



CODE OF ETHICS  
AND REGULATIONS

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FM WORLD INDONESIA

# Regulations of FM WORLD Club Member

## 1. Glossary

- 1.1. **FM WORLD Indonesia** – PT. Family Members Group Indonesia, with the registered office at: Menara Standard Chartered 30 Fl. Jl. Prof. Dr Satrio kav. 164, Jakarta 12930 Indonesia, running the economic activity in the scope of direct sale of the FM WORLD Products in the MLM system in Indonesia;
- 1.2. **FM WORLD Branch (Branch)** – an entity running economic activity in the scope of a direct sale of FM WORLD Products in the MLM system in other country than Indonesia.
- 1.3. **FM WORLD** – FM WORLD Andrzej Trawiński Sp. k. with the registered seat at 247, Żmigrodzka street, Wrocław, entered into the register of entrepreneurs KRS run by the District Court for Wrocław-Fabryczna in Wrocław VIth Economic Division of the National Court Register under number KRS: 0000268185, NIP: 895-187-00-93, identification number REGON: 020411302;
- 1.4. **FM WORLD Products** – All the products marketed under the FM WORLD Trademark;
- 1.5. **FM WORLD Trade Mark** – all trademarks, trademark right, names, brands, and design used in connection with the products and all registrations thereof and rights under registrations shall remain the sole and exclusive property of FM WORLD World or its Affiliates, either as owners or licensees;
- 1.6. **FM WORLD Club Member (Distributor)** – an entity (adult person or a company) that is bound with FM WORLD Indonesia (or FM WORLD Branch) by an agreement, authorizing this entity to operate in the FM WORLD Distribution Network (Distribution Agreement).
- 1.7. **Distributor Number** – a unique number which is given to a Distributor when he concludes the Distribution Agreement.
- 1.8. **Sponsor** – a Member of FM WORLD Club who has recommended (sponsored) a Candidate for a future FM WORLD Club Member (by filling-in his data and signing the Candidate's Application Form for the FM WORLD Club Membership).
- 1.9. **Group of FM WORLD Club Members** – a group of Distributors formed by a recommendation sequence in the following way that a certain Distributor recommends (sponsors) next Distributor to become FM WORLD Club Member who recommends next Distributors in the same way, etc.
- 1.10. **FM WORLD Club (FM WORLD Distributor Network, Network )** – all Members of FM WORLD Distribution network (Distributors);

- 1.11. **FM WORLD Catalogue** - means a presentation of FM WORLD Products and their Catalogue prices; it is not an offer in the meaning of relevant Indonesian provisions but it is only an invitation to place bids by parties interested in the purchase of the FM WORLD Products;
- 1.12. **Catalogue price** – it is the price set and published by FM WORLD Indonesia (or FM WORLD Branch) in the FM WORLD Catalogue. It is the sell price of the FM WORLD Products to the end consumers (not including promotions or discounts given by FM WORLD Indonesia or other Branch).
- 1.13. **Distributor price** – It is the purchase price, used when a Distributor buys FM WORLD Products from FM WORLD Indonesia or from any other FM WORLD Branch. It is the Catalogue price decreased by concession discounts, set and published to the Distributors by FM WORLD Indonesia or FM WORLD Branch.
- 1.14. **Marketing Plan** – a set of rules determining necessary conditions for the FM WORLD Club Members to reach a certain effectiveness level and to calculate the Commissions for achieving a certain effectiveness level;
- 1.15. **Starting kit (Starter)** – a set of samples of the selected FM WORLD Products, packed in original packages together with the Distribution ship Regulation, as well as the informational and promotional materials.
- 1.16. **Commission** – an amount earned by a Distributor by way of reaching a certain effectiveness level (understood pursuant to the Marketing Plan), calculated in compliance with the rules set in the Marketing Plan; the commission may be in the form of a concession discount or remuneration;
- 1.17. **Regulations** – the present Regulations of the FM WORLD Club Member, which is an integral part of Distribution Agreement linking FM WORLD Indonesia with a Distributor.

