DISTRIBUTOR AND PER HOUSEHOLD</b> .....	<b>3</b>
<b>2.11 - COMPANIES, PARTNERSHIPS AND OTHER BUSINESS ENTITIES</b> .....	<b>4</b>
<b>2.12 - BUSINESS ENTITY REPORTING REQUIREMENTS</b> .....	<b>4</b>
<b>2.13 - CONVERTING TO OR FROM A BUSINESS ENTITY STATUS</b> .....	<b>4</b>
<b>2.14 - TRADING NAMES</b> .....	<b>4</b>
<b>2.15 - ANNUAL RENEWAL OF DISTRIBUTORSHIP AGREEMENT</b> .....	<b>5</b>
<b>2.16 - ANNUAL ADMINISTRATION FEES</b> .....	<b>5</b>
<b>2.17 - INDEPENDENT CONTRACTOR STATUS</b> .....	<b>5</b>
<b>2.18 - INDEMNITY AGREEMENT</b> .....	<b>5</b>
<b>2.19 - LEGAL COMPLIANCE</b> .....	<b>6</b>
<b>2.20 - NO EXCLUSIVE TERRITORIES</b> .....	<b>6</b>
<b>2.21 - NON-SOLICITATION</b> .....	<b>6</b>
<b>2.22 - CHANGES TO DISTRIBUTORSHIP AGREEMENT</b> .....	<b>7</b>
<b>2.23 - CHANGES OF ADDRESSES OR TELEPHONE</b> .....	<b>7</b>
<b>2.24 - ADDING SECONDARY DISTRIBUTORS</b> .....	<b>7</b>
<b>SECTION 3 - SPONSORSHIP AND TRAINING</b> .....	<b>7</b>

3.1 - SPONSORING .....	7
3.2 - ON GOING TRAINING.....	7
3.3 - ONGOING COMMUNICATION WITH DOWNLINE ORGANIZATION .....	8
3.4 - ONGOING SALES .....	8
3.5 - SPONSOR TRANSFER .....	8
3.6 - CROSS-SPONSORING .....	8
3.7 - VOLUNTARY TERMINATION AND RE-APPLICATION .....	9
3.8 - SALE, TRANSFER OR ASSIGNMENT OF A STEMTECH DISTRIBUTORSHIP .....	9
3.9 - DEATH OF A DISTRIBUTOR.....	9
3.10 - INCAPACITY OF A DISTRIBUTOR.....	10
3.11 - AGREEMENTS BETWEEN STEMTECH DISTRIBUTORS .....	10
3.12 - CONFIDENTIALITY AND GENEALOGY REPORTS.....	10
3.13 - LOYALTY TO THE COMPANY .....	10
3.14 - SEPARATION OF A JOINT STEMTECH DISTRIBUTORSHIP, INCLUDING DIVORCE.....	10
<b>SECTION 4 - TRADEMARKS, LITERATURE AND ADVERTISING .....</b>	<b>11</b>
4.1 - GENERAL .....	11
4.2 - TRADEMARKS AND COPYRIGHTS .....	11
4.3 - LITERATURE .....	12
4.4 - MASS RECRUITMENT, SALES TECHNIQUES AND INTERNET WEB SITE USE .....	12
4.5 - CATALOGUE AND MAGAZINE ADVERTISING AND PROMOTIONS .....	12
4.6 - PRINT ADVERTISING .....	12
4.7 - TELEPHONE LISTING AND DISPLAY ADS.....	12
4.8 - ELECTRONIC MEDIA .....	13
4.9 - ENDORSEMENTS.....	13
4.10 - MEDIA AND MEDIA INQUIRIES.....	13
4.11 - REPRESENTATIONS AS A STEMTECH EMPLOYEE .....	13
4.12 - TELEMARKETING .....	13
<b>SECTION 5 - STEMTECH DISTRIBUTOR STATUS AND COMPENSATION .....</b>	<b>13</b>
5.1 - DISTRIBUTORSHIP AGREEMENT .....	13
5.2 - HARD CALENDAR MONTH.....	13
5.3 - PAYMENT DATE .....	13
5.4 - COMPENSATION QUALIFICATIONS .....	14
5.5 - ADJUSTMENTS FOR RETURNED PRODUCTS AND MARKETING MATERIALS .....	14
5.6 - ERRORS AND OMISSIONS .....	14
<b>SECTION 6 - INTERNATIONAL DISTRIBUTORSHIPS .....</b>	<b>14</b>
6.1 - INTERNATIONAL MARKETING .....	14
6.2 - FOREIGN SALES AND BUSINESS BUILDING ACTIVITIES.....	14
<b>SECTION 7 - PURCHASE AND SALE OF PRODUCTS, PAYMENT, AND SHIPPING.....</b>	<b>15</b>
7.1 - EXCESS INVENTORY PURCHASES PROHIBITED.....	15
7.2 - CROSSLINE AND DOWNLINE WHOLESALING .....	15
7.3 - PRODUCT SALES .....	15
7.4 - 70% RULE .....	15
7.5 - PAYMENT OPTIONS .....	15
7.6 - PERSONAL CHEQUE POLICY .....	15
7.7 - RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND BANK ACCOUNT ACCESS .....	16
7.8 - TIMELY DELIVERY OF PRODUCTS AND MARKETING MATERIALS .....	16
7.9 - DAMAGED GOODS.....	16
7.10 - PRICE CHANGES.....	16
7.11 - RETAIL PRICING AND RECEIPTS.....	16

7.12 - RETAIL OUTLETS.....	16
7.13 - EXHIBIT SPACE .....	17
7.14 - GENERAL ORDER POLICIES.....	17
7.15 - BACK ORDER POLICY .....	17
7.16 - CONFIRMATION OF ORDER .....	17
7.17 - DEPOSITS .....	18
<b>SECTION 8 - RETAIL GUARANTEE, RETURNS AND REFUNDS.....</b>	<b>18</b>
8.1 - RETURNS BY RETAIL CUSTOMERS .....	18
8.2 - RETURNS BY DISTRIBUTORS FOR REPLACEMENT.....	18
8.3 - TERMINATION RETURNS .....	18
<b>SECTION 9 - TERMINATION AND NONRENEWAL.....</b>	<b>19</b>
9.1 - INVOLUNTARY TERMINATION.....	19
9.2 - VOLUNTARY TERMINATION.....	20
9.3 - NON-RENEWAL .....	20
9.4 - TERMINATION FOR INACTIVITY.....	20
9.5 - EFFECT OF TERMINATION, OR NON-RENEWAL.....	20
<b>SECTION 10 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS .....</b>	<b>20</b>
10.1 - GRIEVANCES AND COMPLAINTS.....	20
10.2 - ENFORCEMENT SANCTIONS.....	20
<b>SECTION 11 - GENERAL PROVISIONS .....</b>	<b>21</b>
11.1 - PRODUCT CLAIMS .....	21
11.2 - INCOME CLAIMS .....	21
11.3 - GOVERNMENT ENDORSEMENTS .....	21
11.4 - JURISDICTION AND VENUE.....	21
11.5 - DATA PROTECTION .....	21
11.6 - ENTIRE AGREEMENT .....	22

## **SECTION 1 - INTRODUCTION**

### **1.1 - Governing Documents**

The Governing Documents (also collectively referred to herein as the "Agreement") of STEMTech UK LtdUK Limited (hereinafter "STEMTech" or the "Company"), collectively, in their present form and as may be amended from time to time, at the sole discretion of STEMTech, shall be defined as the:

- (a) The Independent Distributor Application and Agreement and the Terms and Conditions contained therein ("Application" or "Distributorship Agreement"), and
- (b) These Policies and Procedures ("P&Ps") in their current form and as may be amended by STEM-Tech at its discretion, and
- (c) The STEMTech Compensation Plan, which may be amended by STEMTech at its discretion.

The P&Ps stated herein are incorporated into, and form an integral part of, the Agreement. Throughout these P&Ps, when the term "Agreement" is used, it shall refer to the Governing Documents of STEMTech as defined hereinabove. It is the responsibility of each STEMTech Independent Distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of the P&Ps. When Sponsoring or enrolling a new Distributor, it is the responsibility of the Sponsoring Distributor to provide the most current version of the Governing Documents to the applicant prior to his or her execution of the Distributorship Agreement.

### **1.2 - Purpose of Policies**

STEMTech is a direct sales company that markets products through Independent Distributors. It is important to understand that the success of each STEMTech Distributorship is dependent upon the highest integrity of the men and women who market STEMTech products and services and the STEMTech Opportunity.

To clearly define the relationship that exists between the Independent Distributor and STEMTech and to set explicitly a standard for acceptable business conduct, STEMTech has established the Governing Documents. STEMTech Distributors are required to comply with all of the terms and conditions set forth in the Governing Documents, as well as all applicable laws, codes, regulations, statutes and rules governing their STEMTech Distributorship. Because Distributors may be unfamiliar with many of these standards of practice, it is very important that all STEMTech Distributors read, understand and abide by the Governing Documents. Please review the information in these P&Ps carefully. Questions regarding any policy or procedure are to be referred to the Distributor Service Department.