## **2. FM WORLD Club membership**

### ***Membership requirements***

- 2.1. An adult person (at least 18 years old), as well as the legal company (in the meaning of relevant Indonesian regulation), which are recommended to the FM WORLD Club by its member – the Sponsor, may become the member of the FM WORLD Club.

### ***Candidate for the Distributor***

2.2. An entity interested in becoming the FM WORLD Distributor (Candidate) is obliged to:

- deliver to FM WORLD Indonesia 2 application forms for the membership in the FM WORLD Club, signed by him in his own hand and by the Sponsor recommending him (copies of necessary personal or company identity files has to be enclosed),
- purchase a Starting Set necessary for presenting the offer of FM WORLD Products (the code of the Starting kit has to be put in the application form) with the restrictions of paragraph 3.2.5 explaining the RECIPIENT status membership conditions.

The Candidate becomes the Member of the FM WORLD Club after the membership Application Forms are signed by a representative of FM WORLD Indonesia, the Candidate and the Sponsor, and after the Candidate's data are entered into the computer system of the Distributors' register (Distributors' database).

### ***Conditional Distributor***

2.3. A Candidate may also apply for the membership in the FM WORLD Club by sending the filled-in application form to FM WORLD Indonesia by sms, fax, e-mail or website, such application has to be signed by the Candidate and the Sponsor. The Candidate may also submit an internet application form, available on the website of FM GROUP Indonesia. The moment the Candidate is entered into the computer system of the Distributors' register (Distributors' Database), the Candidate becomes a Conditional Member of the FM WORLD Club -Conditional Distributor. The Conditional Distributor has the right to order FM WORLD Products and to recommend (sponsor) new candidates for members of the FM WORLD Club. The Conditional Distributor does not yet have a right to get Commission in the form of concession discount or remuneration.

2.4. The Conditional Distributor is obliged to deliver to FM WORLD Indonesia, within 30 days from the day the Application form is sent by e-mail, fax or internet, 2 copies of the Application form for the membership in the FM WORLD Club, signed in his own hand and by the recommending Sponsor (copies of necessary personal or company identity files has to be enclosed), with the restriction that:

- a) if the Conditional Distributor is being recommended by a Sponsor then the time limit of 30 days referred above shall be respected,
- b) if the Conditional Distributor is not recommended by any Sponsor, then his delivery of two copies of the application form, signed in his own hand, is treated at the

same time as the application for the appointment of the Sponsor by FM WORLD Indonesia.

When the representative of FM WORLD Indonesia signs the two application forms (already signed by the Conditional Distributor and the Sponsor) the application becomes the Distribution Agreement and the applicant – a rightful Member of the FM WORLD Club. In case of failure to comply with above mentioned 30 day period, the Conditional Membership in the FM WORLD terminates.

### ***Membership Confirmation***

- 2.5. To confirm making up the Distribution Agreement, one copy of the signed Agreement is being given personally to the Distributor in the FM WORLD Indonesia office, or being sent immediately to the New Member of the FM WORLD Club address, given by him in the Application Form.

### ***Membership Refusal***

- 2.6 FM WORLD Indonesia may refuse making up the Distribution Agreement with the recommended Candidate for the Member of the FM WORLD Club, when:
- a) the period of 6 months since the previous membership termination (described in paragraph 5.8 of the Regulations) has not elapsed;
  - b) the Distribution Agreement was already dissolved with the Candidate as a result of the Member's breach of the Regulations provisions, Marketing Plan or other principles of operation in the FM WORLD Distributors' Network (described in paragraph 4 of the Regulations).
  - c) the Candidate for the Member of the FM WORLD Club is already bound by the Distribution Agreement with FM WORLD Indonesia or Branch.

### ***Change of the FM World branch***

- 2.7 The Distributor may be bounded by the Distribution Agreement only with one FM WORLD Branch at one time. However, the Member of the FM WORLD Club, who wants to cooperate with other FM WORLD Branch, that the one he is already bound, may:
- a) show his intention in the notice to terminate the Agreement under the condition that he shall submit the immediate Application for making up the Distribution Agreement to other FM WORLD Branch according to the rules set out in section 2.1.-2.6. above. He shall sign the Distribution Agreement with the other FM WORLD Branch immediately after he dissolves the previously binding Distribution Agreement (not later than 14 days after the Agreement is

dissolved). In these conditions, Member can terminate the Distribution Agreement pursuant to paragraph 5.2., without the consequences described in paragraph 5.8. and may continue his activities making use of his existing Distributors' Number;

- b) apply to the New FM WORLD Branch, with which he intends to make up the Distribution Agreement, to take over liabilities of due but not paid yet Commission. Such a takeover shall occur only upon the consent of those two Branches.

### ***Distributor's Number rules***

- 2.8. Candidate for the Club Member of FM WORLD Indonesia can act only on one Distributor Number. In any event, Member of the FM WORLD Club cannot act on more than one Distributor Number. The Club Member of FM WORLD Indonesia cannot participate in Motivational Programs, in which a condition of participation is to have more than one Distributor Number.
- 2.9. The Members of the FM WORLD Club who are adult persons (spouse) may file a joint application in writing to grant them one joint Distributor Number. In this case they shall be regarded as one Member of the FM WORLD Club in the system of orders and settlements.
- 2.10. The rights and obligations of the Member of the FM WORLD Club may not be assigned to any other person and they are not assigned to third parties in other cases, except for the situation when:  
  
upon a prior consent of FM WORLD Indonesia in writing, the Member of the FM WORLD Club shall introduce any adult person or legal company for his own place as a Distributor, pursuant to a written agreement about the takeover of the rights and obligations of the withdrawing, with restriction that:
  - a) the entity who has already acted on the withdrawing Distributor Number before, as well as the entities, not allowed to enter the agreement by any provision of this regulation, will be refused to proceed such takeover.
  - b) the Parties agreed in the Distribution Agreement, that the rights and obligations arising from the Distribution Agreement pass to the heirs of the deceased Distributor.
- 2.11. In the case of successful takeover of the rights and obligations of a given Distributor by another person (New Distributor), in accordance with point 2.10a. above, the New Distributor is assigned with the Distributor Number under which the Member of the FM WORLD Club acted, from whom the New Distributor took over the rights and obligations. The provision of point 2.8. above shall apply.

### ***3.1. General conditions General Business rules***

- 3.1.1. FM WORLD Indonesia sells FM WORLD Products exclusively to Members of the FM WORLD Club.
- 3.1.2. Distributor purchases FM WORLD Products from FM WORLD Indonesia at the Distributor Price, the amount of the discount from the Catalogue Price shall be announced on the website of FM WORLD Indonesia or communicated in other appropriate way.
- 3.1.3. The Distributor receives points for the purchase of FM WORLD Products made directly from FM WORLD Indonesia or Branch.
- 3.1.4. The list of FM WORLD Products that are awarded with points, as well as the number of points for the purchase of the FM WORLD Products, are communicated by FM WORLD Indonesia or Branch to the Members at the moment of placing an every order for FM WORLD Products.
- 3.1.5. If within 12 months of the Accounting period, Distributor will not make purchase of FM WORLD products, for which he would receive at least 150 points, the Distribution Agreement expires on the day that follows the end of Accounting period. The first 12-month Accounting period is counted from the day of signing the Distribution Agreement, and each next 12-month Accounting period – from the day of the anniversary of signing of the Distribution Agreement.
- 3.1.6. Reaching one of the effectiveness levels, determined by the Marketing Plan, entitles the Distributor to a Commission in the form of remuneration, granted (paid) by FM WORLD Indonesia or other Branch.
- 3.1.7. The amount of the Commission will each be reduced by the amount of compulsory tax contributions, as required by the Indonesian law mandatory discharge. The commission will paid on the date not more than 20 of the next month.
- 3.1.8. Distributor is granted the right to a Commission for a given calendar month (Accounting month) by purchasing the FM WORLD Products equivalent to at least 50 points in total in this month.
- 3.1.9. FM WORLD Indonesia can grant the abovementioned Commission to its Distributors, also in case of the purchase of FM WORLD Products from other FM WORLD Branch, despite the fact that the Distributor has not signed with this Branch any Distribution Agreement. It is the condition of equal and fair treatment of all Members of the FM WORLD Club. FM WORLD Branch grants the points to the foreign Distributors in the number of not more than 550.80 points in the Settlement Period – calculated accordingly to FM WORLD Branch rules.
- 3.1.10. The rules for achievement of the specified effectiveness levels by the Member of The FM WORLD Club and the rules for granting of the Commission for reaching such