### **1.3 - Changes to the Governing Documents**

Because applicable laws, statues, codes, regulations, etc., as well as, the business environment periodically change, STEMTech reserves the right, in its sole and absolute discretion, to adopt, supplement, rescind, modify and/or amend the Governing Documents, as well as, its prices. By signing the Distributorship Agreement, a Distributor agrees to abide by all amendments or modifications that STEMTech elects to make. Amendments and/or modifications shall be effective not less than thirty (30) days following the publication of notice except in the case of amendments to the Distributor's financial obligations in which case such amendments shall be effective not less than sixty (60) days following the publication of the notice. Notification of amendments shall be issued through reasonable commercial means, including but not limited to any of the following: posted on STEMTech's website ([www.STEMTechhealth.com](http://www.STEMTechhealth.com)), e-mail to distributors, included in STEMTech periodicals, and/or included in product orders, bonus cheque mailings, or other special mailings and via Distributor's Backoffices.

The continued engagement of the Distributor in promoting his STEMTech Distributorship and /or his continued acceptance of any compensation shall be deemed to be acceptance of any and all amendments.

#### **1.4 - Delays**

STEMTech shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation: strikes, labor difficulties, riots, wars, fires, natural disasters, deaths, curtailments of a party's source of supply, difficulties with a Distributor's payment for products, and/or government decrees or orders.

#### **1.5 - Policies and Provisions Severable**

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement.

#### **1.6 - Waiver**

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of business. No failure of STEMTech to exercise any right or power under the Agreement or to insist upon strict compliance by a Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of STEMTech's right to demand exact compliance with the Agreement. Only an officer of the Company may authorize a waiver. STEMTech's waiver of any particular breach by a Distributor shall not affect or impair STEMTech's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. Nor shall any delay or omission by STEMTech to exercise any right arising from a breach affect or impair STEMTech's rights as to that or any subsequent breach.

#### **1.7 - Enforcement**

The existence of any claim or cause of action of a Distributor against STEMTech shall not constitute a defence to STEMTech's enforcement of any term or provision of the Agreement.

### **SECTION 2 - STEMTECH INDEPENDENT DISTRIBUTOR STATUS**

In order to receive authorization from STEMTech to purchase products at Distributor prices, sell STEMTech Products and Services, Sponsor other applicants into the STEMTech Opportunity and receive commissions, bonuses, and generation overrides under the STEMTech Opportunity, an Applicant *must* complete the following:

#### **2.1 - The Application**

All individuals who intend to be active in a STEMTech Distributorship *must* complete either a hard-copy or on-line Application (which must be followed by submitting a signed hard copy Application Form by post or by fax.) Incomplete Applications will not be accepted. Hard-copy applications are to be sent to the Distributor Service Department in the following manner:

- (a) If using a credit card: by faxing both *the front and back* of the completed Application to Distributor Services. In order to avoid duplication, please do not send hard copy or original if faxing the Application.
- (b) If using a credit/debit card: by mailing the *original* completed and signed Application, along with proper payment to Distributor Services.
- (c) Online applicants must pay by credit or debit card.

#### **2.2 - Acceptance of Application**

The Application *must* be accepted by STEMTech. STEMTech reserves the right to refuse any Application. The term of the Distributorship Agreement is for one (1) year from the date of acceptance by STEMTech. Please see Sections 2.17 – 2.18 for renewal procedures. Receipt of the STEMTech Distributor Kit notifies the Applicant that he/she is authorized to be a STEMTech Independent Distributor and operate a STEMTech Distributorship.

### **2.3 - STEMTech Distributor Kit**

The Primary Applicant *must* purchase a STEMTech Distributor Business Kit (the "KIT"), which contains forms, training and marketing materials. Purchase of the Kit includes a 12-month subscription to the Company newsletter when applicable. Purchase of the Kit shall not constitute any agreement by STEM-Tech to enter into a franchise, joint venture, or other business entity relationship with the Distributor.

### **2.4 - ID Number**

Upon acceptance of the Application by STEMTech, the Applicant(s) will be considered by STEMTech to be Independent Distributors and authorised to operate a STEMTech Distributorship. STEMTech will issue to the Distributorship a Personal Identification Number ("ID Number"). All active individuals of the Distributorship *must* use the same ID Number. For example: Susan Smith is the Primary Applicant and her spouse, Ed Smith is the Second Applicant, and they are doing business under the name of Smith & Smith. Both Susan and Ed *must* use the same ID Number assigned to this Distributorship by STEMTech. In order to avoid delays in processing, all correspondence, orders, etc. are to include the Distributor's ID Number.

### **2.5 - No Product Purchase Is Required**

No person is required to purchase STEMTech products to become a Distributor.

### **2.6 - Distributor Benefits**

Once the Application has been accepted by STEMTech, pursuant to Section 2.1 above, the applicant is now a STEMTech Independent Distributor who is entitled to the following benefits:

- (a) To be able to purchase certain STEMTech products and services at wholesale prices,
- (b) To retail STEMTech products, which are described in official STEMTech literature,
- (c) To receive compensation, under the STEMTech Opportunity, if eligible and in good standing,
- (d) To Sponsor other individuals as Distributors into the STEMTech Opportunity and thereby, build a Distributor Organisation and progress through the Compensation Plan,
- (e) To receive periodic STEMTech literature and other STEMTech communications,
- (f) To participate in STEMTech Corporate-Sponsored support, service, training, motivational and recognition events, upon payment of appropriate fees, if applicable and in good standing, and
- (g) To participate in promotional and incentive contests and programmes sponsored by STEMTech for its Distributors.

### **2.7 - Multiple Applications**

If at anytime, STEMTech receives multiple Applications for the same Applicant(s) that indicate the same Sponsoring Distributor, only the first Application to be received by STEMTech will be processed. If multiple Applications are received by STEMTech that contain information for different Sponsoring Distributors, STEMTech reserves the right to determine the designated Sponsoring Distributor, without prior notification to either the Applicant or the Sponsoring Distributor.

### **2.8 - Operating a STEMTech Independent Distributorship**

Once the Application is accepted by STEMTech and payment for the Kit has been made, the Applicant is authorised to operate a STEMTech Independent Distributorship. In order to assist Distributors in making their business successful, STEMTech strongly encourages all Distributors to keep complete and accurate records of all their business dealings.

### **2.9 - Legal Age**

All Distributors *must* be 18 years of age or older. The Application is a contractual agreement. Therefore, Distributors *must* be of legal age in the United Kingdom. STEMTech reserves the right to require evidence to confirm the Applicant's age.

### **2.10 - One STEMTech Distributorship Per Distributor and Per Household**

A Distributor may operate or have an interest (legal or beneficial) in only one (1) STEMTech Distributorship. No individual may have an interest in, operate, or receive compensation from more than one (1)

STEMTech Distributorship. Individuals of the same family unit may not enter into or have an interest in more than one (1) STEMTech Distributorship. A "family unit" is defined as spouses or civil partners and dependent children living at or doing business at the same address (See Section 3.14 for Dissolving a STEMTech Independent Distributorship, including divorce). If both spouses or civil partners intend to be active in their STEMTech Distributorship, *BOTH* spouses or civil partners *must* sign the Distributorship Agreement. Recognition under the STEMTech Opportunity may only be awarded to those Applicants who complete and sign the Distributorship Agreement. STEMTech reserves the right to (a) prohibit any spouse or civil partner or other individual who has not completed and signed a Distributorship Agreement from selling STEMTech products and services, (b) from purchasing products and services directly from STEMTech using the other spouse's or civil partner's Distributorship account, and (c) recognition under the STEMTech Opportunity. Nothing in this Section 2.11 shall restrict or limit the application of Section 2.12 herein.

In order to maintain the integrity of the STEMTech Opportunity, family unit members *must* be Sponsored as one (1) STEMTech Distributorship. Family unit members, regardless of whether one or both are signatories to the Distributorship Agreement, *may not* have an interest (legal or equitable), or operate any other STEMTech Distributorship, either individually or jointly, nor may they participate directly or indirectly (as an officer, director, shareholder, partner, or any other legal or equitable classification in a Business Entity) in the operation or management control of another STEMTech Distributorship, in any form.

An exception to the One Distributorship Per Distributor and Per Household policy will be considered on a case-by-case basis if two (2) existing Distributors marry or enter into a civil partnership or in cases of a Distributor receiving an interest in another Distributorship through inheritance or incapacity. Requests for exceptions to policy must be submitted in writing to the STEMTech Distributor Services Department within thirty (30) days of the event.

### **2.11 - Companies, Partnerships and Other Business Entities**

A company or partnership (collectively referred to as a "Business Entity") may apply to be a STEMTech Distributor. STEMTech reserves the right to review the Business Entity's Certificate of Incorporation, Articles and Memorandum of Incorporation and Partnership Agreement or other formation documents (these documents are collectively referred to as the "Entity Documents") upon request. An Application *must* be completed with the name of the Business Entity as the Primary Distributor and signed by an authorized party of the Business Entity as the Secondary Distributor. A Business Entity ID Form must also be completed and submitted with the Application. Individuals of the Business Entity are jointly and severally liable for any indebtedness to STEMTech and to comply with the terms and conditions of the Governing Documents. Immediate family members of the officers, directors, shareholders, and/or trustees of the Business Entity are not permitted to enroll individually as STEMTech Independent Distributors and any application by such persons will be declined.

### **2.12 - Business Entity Reporting Requirements**

STEMTech *requires* notice of any sale or issue of shares or partnership interest. In addition, any new officers, directors, shareholders or partners *must* complete an individual Application as a Secondary Distributor. STEMTech reserves the right to take enforcement action including, but not limited to terminating any STEMTech Distributorship Entity if it sells or issues any shares partnership interest, beneficial interest, or any other interest to anyone who does not complete the Application process described here.