effectiveness levels are all set in the Marketing Plan. 1 calculation Point value in Rupiah, presented in marketing plan, is the result of the current Rupiah (IDR) to Polish zloty (PLN) exchange rate while printouts of the marketing plan. . The exchange rate will be revised quarterly and updated only if it has changed in a significant way during the time period. The proper exchange rate for the commission calculation will be announced on the company website

#### ***Undelivered products case***

3.1.11. The Member of the FM WORLD Club is obliged to the amount due and receive delivery of the FM GROUP Products ordered by him . In case the delivery is not received, the Member is entitled to reimburse the shipment costs and the costs of returning the package to the sender. Refusal to receive the package shall be treated as a withdrawal from the Distribution Agreement with regard to the returned FM WORLD Products. FM WORLD Indonesia has the right to refuse to complete the order of the Distributor, who breached the obligations described above. FM WORLD Indonesia has the right to deduct the costs of shipment and returning the package, including the Commission, that this Distributor is entitled to.

#### ***Product complaint***

3.1.12. Shall the Consumer or the Distributor wish to exchange or return the product under the terms of FM WORLD Guarantee, FM WORLD Indonesia agrees to exchange the returned product with a new one or other agreed substitute of the product in the similar price.

3.1.13. The FM WORLD Guarantee consists:

- a) Grace period of 3 working days given to the Distributors and the Consumers to return the goods, if had not been suitable as agreed
- b) Providing suitable compensation, in case the product does not comply with the agreement. The Compensation shall be done in the form of product exchange or refund, prior to the FM WORLD Indonesia approval. The compensation will be given if the products and packaging is still worth selling.

#### ***Membership Training Program***

3.1.14. The Members of FM WORLD Indonesia have a right and privilege to take part of the *knowledge improvement programs*, which will be made available to them by FM WORLD Indonesia in the form of Regular trainings and seminars, incl.: Products features presentation, Distribution-ship rules explanation, Marketing Plan and networking scheme introduction. FM WORLD Indonesia makes available to all the Distributors its facilities, incl.: office meeting area, training rooms as well as the



professional trainers support.

### ***Rights and obligations of the Member***

- 3.1.15. The Member of the FM WORLD Club is not an employee, agent or commission agent of FM WORLD World, FM WORLD Indonesia or FM WORLD Branch. The Distributor is not the representative of these parties by any other virtue so he has no right to undertake any activities, in particular to sign any Agreements, in the name and for FM WORLD World, FM WORLD Indonesia or Branch.
- 3.1.16. In case of direct sales of FM WORLD Products, as well as promotion of FM WORLD Products, the Distributor can use the FM WORLD Trade Mark and advertising, promotional and informational materials published by FM WORLD Indonesia. The use of other materials, which are not authorized by FM WORLD Indonesia, is not forbidden, unless it violates the obligations of the Distributor, in particular those indicated in paragraph 3.1.16 and 3.1.17, below. The Distributor takes exclusive responsibility and whole risk related to the use of such materials.
- 3.1.17. The Distributor is required to give information about the FM WORLD Distribution Network to the clients (availability, prices and properties of FM WORLD Products) in reliable way and in concordance with the data received from FM WORLD Indonesia. All the given information must come from current advertising and promotional materials prepared by FM WORLD Indonesia. The Distributor should take into account that FM WORLD Products are original products of FM WORLD World and cannot mislead the purchasers of FM WORLD Products.
- 3.1.18. The Distributor is obliged to refrain from actions which may harm the reputation of FM WORLD World, FM WORLD Indonesia, FM WORLD Branch or FM WORLD Products, in particular from publishing the information which might be harmful for FM WORLD World, FM WORLD Indonesia or Branch.
- 3.1.19. The Distributor who sells FM WORLD Products cannot do it in shops, kiosks, stalls, or any other fixed, organized points of retail selling, as well as thru any internet websites or any other way that is against the rules of direct selling.
- 3.1.20. The Distributor can present FM WORLD Products during festivals, f lea markets or fairs, but exclusively for advertising purposes or for recruitment of new Distributors.
- 3.1.21. The Distributor is obliged to inform FM WORLD Indonesia in writing, of any change with regard to his data, included in the Distribution Agreement or other agreements concluded by him with FM WORLD Indonesia. In case of failure to respect the above provision, all the actions made by FM WORLD Indonesia on the basis of the possessed data shall be regarded as performed correctly and being legally effective.
- 3.1.22. Distributor who has been in the pearl orchid degree level and the next level is forbidden to join a direct sales system that created and held by another direct selling company .

3.1.23. Distributor is prohibited from conducting the act of leading with persuasion other distributors to join system direct selling made and held by company of direct selling others.

### **3.2. Principles applicable to the FM WORLD Club Members of a different status**

3.2.1 The Member of FM WORLD Club may operate in the FM WORLD Distributors Network as :

- a) a Distributor running activities in the scope of direct sale of FM WORLD Products who is also allowed to sponsor other new members (the Seller),
- b) a Distributor who purchases FM WORLD Products only for his own needs as well as the needs of his relatives and friends, who is not allowed to sponsor new members (the Recipient)

#### **The SELLER status Member**

3.2.2. The Member of FM WORLD Club becomes a Seller, in the meaning of the Regulations, by submitting a complete and signed two copies of Application Form to join the FM WORLD Club and purchases the Starting kit. The Seller status may be given only to a rightful Distributor (it cannot be given to the Conditional Distributor).

3.2.3. The Seller performs his activities which consist in the direct sale of the FM WORLD Products and advertising services of the Network and FM WORLD Trade Mark. Therefore, he is obliged to respect on his own, all the requirements provided for by the Indonesian regulations, applicable to the economic activities that he runs. Only Seller status member can sponsor other new members to join FM WORLD Club.

3.2.4. At the end of each Accounting period comprising a calendar month, the Seller who is a company, will be asked to issue a VAT invoice or a bill (when the seller is not a VAT payer) as the requirement for the granted commission reimbursement. The invoice or bill should be paid within 14 days from the day they are issued, under the condition that they are properly delivered to FM WORLD Indonesia before they become due.

#### **The RECIPIENT status Member**

3.2.5. The Candidate for the Member of FM WORLD Club, who wants to obtain the status of the Recipient, submits two copies of Application Form to join the FM WORLD Club declaring that He shall purchase the FM WORLD Products exclusively for his own needs. Should the Recipient submit declaration that he wants to resign the Recipient's status, the necessary condition to obtain the status of the Seller is purchasing the Starting kit.

3.2.6. The Candidate for the Distributor, who wants to obtain the status of the Recipient, is not obliged to purchase the Starting Set.

3.2.7. The Recipient may purchase FM WORLD Products at the Distributor Price and he gets

the points for their purchase, described in paragraph 3.1.3. above. However the Recipient's Commission is exclusively in the form of the discount for the FM WORLD Products purchase.