### **2.13 - Converting to or From a Business Entity Status**

A STEMTech Distributorship may change its status, under the same Sponsor, to or from a partnership or company or from one type of Business Entity to another by submitting a new Application. When submitting the revised Application, please insert the words "RECORD CHANGE" in the section designated for the Sponsor's signature, as the Sponsor's signature is not needed for a record change. Cheques will be issued in the name of the Business Entity.

### **2.14 - Trading Names**

Individuals may apply to become a STEMTech Independent Distributor under a trading name, provided that the Application includes the legally registered name of the individual or the Business Entity. By way of example only: John Smith / d.b.a. "Smith Enterprise - Smith Enterprises will appear as the Primary Distributor and John Smith as the Secondary Distributor. No STEMTech Distributorship is permitted to file any type of application or document with any governmental agencies using the name of STEMTech UK LtdUK Limited, and/or any other name associated with STEMTech and/or its products and services.

### **2.15 - Annual Renewal of Distributorship Agreement**

The term of the Distributorship Agreement is one (1) year from the date of its acceptance by STEMTech ("Anniversary Date"). Either STEMTech or the Distributor may elect not to renew the Distributorship Agreement. STEMTech and the Distributor waive claims against one another for refusal to renew. If the annual administration fee due is not paid within thirty (30) days after the expiration of the current term of the Distributorship Agreement, the Distributorship Agreement will be terminated. It is the sole responsibility of the Distributor to renew annually his/her Distributorship Agreement, whether or not STEMTech chooses to send a reminder notice. To avoid the problems associated with inadvertent failure to renew a Distributorship, STEMTech encourages Distributors to take advantage of the automatic renewal option on the Distributor Application and Agreement. If a Distributor elects to automatically renew his business on an annual basis, the renewal fees will be automatically charged to his or her credit card or deducted from his or her commission cheque, and there will be no loss due to inadvertent failure to renew.

### **2.16 - Annual Administration Fees**

Annual administration fees may be paid by:

- (a) Calling Distributor Services and charging the fee to a credit card or debit card; or
- (b) Completing the renewal form located on the back of the Company newsletter and faxing it to Distributor Services (this method may only be used when paying the renewal fee with a credit or debit card); or
- (c) Completing the renewal form located on the back of the Company newsletter (each month), and mailing it to the Distributor Services Department along with payment of the fee; or
- (d) Notifying Distributor Services, in writing, to automatically deduct the fee from the Distributor's commission check;
- (e) Electing to participate in the automatic renewal option.

No renewal will be accepted by STEMTech without proper payment of the annual administration fees. Upon renewal, the Primary and Secondary Distributors agree to continue to abide by the Governing Documents of STEMTech. If using the renewal form, BOTH Primary and all Secondary Distributors must sign the renewal form.

### **2.17 - Independent Contractor Status**

Every STEMTech Independent Distributor is an independent contractor operating and responsible for his/her Distributorship. No Distributor is an employee, franchisee, joint venture, partner, or agent of STEMTech. Distributors are *strictly prohibited* from stating or implying, either orally or in writing that he/she is an employee, franchisee joint venture, partner, or agent of STEMTech. No STEMTech Distributor has the right to (a) bind STEMTech to any obligation, (b) enter into any agreement on behalf of STEMTech, (c) make any warranties or representations on behalf of STEMTech and/or d) represent themselves as an employee of STEMTech to any third party.

### **2.18 - Indemnity Agreement**

A Distributor is fully responsible as an independent contractor for all of his/her verbal and written statements regarding STEMTech products, services, and the STEMTech Opportunity, which are not expressly contained in official STEMTech materials. Distributors agree to indemnify STEMTech and STEM-Tech's directors, officers, employees, and agents, and hold them harmless from any and all liability including but not limited to judgments, civil penalties, refunds, legal costs or court costs incurred by STEMTech as a result of the Distributor's unauthorised representations or actions.

### **2.19 - Legal Compliance**

Each Distributor shall comply with all applicable laws including, but not limited to constitutions, statutes, ordinances, codes and regulations concerning the operation of his/her Distributorship. Distributors are responsible for their own managerial decisions and expenditures, including all estimated income and self-employment taxes. Each Distributorship is free to establish their own selling practices and business hours, within the guidelines contained in the Governing Documents and/or in any other official STEM-Tech publications.

### **2.20 - No Exclusive Territories**

No STEMTech Independent Distributor is to imply or state that he/she has an exclusive territory for recruiting and/or selling STEMTech products. There are no geographical limitations for marketing, selling or recruiting purposes within the United Kingdom.

### **2.21 - Non-Solicitation**

STEMTech Distributors are free to participate in other direct sales, multilevel or network marketing business ventures or marketing opportunities (collectively "Direct Sales"). However, during the term of the Distributorship Agreement, STEMTech Distributors are *prohibited* from recruiting, promoting and/or selling the marketing opportunities and/or products of other Direct Sales companies to any other STEM-Tech Distributors or Retail Customers.

Following termination of the Distributorship Agreement, and for a period of ninety (90) days thereafter, a former Distributor may not recruit, promote and/or sell the marketing opportunities and products of another Direct Sales company to any STEMTech Distributor or Retail Customer if: (1) that STEMTech Distributor was in the former Distributor's Downline Organisation or (2) the former Distributor met, developed a relationship with, or gained knowledge of the Distributor or Retail Customer by virtue of their mutual participation in STEMTech.

During the term of the Distributorship Agreement, any actual or attempted recruitment or enrollment of STEMTech Distributors or Retail Customers for other Direct Sales business ventures, either directly or through a third party is strictly prohibited. This includes, but is not limited to, presenting or assisting in the presentation of other Direct Sales business ventures to any STEMTech Distributor or Retail Customer, or implicitly or explicitly encouraging any STEMTech Distributor or Retail Customer to join other business ventures. Because there is an extreme likelihood that conflicts will arise if a Distributor operates more than one Direct Sales program, it is the Distributor's responsibility to first determine whether a prospect is a STEMTech Distributor or Retail Customer before recruiting or enrolling the prospect for another network business venture.

The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, any STEMTech Distributor or Retail Customer to enroll or participate in another multilevel Marketing, network Marketing or direct sales opportunity. This conduct constitutes recruiting even if the Distributor's actions are in response to an inquiry made by another STEMTech Distributor or Retail Customer.

Distributors *must* not sell, or attempt to sell, any competing non-STEMTech products or services to STEMTech Retail Customers or Distributors. Any product or services in the same generic category as a STEMTech product or service is deemed to be competing; *e.g.*; Any dietary supplement is in the same generic category as STEMTech's product line, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content.

Distributors *may not* display STEMTech products with any non-STEMTech products or services in a fashion that might in any way confuse or mislead a prospective customer or Distributor into believing there is a relationship between STEMTech and the non-STEMTech products or services. Distributors *may not* offer the STEMTech Opportunity or products to prospective or existing Retail Customers or Distributors in conjunction with any non-STEMTech program, opportunity, product or service. Distributors *may not* offer any non-STEMTech-Opportunity, products or services before, during or following any STEMTech-

related marketing, seminar or conference (including events sponsored by STEMTech Independent Distributors). Notwithstanding the foregoing, nothing in this provision shall limit professional healthcare practitioners from offering STEMTech products in conjunction with their professional services.

### **2.22 - Changes to Distributorship Agreement**

Distributors *must* notify STEMTech, in writing of all changes to the information contained on his or her Distributorship Agreement. Distributors may modify their existing Distributorship Agreement by submitting to the Distributor Service Department of the Primary Distributor's resident's country a completed Application, containing the changed information with the words "RECORD CHANGE" inserted in the space provided for the Sponsor, as the Sponsor's signature is not needed for a record change. Both the Primary and all Secondary Distributors *must* sign the Application. The effective date of the Application will remain the date of the original Application on file with STEMTech. STEMTech will not change any information on the Application by phone.

### **2.23 - Changes of Addresses or Telephone**

To ensure timely delivery of products, support materials, and compensation cheques, it is critically important that STEMTech's files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Distributors planning to move or change their address and/or telephone number are to submit to the Distributor Services Department, a completed Application containing the changed information with the words "RECORD CHANGE" inserted in the space provided for the Sponsor as the Sponsor's signature is not needed for a record change. Both the Primary and all Secondary Distributors *must* sign the Application. To guarantee proper delivery, two (2) weeks advance notice must be provided to STEMTech on all changes. Please allow thirty (30) days after the receipt of the notice by STEMTech for processing. The effective date of the Application will remain the date of the original Application on file with STEMTech. STEMTech will not change any information on the Application by phone.

### **2.24 - Adding Secondary Distributors**

When adding a co-applicant or partner (either an individual or a business entity) to an existing STEMTech Distributorship, the Company requires both a written request signed by the Primary Distributor, as well as a properly completed Application containing the Secondary Distributor's personal identification number, signature, and the words "RECORD CHANGE" in the portion of the Application for Sponsor's signature. To prevent the circumvention of Section 3.8, the Primary Distributor must remain as a party to the original Application. If the Primary Distributor wants to terminate his or her relationship with the Company, he or she *must* sell, transfer or assign his or her Distributorship in accordance with Section 3.8. If this process is not followed, the Distributorship shall be terminated upon the withdrawal of the Primary Distributor. All compensation cheques will be sent to the address of record for the Primary Distributor. Please note that the modifications permitted within the scope of this paragraph do not include a change of Sponsorship. Changes of Sponsorship are addressed in Section 3.5 and 3.7. STEMTech may, at its discretion, require certified documents before implementing any changes to a STEMTech Distributorship. Please allow thirty (30) days after the receipt of the request by STEMTech for processing.

## **SECTION 3 - SPONSORSHIP AND TRAINING**

### **3.1 - Sponsoring**

All Distributors ("Sponsors") in good standing have the right to Sponsor and enroll others into STEMTech. Each prospective Applicant has the ultimate right to choose his/her own Sponsor. STEMTech Distributors are compensated only for the generation of bonus volume, *not for* Sponsoring new Distributors into STEMTech. Prior to signing the Distributorship Agreement, Sponsors are responsible for reviewing with the applicant the terms and conditions of the Governing Documents. Every Sponsor is expected to exercise the utmost diligence to avoid the appearance that he/she is acting as an employee or agent of STEMTech. The independent contractor status of the Sponsor shall be maintained and clearly represented at all times.

### **3.2 - On Going Training**

All Distributors *must* perform a bona fide assistance and training function to ensure that his/her Downline is properly operating his/her STEMTech Distributorship. Sponsors *must* have ongoing contact and communication with the Distributors in their Downline Organisations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voicemail, electronic mail, and the accompaniment of Downline Distributors to STEMTech meetings, training sessions, and other functions. Sponsors are also responsible for motivating and training new Distributors in STEMTech product knowledge, effective sales techniques (including how to complete a sale and the preparation of order forms and receipts), the STEMTech Opportunity and compliance with Company's P&Ps and Governing Documents. Communication with and the training of Downline Distributors *must not*, however, violate Section 4.

### **3.3 - Ongoing Communication with Downline Organization**

Sponsors should monitor the Distributors in their Downline Organisations to ensure that downline Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct.

### **3.4 - Ongoing Sales**

Responsibilities: Regardless of their level of achievement, Distributors have an ongoing obligation to continue to personally service and promote sales through the generation of new and existing Retail Customers and his/her downline Distributors.

### **3.5 - Sponsor Transfer**

To protect the integrity of the STEMTech Opportunity and all Downline Organisations and to safeguard the hard work of all Distributors, STEMTech strongly discourages changes in Sponsorship. Maintaining the integrity of Sponsorship lines is critical for the success of every Distributor and Downline Organisation. Accordingly, the transfer of a STEMTech Distributorship from one Sponsor to another is *rarely permitted*.

Distributors requesting a change of Sponsor *must* submit the request in writing to the Distributor Services Department, which *must* include the reason for the transfer. Except in appropriate cases involving fraudulent inducement or unethical Sponsoring DOWNLINER DISTRIBUTORS WILL NOT BE MOVED WITH THE TRANSFERRING DISTRIBUTORSHIP. All requests for transfer alleging fraudulent enrollment practices *must* be submitted to the Distributor Services Department within thirty (30) days of the date the Application was accepted by STEMTech and shall be evaluated on a case by case basis. It shall be within STEMTech's sole discretion whether the downline of the transferring Distributor will be moved along with him or her. Upon requesting a Sponsor transfer, the Distributor Services Department will forward to the requesting Primary Distributor instructions and a Sponsor Transfer Form to be completed and returned to Distributor Services. There is a non-refundable Administration and Data Processing fee of £100 per request, for each Distributorship requesting the Sponsor transfer. This fee must accompany the Sponsor Transfer Form. A Distributor may only request a Sponsor transfer one (1) time.

Placement of a new enrollee under someone in the downline (placement sponsor), must be requested within the first calendar month of the new enrollee's application submission.

### **3.6 - Cross-Sponsoring**

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment of an individual who, or entity that, already has a current Customer or Distributor Agreement on file with STEMTech, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's, civil partner's or relative's name, trading names, assumed names, companies, partnerships, or any other artifice to circumvent this policy is prohibited. This policy shall not prohibit the transfer of a STEMTech business in accordance with Section 3.5, 3.7, or 3.8.

If Cross Sponsoring is discovered, it must be brought to the Company's attention immediately. STEMTech may take enforcement action against the Distributor that changed organisations and/or those Distributors who encouraged or participated in the Cross Sponsoring. STEMTech may also move all or part

of the offending Distributor's downline to his or her original Downline Organisation if the Company deems it equitable and feasible to do so. However, STEMTech is under no obligation to move the Cross Sponsored Distributor's downline organisation, and the ultimate disposition of the organisation remains within the sole discretion of STEMTech. Each situation will be reviewed on a case-by-case basis. **Distributors waive all claims and causes of action against STEMTech arising from or relating to the disposition of the Cross Sponsored Distributor's Downline Organisation.**

### **3.7 - Voluntary Termination and Re-application**

A Distributor may legitimately change organisations by voluntarily terminating his/her Distributorship Agreement and remaining inactive (i.e., no purchases of STEMTech products for resale, no sales of STEMTech products, no Sponsoring, no attendance at any STEMTech functions or participation in any other form of Distributor activity, or operation of any other STEMTech Distributorship) for six (6) full calendar months. Following the six (6) calendar month period of inactivity, the former Distributor may reapply under a new Sponsor. STEMTech reserves the right to waive the six (6) month requirement on a case-by-case basis.

### **3.8 - Sale, Transfer or Assignment of a STEMTech Distributorship**

Although Distributors have an interest in and are authorised to operate a STEMTech Distributorship, the sale, transfer or assignment of a STEMTech Distributorship is subject to certain limitations. STEMTech Distributorships may only be acquired by or sold, transferred or assigned to STEMTech, the Primary Distributor's active upline Sponsors, or a non-STEMTech Independent Distributor. A STEMTech Distributorship may not be acquired by or sold, transferred or assigned to any inactive Sponsors or existing Downline or Crossline Distributors. All Distributorship sales, transfers, or assignments shall be subject to the approval of STEMTech, which shall not be unreasonably withheld. STEMTech may not approve the sale, transfer or assignment of any Distributorship that has been in violation of the Agreement within the proceeding twelve (12) months of the request. If a Distributor is considering or desires to sell, transfer or assign his/her Distributorship, he/she *must* first notify the Distributor Services Department *before* any sale documents are discussed or entered into. Distributors, who complete a sale, transfer, or assignment without the authorisation of STEMTech, will be denied and the Distributorship automatically terminated by STEMTech. Certain fees apply to all sale, transfer or assignment of a STEMTech Distributorship for administration and data processing costs. STEMTech reserves the right to waive or adjust such fees on a case-by-case basis.

### **3.9 - Death of a Distributor**

Notwithstanding any other provision of these P&Ps, upon the death of a Distributor his/her Distributorship shall pass to his/her successors in interest according to a deceased Distributor's will or other testamentary device and subject to this Policy and STEMTech's acceptance of the nominated successor as a suitable person to hold the distributorship. Because probate of an estate can take a very long time if no will exists, and the delay can damage the business of a Downline Organisation, STEMTech will terminate the Agreement upon the death of any Distributor who dies and leaves no will or other testamentary instrument. To effect a testamentary transfer of a STEMTech Distributorship, the successor must provide the following appropriate legal documentation to the Company to ensure the transfer is proper: (1) an original death certificate; (2) a certified copy of the grant of probate; and (3) a completed Distributorship Agreement in the name of the successor. Accordingly, a Distributor should consult a solicitor to assist him/her in the preparation of a will or other testamentary instrument, which should include instruction for handling his/her STEMTech Distributorship. Because STEMTech does not permit more than one Distributorship per Distributor, an active Distributor is not permitted to be a beneficiary and will not be considered by STEMTech to be a suitable person to hold the distributorship. In the event an active or involuntarily terminated Distributor is the beneficiary, STEMTech reserves the right to terminate either the deceased's Distributorship or that of the Distributor beneficiary. Whenever a STEMTech Distributorship is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all compensation under the STEMTech Opportunity from the deceased Distributor's Downline Organisation provided the following qualifications are met. The successor(s) must:

- (a) Execute a Distributorship Agreement with the words "RECORD CHANGE" in the section designated for a Sponsor's signature as the Sponsor's signature is not needed; and

- (b) Comply with the terms and provisions of the Agreement; and
- (c) Meet all of the qualifications for the deceased Distributor's status; and
- (d) The Compensation of a STEMTech Distributorship transferred pursuant to this section will be paid in a single cheque jointly to the devisee(s) or to a single Business Entity formed by the devisee(s).
- (e) If the beneficiary is a minor, STEMTech reserves the right to terminate the Distributor Agreement and to pay all and any monies due to the estate of the deceased.

### **3.10 - Incapacity of a Distributor**

Upon the incapacity of a STEMTech Distributor the rights and responsibilities of the Distributor can be assumed by his/her attorney who may handle the Distributor's affairs. To operate a STEMTech Distributorship because of incapacity, the attorney must provide STEMTech with a certified copy of an appointment as attorney; No active or inactive STEMTech Distributor may act as an attorney.

### **3.11 - Agreements Between STEMTech Distributors**

STEMTech will not recognise any agreements between STEMTech Independent Distributors relating to distribution of commissions, bonuses, generation overrides, or Sponsorship.

### **3.12 - Confidentiality and Genealogy Reports**

All Genealogy and Downline activity reports, as well as the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to STEMTech. Genealogy and Downline activity reports are provided in strictest confidence and are made available to STEMTech Distributors for the sole purpose of assisting them in working with their respective Downline Organisations in the development of their STEMTech Distributorships, and may only be used for such purpose. All Distributors and STEMTech agree that, but for this Agreement of confidentiality and non-disclosure, STEMTech would not provide Genealogy and Downline activity reports to the Distributor. STEMTech will provide Distributors with Genealogy and Downline activity reports, at a nominal cost. STEMTech Distributors *shall not*, on his/her own behalf, or on behalf of any other person or Business Entity:

- (a) Directly or indirectly disclose any information contained in any Genealogy and/or Downline activity report to any third party;
- (b) Use the information contained therein for any purpose other than promoting his/her STEMTech Distributorship and generating sales of STEMTech products and services;
- (d) Recruit or solicit any Distributor or Retail Customer listed on any report; or
- (e) In any manner attempt to influence or induce anyone to alter their business relationship with STEMTech.

Upon demand by the Company, any current or former Distributor will return the original and all copies of Genealogy and/or Downline activity reports to the Company.

### **3.13 - Loyalty to the Company**

STEMTech wants to provide its Distributors with the best products, Opportunity and service in the industry. Accordingly, STEMTech values Distributor's constructive criticisms and comments. All such comments should be submitted in writing to the Distributor Service Department. Remember - to best serve our Distributors, STEMTech must hear from them. While the Company welcomes constructive input, negative comments and remarks made in the field by Distributors about the Company, its products, or Opportunity serve no purpose other than to sour the enthusiasm of other STEMTech Distributors. Accordingly, Distributors must not make negative, derogatory or defamatory comments about STEMTech, its products, programmes, management or employees to any third party, including, but not limited to, other STEMTech Distributors.

### **3.14 - Separation of a Joint STEMTech Distributorship, Including Divorce**

A partnership (spouses, civil partners or other forms of partnership) that holds a STEMTech Distributorship held by partners or by spouses or civil partners may be dissolved in such cases as divorce and Business Entity dissolution. During the course of a divorce or Business Entity dissolution the affected

parties are expected by STEMTech to conduct themselves in a manner so as not to engage or involve other STEMTech Independent Distributors or any STEMTech officers, directors, shareholders, employees, agents, etc. in any controversy or dispute. Further, the affected parties are expected to conduct themselves in accordance with the Agreement and in such a manner that will not adversely affect any STEMTech officers, directors, shareholders, employees, agents, etc., or the businesses or income of other STEMTech Independent Distributors.

During a pending divorce, separation or dissolution of a Business Entity, neither party may apply for a separate STEMTech Distributorship. The restrictions set forth in Section B, herein, prohibiting a husband and wife or partners, officers, directors, or shareholders from operating a separate STEMTech Distributorship will continue until the Decree Absolute or judgment has been entered by a court of competent jurisdiction and a certified copy of the Decree or judgment or dissolution documentation has been forwarded to STEMTech's Legal Department. Upon notification to the Distributor Services Department that a divorce, separation or dissolution is pending, no activity will be permitted on the Distributorship unless all parties sign the request (e.g. change of address, name, and payee on compensation cheques, etc.).

In the event of a divorce, separation or dissolution of a Business Entity, the final Decree or Judgment or dissolution documentation *must* identify the individual(s) who will operate the STEMTech Distributorship. A STEMTech Distributorship *may not* be divided in any manner, nor will STEMTech be responsible for making compensation payments in the form of more than one cheque. The existing lines of Sponsorship beneath the affected STEMTech Distributorship *must* remain intact. A former spouse or officer(s), director(s), shareholder(s) who has completely relinquished all rights in the STEMTech Distributorship to the other affected party(ies) is free to (a) apply as a new STEMTech Distributor under the original Sponsor or (b) apply as a new Distributor in a completely different line of Sponsorship of the new Distributor's choice. The six (6) calendar month waiting period set forth in Sections 3.7 and 9.2, regarding voluntary termination will not apply in divorce or separation of civil partner situations, but shall apply in cases involving the dissolution of a business entity.

## **SECTION 4 - TRADEMARKS, LITERATURE AND ADVERTISING**

### **4.1 - General**

All Distributors shall safeguard and promote the good reputation of STEMTech and its products. The marketing and promotion of STEMTech, the STEMTech Opportunity, and STEMTech products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and the tremendous opportunity STEMTech offers, Distributors *must* use the Marketing Materials and support materials produced by STEMTech. The rationale behind this requirement is simple. STEMTech has carefully designed its products, product labels, Opportunity, and promotional materials to ensure that each aspect of STEMTech is fair, truthful, substantiated, and complies with the vast and complex requirements of applicable laws, regulations and codes of conduct. If STEMTech Distributors were allowed to develop their own Marketing Materials and promotional materials (which includes Internet advertising), notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting a STEMTech Distributorship is almost certain. These violations would jeopardise the STEMTech Opportunity for all Distributors. Accordingly, Distributors *must not* produce their own literature, advertisements, Marketing Materials, audios, videos, and promotional materials, or internet web pages without the written consent of STEMTech.

### **4.2 - Trademarks and Copyrights**

Except to the extent they are contained in STEMTech issued literature and materials and only for the purpose of promoting the STEMTech Opportunity and products, STEMTech will not allow the use of its trade names, trademarks, designs, or symbols, including but not limited to STEMTech™ HealthSciences, Inc., STEMTech UK, Ltd., StemEnhance™, StemPets: For Dogs™, StemEquine™ etc., by any persons, including any STEMTech Distributors without its prior written permission. Distributors shall not reproduce for personal use, sale or distribution any recorded events that are either Sponsored by STEMTech

or where a STEMTech Corporate employee is speaking including, but not limited to, telephone calls, voicemail messages and speeches without written permission from STEMTech. Nor may Distributors reproduce for sale or for personal use any recording of company-produced audio or videotape presentations. In addition, Distributors may not use the STEMTech name of any STEMTech product, trade name, or service mark, or any derivation of the foregoing, in any domain name or e-mail address.

#### **4.3 - Literature**

Only official STEMTech literature may be used in representing STEMTech Products, the STEMTech Opportunity and/or the STEMTech Compensation Plan. STEMTech brochures, inserts, and other sales aid items available from STEMTech are copyrighted and may not be reproduced, duplicated or reprinted without express written permission from STEMTech.

#### **4.4 - Mass Recruitment, Sales Techniques and Internet Web Site Use**

Except as provided in this Section, Distributors may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or "spamming" relative to the operation of their STEMTech Distributorship. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting STEMTech, its products, its Opportunity, or any other aspect of STEMTech which is transmitted to any person. Exception: these terms do not include a fax or e-mail sent: (a) to any person with that person's prior express invitation or permission or (b) to any person with whom the Distributor has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between a Distributor and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding STEMTech products offered by such Distributor; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

Because the Internet recognizes no geographical borders (Domestic or Foreign), information on the Internet may be legal in one country and illegal in another. Therefore, Distributors desiring to utilise an Internet web page to promote his/her Distributorship *must* do so through the Company's official web site, using official STEMTech replicated templates.

#### **4.5 - Catalogue and Magazine Advertising and Promotions**

STEMTech Products, Opportunity and services shall not be promoted by means of using a catalogue of any kind including, but not limited to a mail order catalogue and/or magazine, other than a catalogue or magazine that may be produced by STEMTech. STEMTech Products may only be promoted and advertised using STEMTech provided materials or materials that have been approved in writing by STEMTech.

#### **4.6 - Print Advertising**

Only STEMTech approved materials may be used in the placement of any advertising in any print media including, but not limited to flyers, brochures, display ads, signs, car windows, etc. No STEMTech Independent Distributor shall use STEMTech trademarks or copyrighted material in any advertising not produced by STEMTech without the express written authorisation of STEMTech. Advertising requests are to be sent to the STEMTech Marketing Department and must include the STEMTech trademarks, symbols and slogans to be used in a detailed page layout that includes size dimensions of the advertisement, colors and text. Within fifteen (15) business days from receipt of the advertising request the STEMTech Marketing Department will notify the STEMTech Independent Distributor of its decision to approve or deny the advertising request. Upon written approval of the advertising request, STEMTech will assign an authorisation number that must appear at all times on the advertising in the location specified by STEMTech.

#### **4.7 - Telephone Listing and Display Ads**

A STEMTech Independent Distributor who has achieved the Distributor status of Director and who has actively participated in building his/her STEMTech Distributorship for a minimum of six (6) months may list in the business pages of the telephone directory under the Distributor's name, with the words "INDEPENDENT DISTRIBUTOR FOR STEMTECH UK Limited." or "INDEPENDENT DISTRIBUTOR FOR STEMTECH UK, Limited. PRODUCTS." No other elaboration is permitted. Yellow Page display advertising must

be submitted to the STEMTech Marketing Department for written approval, which will contain an authorisation number that must appear in the display ad.

#### **4.8 - Electronic Media**

STEMTech Independent Distributors are prohibited, in any fashion, from using the internet, radio, television or cable television advertising or public appearances to publicise STEMTech, its Opportunity, or its products without the express written approval of STEMTech. Only official STEMTech literature may be used in representing STEMTech Products, and the STEMTech Opportunity. STEMTech brochures, inserts, and other sales aid materials available from STEMTech may not be electronically reproduced, duplicated or reprinted without the express written consent of STEMTech. Nothing herein shall limit a Distributors' ability to use e-mail to communicate with their own downline.

#### **4.9 - Endorsements**

The names of STEMTech officers, directors, shareholders, employees, and/or spokespersons or any anecdote relating to STEMTech officers, directors, shareholders, employees or spokespersons *may not* be used in any form of advertisement without the prior express written consent of STEMTech.

#### **4.10 - Media and Media Inquiries**

NO STEMTech DISTRIBUTOR IS AUTHORISED TO BE A SPOKESPERSON TO THE MEDIA ON BEHALF OF STEMTech. Distributors *must not* attempt to respond to media inquiries regarding STEMTech, its Opportunity, and/or products and services, or their independent STEMTech Distributorship. All enquiries by any type of media must be immediately referred to STEMTech's Marketing Department. This policy is designed to assure a proper public image and that accurate and consistent information is provided to the public.

#### **4.11 - Representations as a STEMTech Employee**

Distributors shall not hold themselves out as employees of STEMTech. A Distributor may not answer his/her telephone by saying "STEMTech", "STEMTech HealthSciences, Inc." or in any other manner that would lead the caller to believe that he/she has reached an official STEMTech office or that they are speaking with a Company officer, director, and/or employee. STEMTech Distributors may not record a greeting message for telephones and voicemail services that expressly or implicitly implies the recipient is contacting an official office of STEMTech or that they will be speaking to a Company officer, director, and/or employee.

#### **4.12 - Telemarketing**

STEMTech Independent Distributors are *strictly prohibited* from using telemarketing tactics of any kind to promote STEMTech, its Opportunity, products and services. This includes the use of automatic dialing machines, telemarketing boiler rooms, or an organised telecommunication campaign of any nature.

### **SECTION 5 - STEMTECH DISTRIBUTOR STATUS AND COMPENSATION**

For purposes of these P&Ps, the term "compensation" shall mean any compensation paid to Distributors under the STEMTech Opportunity.

#### **5.1 - Distributorship Agreement**

Compensation will not be paid until all parties having interest in the STEMTech Distributorship have signed the Distributorship Agreement and it has been received and accepted by STEMTech.

#### **5.2 - Hard Calendar Month**

Compensation and Distributor status achievement levels are calculated on a monthly basis. However, if the first day of the month falls on a weekend or legal holiday then the first day of the month will be the first business day of the month, except for orders received online. If the last day of the month falls on a weekend or holiday then the last day of the month will be the last business day of the month, except for orders received online.

#### **5.3 - Payment Date**

Compensation will be processed and paid between the 10th and 20th of the month following the month in which the compensation was earned. For example, compensation earned during the month of August will be paid between September 10 and September 20. This does not include any FastStart Bonuses, which are paid weekly, within two to three weeks from the end of a given calendar week volume period. The software system will reflect title promotions once monthly commissions are processed.

#### **5.4 - Compensation Qualifications**

A Distributor must be active and in compliance with the Agreement to qualify for compensation under the STEMTech Opportunity. So long as a Distributor complies with the terms of the Agreement, STEMTech shall pay commissions and other compensation to such Distributors in accordance with the STEMTech Compensation Plan. The minimum amount for which STEMTech will make a direct credit payment is £20.00. If a Distributor's compensation does not equal or exceed £20.00, the Company will accumulate the compensation until the Distributor accrues a minimum total of £20.00. A direct credit payment will be made once £20.00 has been accrued. However, all funds in a Distributor's account will be paid out in December of each year even if £20.00 has not been accrued.

#### **5.5 - Adjustments for Returned Products and Marketing Materials**

Distributors receive compensation based on the actual sales of products and services to end consumers. When a product is returned to STEMTech for a refund or is repurchased by the Company, the compensation attributable to the returned or repurchased product(s) if paid within the preceding 120 days will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered from the Distributors who received compensation on the sales of the refunded goods.

#### **5.6 - Errors and Omissions**

If a Distributor has questions about or believes any errors have been made regarding compensation, Genealogy, Downline activity reports, or charges the Distributor *must* notify the STEMTech Distributor Services Department in writing within sixty (60) days of the date of the purported error or incident in question. STEMTech will not be responsible for any errors, omissions or problems not reported within 60 days.

### **SECTION 6 - INTERNATIONAL DISTRIBUTORSHIPS**

#### **6.1 - International Marketing**

Because of critical legal and tax considerations, including: compliance with foreign laws regarding product approval or registration; regulations regarding ingredients, labelling, and packaging; warning statements; protection of intellectual property; compliance with customs, tax, and immigration laws; compliance with direct selling laws; product and income representations; and literature content and language requirements, STEMTech *must* limit the resale of STEMTech products and services, and the presentation of the STEMTech Opportunity to prospective customers and Distributors located within the United Kingdom. Moreover, allowing a few Distributors to conduct business in markets not yet opened by STEMTech would violate the concept of affording every Distributor the equal opportunity to expand internationally.

Accordingly, Distributors are authorised to sell STEMTech products and services, and enroll new applicants into the STEMTech Opportunity *only* in the countries in which STEMTech is authorised to conduct business, as announced in the Company newsletter, or other official STEMTech materials. STEMTech products or Marketing Materials cannot be shipped into or sold in any foreign country. Distributors may sell, give, transfer, or distribute STEMTech products or Marketing Materials only in their home country. In addition, no Distributor may, in any unauthorised country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or Distributors; or (c) conduct any other activity for the purpose of selling STEMTech products, establishing a Downline Organisation, or promoting the STEMTech Opportunity.

#### **6.2 - Foreign Sales and Business Building Activities**

Distributors will *only* be authorised to sell STEMTech products and present the Opportunity in foreign countries that STEMTech has announced are officially open for business. STEMTech will notify Distributors of the foreign countries open for establishing a Distributorship through the Company website, newsletter or other official literature. Distributors are *not permitted* to sell or ship STEMTech products (retail or wholesale) to any foreign country outside of the country where their Application is on file with STEMTech.

## **SECTION 7 - PURCHASE AND SALE OF PRODUCTS, PAYMENT, AND SHIPPING**

### **7.1 - Excess Inventory Purchases Prohibited**

STEMTech Distributors may only purchase STEMTech products from STEMTech or from their immediate upline Sponsor. Distributors are not required to carry an inventory of products or Marketing Materials. Distributors who do so may find making retail sales and building a Downline Organisation somewhat easier because of the decreased response time in fulfilling retail customer orders or in meeting a new Distributor's needs. Each Distributor must make his/her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to STEMTech upon the Distributor's termination pursuant to the terms of Section 8.4 of these P & P P.

STEMTech strictly prohibits the purchase of products in unreasonable amounts primarily for the purpose of qualifying for compensation or advancement under the STEMTech Opportunity or in any contest, bonus or other compensation programme offered by STEMTech.

### **7.2 - Crossline and Downline Wholesaling**

Distributors must purchase products directly from the Company and not from another STEMTech Distributor.

### **7.3 - Product Sales**

The STEMTech Opportunity is based upon the sale of STEMTech products and services to end consumers. Distributors *must fulfill* personal and Downline Organisation retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for compensation and advancement to higher levels of achievement: To be eligible for compensation, Distributors must satisfy the Personal Point Value (PPV) and Personal Group Point Value (GPV) conditions to fulfill the requirements associated with their rank as specified in the STEMTech Opportunity. "PPV" includes purchases made by the Distributor and his/her retail sales to direct ship and autoship customers who are not also Distributors. GPV shall include up to 200 PPV of a Distributor's personal purchases and the total retail sales volume of all Distributors in his/her Downline Organisation, but shall not include the volume or downline Director organisational volume.

### **7.4 - 70% Rule**

The STEMTech program is driven by retail sales. A "retail sale" is a sale to an individual or entity who is not a STEMTech Distributor, nor are they purchasing in order to qualify as a STEMTech Distributor. At least 70% of each Distributor's PPV shall be sold to retail customers.

### **7.5 - Payment Options**

When purchasing STEMTech products directly from STEMTech, payment may be made in the form of a personal cheque, bank wire transfer, an acceptable major credit or debit card, or any other method established by STEMTech. No orders will be shipped without prior payment and verified deposit of funds into the STEMTech account. It is the responsibility of each Distributor to ensure that there are sufficient funds or credit available in his or her account to cover the monthly AutoShip orders. Though STEMTech may attempt to contact Distributors in regard to orders canceled due to nonsufficient funds or credit, orders that do not process in time may result in a Distributor's failure to meet his/her PPV and/or GPV requirements for the month.

### **7.6 - Personal Cheque Policy**

STEMTech U.K Ltd does not accept cheques of any description.

### **7.7 - Restrictions on Third Party Use of Credit Cards and Bank Account Access**

A Distributor should not use his/her credit card, or permit debits to his/her debit card account, to enroll or to make purchases from the Company for other Distributors or Retail Customers. Similarly, only the Distributor whose name appears on the Distributor Application and Agreement may place orders on his or her credit card or debit card account. STEMTech does not accept multiple credit or debit cards to pay for one order.

### **7.8 - Timely Delivery Of Products And Marketing Materials**

STEMTech will process STEMTech products and Marketing Materials orders within forty-eight (48) business hours of receiving an order. Shipment is made by common carrier. Unless specifically requested otherwise, delivery should arrive within seven (7) to fourteen (14) business days from the date of shipment. Carrier shipping may require a signature for verification of receipt.

### **7.9 - Damaged Goods**

Upon receipt, all goods must be immediately inspected by the Distributor to determine any possible damage. Lost or damaged packages are the responsibility of the carrier once it has taken physical custody of the goods from STEMTech. If a Distributor receives damaged goods he/she must complete the following steps within thirty (30) days of receipt of the damaged goods:

- (a) Accept the delivery from the carrier, and
- (b) Telephone the Distributor Services Department and inform the representative: (1) the type/amount of damage, (2) the ship to address, (3) the ID number, and (4) any other information determined to be necessary by the Distributor Services Representative.
- (c) The Distributor Services Representative will notify the carrier of the damaged goods and arrange for them to be picked up by the carrier and inspected.
- (d) The Distributor Services Representative will make the necessary arrangements for the damaged goods to be replaced and reshipped.

Without properly adhering to the above procedures, there may be a delay in the replacement of damaged goods.

### **7.10 - Price Changes**

STEMTech reserves the right to change the prices for any or all of its products and Marketing Materials, and amend point values, and/or bonus values associated with products, at any time upon reasonable notice.

### **7.11 - Retail Pricing And Receipts**

Although STEMTech provides a recommended retail price as a guideline STEMTech Independent Distributors may sell STEMTech Products at whatever retail price he/she and his/her customers agree upon. All Distributors must provide their retail customers with two copies of an official STEMTech retail sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee for STEMTech products, as well as notice of the consumer's right to cancel the order. Distributors must maintain a copy of all retail sales receipts for a period of two (2) years and furnish them to STEMTech at the Company's request. Records documenting the purchases of Distributors' Direct Customers will not be maintained by STEMTech.

### **7.12 - Retail Outlets**

STEMTech products *shall not* be sold or displayed in any major/chain retail outlet shop including, but not limited to supermarkets, food shops, chemists, health food stores (with the exception of single-location health food stores operated by a sole proprietor), or any other type of major/chain retail establishment. STEMTech Products may not be sold or displayed for public view (casual foot traffic), except in private clubs, such as health clubs, spas, and appointment only businesses, for example a doctor's office or beauty salons. STEMTech products *shall not* be displayed for public view such as in display windows. STEMTech products may only be displayed in a manner that is visible to clientele from inside

the place of business. STEMTech Distributors may sell and display STEMTech products in a designated area in such places as shopping centres and antique centres.

This policy does not prohibit a shop owner from being a STEMTech Independent Distributor. If the shop owner has more than one physical location from which he/she sells STEMTech products. The shop owner *must* have an active STEMTech Independent Distributor present at each location during business hours to demonstrate STEMTech Products, answer any questions that a prospective Retail Customer or potential Distributor may have, demonstrate STEMTech products and services and to present the STEMTech Opportunity.

Online auction or sales sites including but not limited to eBay and Amazon are prohibited retail outlets and may not be used as a venue to market STEMTech products.

### **7.13 - Exhibit Space**

Distributors may rent exhibit space at special events such as trade fairs, health fairs, nutrition shows and business expos, etc. When a Distributor has purchased exhibit space, other Distributors who have not purchased exhibit space are *strictly prohibited* from "walking the floor" at such events, either inside or directly outside the facility and discussing and/or demonstrating STEMTech products to other exhibitors or visitors. STEMTech does not prohibit two (2) or more Distributors from renting exhibit space at the same event if the event promoter permits such practice.

Event promoters establish their own criteria for renting exhibit space. It is solely at the discretion of the event promoter to rent their space under the terms and conditions they establish including, rental fees and/or services. To avoid violation of this policy, STEMTech suggests that Distributors renting exhibit space first contact the event promoter to determine (a) under what conditions you will be renting the space, (b) will every renter be paying the same amount, (d) will other Distributors be permitted to rent space, and (c) has any other STEMTech Independent Distributor rented space at this event. Disputes concerning rented exhibit space must be resolved between the Distributors and the event promoter. To avoid encroaching on another Distributor's rented space. Before you "walk the floor", check with the event promoter and confirm that another STEMTech Independent Distributor has not rented exhibit space.

### **7.14 - General Order Policies**

On orders submitted by post with invalid or incorrect payment, STEMTech will attempt to contact the Distributor by phone, and/or post to try to obtain another payment. If these attempts are unsuccessful after five working days the order will be returned unprocessed. No C.O.D. orders will be accepted. STEMTech maintains no minimum order requirements. Orders for products, services and Marketing Materials may be combined.

### **7.15 - Back Order Policy**

STEMTech will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out-of-stock, it will be placed on back order and sent when STEMTech receives additional inventory. Distributors will be charged and given PPV on back ordered items only once shipped unless notified on the invoice that the product has been discontinued. STEMTech will notify Distributors and Retail Customers if items are back ordered and are not expected to ship within thirty (30) days from the date of the order. An estimated shipping date will also be provided. Back ordered items may be cancelled upon a Retail Customer or Distributor's request. Retail Customers and Distributors may request a refund, credit on account, or replacement merchandise for canceled back orders. If a refund is requested, the Distributor's PPV will be decreased by the amount of the refund in the month in which the refund is issued.

### **7.16 - Confirmation of Order**

A Distributor and/or recipient of an order *must* immediately confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify STEMTech of any shipping discrepancy or damage within thirty (30) days of shipment will cancel a Distributor's right to request a correction.

### **7.17 - Deposits**

No monies should be paid to or accepted by a Distributor for a sale to a personal Retail Customer except at the time of product delivery. Distributors should not accept monies from Retail Customers to be held for deposit in anticipation of future deliveries.

## **SECTION 8 - RETAIL GUARANTEE, RETURNS AND REFUNDS**

### **8.1 - Returns by Retail Customers**

STEMTech offers, through its Distributors, a 100% thirty (30) day unconditional money-back guarantee to all Retail Customers. Every Distributor is bound to honour the Retail Customer Guarantee and is responsible for the refund amount. If, for any reason, a retail customer is dissatisfied with any STEMTech product or service, the Retail Customer may return the unused portion of the product to the Distributor from whom it was purchased, within thirty (30) days of the date of purchase, for a replacement, exchange or a full refund of the purchase price (less shipping). This guarantee does not affect the Retail Customer's statutory rights.

### **8.2 - Returns by Distributors for Replacement**

In the instance of a Retail Customer return to a Distributor, the Distributor may then return the product to STEMTech along with (a) the Retail Customer receipt, (b) a statement from the Retail Customer as to the reason why he/she returned the product, and (c) any unused portion of product. STEMTech will then replace the product within thirty (30) days. Shipping of the return product to STEMTech is the responsibility of the Distributor. However the replacement shipped to the Distributor will be at STEM-Tech's expense.

### **8.3 - Termination Returns**

Upon voluntary or involuntary termination of the Distributorship Agreement, the Distributor may return inventory and Marketing Materials for a refund. A Return Merchandise Authorisation (RMA) must be obtained from Distributor Services prior to sending the return. The RMA number must be included in the return to properly apply a credit.

Where the Distributor terminates the Agreement within a period of fourteen (14) days, of entering into the Agreement STEMTech will (i) refund of all monies paid by the Distributor in connection with the STEMTech programme, (ii) refund the monies paid for any Products (including training and promotional materials, business manuals and kits) purchased within that period and which remain unsold provided that such unsold Products are in the condition in which they were in at the time of purchase, (whether or not their external wrappings have been broken).

Where the Distributor terminates the Agreement more than fourteen (14) days after entering into it, the Distributor shall have the right to return to STEMTech any Products the Distributor has purchased within a period of ninety (90) days prior to such termination and which remain unsold and to receive from STEMTech the price (inclusive of VAT) which the Distributor paid for the Products, less

- (i) in the case of any Products, the condition of which has deteriorated due to an act or default on my part, an amount equal to the diminution in their value resulting from such deterioration; and
- (ii) a reasonable handling charge of ten per cent (10%) of the price.

Where STEMTech has terminated the Distributor Agreement, the Distributor shall have the right to return to STEMTech any Products purchased within a period of ninety (90) days prior to such termination and which remain unsold and to receive from STEMTech the price (inclusive of VAT) paid for the Products together with any costs incurred for returning the Products to the Company; any such refund shall be on terms whereby the Products not already held by STEMTech will be delivered within twenty-one (21) days of such termination at STEMTech's expense to the address set out in the Application or as notified by STEMTech from time to time.

Any such refund shall be on terms whereby the purchase price is payable upon delivery of the Products or if the Products are already held by STEMTech forthwith.

Bonuses or commissions paid in respect of Products returned by or refunded to those in the Distributor's Downline Organisation, within the preceding one hundred and twenty (120) days shall be repayable by the Distributor where a Distributor in the Downline Organisation terminates his/her Agreement or it is terminated by STEMTech.

#### **8.4 Unauthorised Returns**

Any returns to STEMTech as a result of shipments being unclaimed by the consignee, refused upon delivery, or requiring re-shipment after an un-authorized return are subject to a minimum of 10% administrative handling fee plus any re-shipping costs.

The following guidelines must be adhered to in order for STEMTech to process the return for a refund:

- (a) **PRIOR TO THE RETURN** of any STEMTech products and/or Marketing Materials, the Distributor is to notify the STEMTech Distributor Services Department for authorisation to return the product. Upon notification, the Distributor Services Representative will send to the Distributor a Return Merchandise Authorisation form. Upon receipt of this form, the Distributor is to complete the form and return it to the issuing Distributor Services Department for authorisation to return any STEMTech products and/or Marketing Materials. **DO NOT SEND YOUR RETURN PRODUCTS OR MARKETING MATERIALS AT THIS TIME. THE RETURN MERCHANDISE AUTHORISATION FORM MUST BE REVIEWED AND AUTHORISED BY STEMTECH BEFORE ANY RETURNS MAY BE CONSIDERED FOR A REFUND.**
- (b) Upon review of the Return Merchandise Authorisation form, the Distributor Services Representative will notify the Distributor of the authorisation number and packaging instructions, including shipping labels, to be used on the return. **NO RETURN WILL BE ACCEPTED BY STEMTECH WITHOUT A RETURN AUTHORISATION NUMBER ON ALL SHIPPING LABELS.**
- (c) Upon receipt of the authorisation number and packaging instructions, the Distributor may return only the requested STEMTech products and/or Marketing Materials listed on the authorisation form.
- (d) Upon receipt and favorable inspection of the products and/or Marketing Materials being returned, STEMTech will process a refund payment on or about the 15th of the month following the month in which the products and/or Marketing Materials were received by STEMTech. IF the products and/or Marketing Materials are not in restockable, reusable and resalable condition, STEMTech will notify the Distributor to forward to STEMTech the cost for return shipment of the products and/or Marketing Materials and will return the merchandise to the former Distributor. Any products and/or Marketing Materials not considered by STEMTech to be refundable must be claimed by the Distributor within thirty (30) days of notice by STEMTech or they will be destroyed.
- (f) **ANY DISTRIBUTOR WHO RETURNS STEMTECH PRODUCTS AND/OR MARKETING MATERIALS without proper authorisation from STEMTech will receive notification from the company and will risk a delay in any possible refund.**

### **SECTION 9 - TERMINATION AND NONRENEWAL**

#### **9.1 - Involuntary Termination**

A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by STEMTech in its sole discretion, may result in any of the sanctions listed in Section 10.2, including the involuntary termination of his/her Distributorship Agreement. Termination shall be effective on the date on which written notice is mailed, return receipt requested, to the Distributor's last known address, or when the Distributor receives actual notice of termination, whichever occurs first, if a Distributor is terminated by STEMTech, he/she shall not be permitted to reapply to STEMTech for authorisation to become a STEMTech Independent Distributor or operate a STEMTech Independent Distributorship. STEMTech reserves the right to waive this provision on a case-by-case basis.

### **9.2 - Voluntary Termination**

Distributors may terminate their Distributorship Agreement at any time without penalty by giving 14 days notice in writing regardless of reason. Termination must be submitted in writing to the Distributor Services Department. The written notice must include the Primary and all Secondary Distributor signatures, printed name, address, and ID Number. Distributors who voluntarily terminate his/her Distributorship Agreement will be required to wait six (6) calendar months before reapplying to STEMTech for authorisation to become a STEMTech Independent Distributor or operate a STEMTech Independent Distributorship. STEMTech reserves the right to waive this provision on a case by case basis.

### **9.3 - Non-renewal**

A Distributor may also voluntarily terminate his/her Distributorship Agreement by failing to renew the Distributorship Agreement on its Anniversary Date. Distributors who voluntarily terminate due to non-renewal of his/her Distributorship Agreement will be required to wait six (6) months before reapplying to STEMTech for authorisation to become a STEMTech Independent Distributor or operate a STEMTech Independent Distributorship. STEMTech reserves the right to waive this provision on a case-by-case basis, or convert the Distributor to a Member or other type of Wholesale Buyer.

### **9.4 - Termination for Inactivity**

A Distributor's business will be terminated for lack of activity if the Distributor fails to generate any PPV as set forth in the STEMTech compensation plan for six consecutive months. The Distributor may be converted to a Member or other type of Wholesale Buyer at the discretion of STEMTech.

### **9.5 - Effect of Termination, or Non-Renewal**

Upon the voluntary cancellation, involuntary termination, or the non-renewal of a Distributor's Agreement, the former Distributor shall immediately discontinue holding him/herself out as a Distributor, and shall discontinue all sales, recruiting, and marketing practices related to STEMTech. The former Distributor shall not be entitled to future commissions, bonuses, or remuneration of any kind, from STEMTech, and waives all rights, including any property rights that he or she may claim, to his or her former downline organisation.

## **SECTION 10 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS**

### **10.1 - Grievances and Complaints**

When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in violation of the Governing Documents, the protesting Distributor should first report the matter to his or her Sponsor who should review the matter and try to resolve it with the other party's upline Sponsor. To report a violation, the protesting Distributor must provide a written complaint letter to the Distributor Services Department within thirty (30) days of the violation. The complaint letter should include the names and ID Numbers of all parties involved, a detailed description of the situation, and any witness statements, evidence, etc. Distributor Services will review the complaint letter and attempt to resolve it. If Distributor Services cannot resolve the complaint, it will then be forwarded to the STEMTech Compliance Board.

### **10.2 - Enforcement Sanctions**

A violation of the terms and conditions of the Agreement, or any illegal, fraudulent, deceptive or unethical business conduct by a Distributor may result, at STEMTech's sole discretion, in one or more of the following corrective measures.

- (a) Issuance of a written warning or admonition; and/or
- (b) Imposition of a fine, which may be withheld from compensation payments for one or more pay periods; and/or
- (c) Involuntary termination of the offender's Distributorship Agreement; and/or
- (d) Requiring the offender to take immediate corrective measures; and/or
- (e) Any other measure expressly allowed within any provision of the Agreement; and/or
- (f) Suspension of the offender's Distributorship Agreement for one or more compensation pay periods; and/or

- (g) STEMTech may withhold from an offender all or part of the offender's compensation payments during the period that STEMTech is investigating any conduct allegedly violating the Agreement. If disciplinary action is taken by STEMTech or if an offender's Distributorship Agreement is voluntarily cancelled during an investigation, or terminated, the former Distributor will not be entitled to recover any compensation payments withheld during the investigation period;
- (h) Any other measure which STEMTech deems practicable to implement and appropriate to equitably resolve injuries caused, partially or exclusively, by the offender's policy violation or contractual breach;
- (i) In situations where STEMTech deems appropriate, STEMTech may institute legal proceedings for monetary and/or equitable relief.

## **SECTION 11 - GENERAL PROVISIONS**

### **11.1 - Product Claims**

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products or services offered by STEMTech may be made except those contained in official STEMTech literature. In particular, no Distributor may make any claim that STEMTech products or services are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases or conditions. Such statements can be perceived as medical or pharmaceutical claims.

### **11.2 - Income Claims**

In their enthusiasm to enroll prospective Distributors, some Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of Direct Sales. This is counterproductive because new Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At STEMTech, we firmly believe that the STEMTech income potential is great enough to be highly attractive, without reporting the earnings of others.

While Distributors may believe it beneficial to provide copies of payment statements, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact on STEMTech as well as the Distributor making the claim. A Distributor, when presenting or discussing the STEMTech Opportunity to a prospective Distributor, may not make income projections, income claims except to the extent that claims are contained in official STEMTech issued literature, or disclose his or her STEMTech income, including the showing of cheques, copies of cheques, bank statements, or tax records, or other documents.

### **11.3 - Government Endorsements**

Government and local authority regulatory agencies do not approve or endorse direct selling programmes. Therefore, STEMTech Independent Distributors shall not represent or imply either directly or indirectly that the STEMTech Opportunity has been approved or endorsed by any government or local authority agency.

### **11.4 - Jurisdiction And Venue**

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

### **11.5 - Data Protection**

This policy describes STEMTech's duty of care, in relation to the collection and use of data, in relation to Distributors with regard to the data (whether personal or otherwise) that is held by it. In this regard, STEMTech is committed to:

- Obtaining and processing personal data or the information constituting personal data fairly;
- Ensuring personal data is accurate and, where necessary, kept up-to-date;
- Keeping personal data for only one or more specified lawful purpose;
- Not using or disclosing personal data in any manner incompatible with such lawful purpose;
- Ensuring that personal data is adequate, relevant and not excessive in relation to such purposes;

- Not keeping personal data for longer than is necessary for such purposes;
- Taking appropriate security measures against unauthorised access or alteration, disclosure or destruction of personal data and against their accident, loss or destruction.

The Distributor acknowledges that he has been informed by STEMTech that the information which he gives to STEMTech (including information relating to the Distributor, his address and other details) will be retained by STEMTech on a computer database and will be used by STEMTech for the purposes of calculating the marketing commissions payable and for the performance of the STEM-Tech business. The Distributor also acknowledges that STEMTech may disclose this information in connection with such purposes to other members of STEMTech which may be situated inside or outside the EU and to other persons and, in particular, may disclose it to other Distributors as part of STEMTech's genealogies. The Distributor consents to STEMTech retaining, processing and disclosing the information referred to as set out above.

#### **11.6 - Entire Agreement**

These P & P, in their current form and as may be amended by STEMTech U.K Ltd from time to time are incorporated by reference into the Agreement which constitutes the entire agreement of the parties regarding his/her Distributorship relationship with STEMTech.