3.2.8. The Recipient cannot recommend (sponsor) Candidates for Distributors.

#### **4. Systems of measures applicable in case of breach of the obligations of the FM WORLD Club Member**

4.1. If the Member of the FM WORLD Club infringes the principles of the Regulations, Marketing Plan or other operation principles binding in the FM WORLD Distribution Network, or if the Distributor does not fulfill his obligations, FM WORLD Indonesia is entitled to:

4.1.1. terminate the Distributor right with regard to recommendation (sponsoring) of New Members of the FM WORLD Club. The termination shall result definitely or temporarily, which shall be determined in the termination document;

4.1.2. terminate temporarily (suspend) legal relations with the Distribution for the period not longer than 6 months. The termination results, in particular, in the deprivation of the suspended Distributor of the possibility to purchase FM WORLD Products from FM WORLD Indonesia or Branch. Therefore, the suspended Distributor will not be entitled to the Commission while he is suspended,

4.1.3. terminate the Distribution Agreement and other agreements binding a given Distributor with FM WORLD Indonesia or FM WORLD Branch without notice and remove the Member of the FM WORLD Club from the Distributors' Database.

4.2. The rights described in paragraph 4.1. above may particularly be executed with regard to the Member of the FM WORLD Club who takes actions leading to persuading the Distributor to terminate the agreement with FM WORLD Indonesia or FM WORLD Branch, in order to transfer some of the Distributors or the whole Group of FM WORLD Club members of another Distributor to his own Group of FM WORLD Club members, or any actions leading to such transfer.

#### **5. Membership termination in the FM WORLD Club**

##### ***General Termination rules***

5.1. The new Distributor, may withdraw from the Distribution agreement, without any consequences, within 10 days from the day he signs the Application form, under the condition that the Products and all the received materials are returned to FM WORLD Indonesia. The declaration of the withdrawal should be made in writing and received by FM WORLD Indonesia before 10 day time limit. In case of the withdrawal of the Distributor

from the Agreement:

- a) The total amount paid by the Distributor, decreased by the eventual shipment costs, shall be reimbursed within 7 days from the day the Products are received by FM WORLD Indonesia.

5.2. Any Member of the FM WORLD Club may terminate the Distribution Agreement at any time with a week notice (with the effect at the end of the calendar month), by submitting in writing one- sided declaration of will to the address of FM WORLD Indonesia. Within 14 days from the date of submitting the declaration about the withdrawal from the Agreement:

- a) the withdrawing party may conclude an agreement about the repurchase of the FM GROUP Products and Starting kit as well as all informational, training and advertising materials that he has bought in the period of 6 months preceding the withdrawal from the Distributor Agreement. Repurchase value of the goods will be deduct 10 % for administration fee, under the condition that they are in the state which makes it possible to sell them or use them in line with their purpose.
- b) The withdrawing party shall also return the Commissions that he has received with regard to the purchase of the Products he returns to FM WORLD Indonesia as result of the withdrawal. At the same time the Commissions or points obtained by the members of the FM WORLD Distributor Network, according to the purchase of the Products connected with the withdrawal of the Distributor, shall be respectively corrected.

The right to withdraw from the Distribution Agreement and conclude a repurchase agreement, described above, is applicable only for the FM WORLD Products purchased by the Distributor from FM WORLD Indonesia.

5.3. FM WORLD Indonesia may dissolve the Distribution Agreement with the Member of the FM WORLD Club for essential reasons with a week notice with the effect at the end of the calendar month. Essential reasons mean significant change of factual or legal circumstances. FM WORLD Indonesia may also terminate the Distribution agreement, due to the breach of the provisions on the Regulations, Marketing Plan or other operation principles binding in the FM WORLD Distributors' Network, with the restrictions described in paragraph 4. In above mentioned cases FM WORLD Indonesia will submit to the Distributor in writing, termination notice with explanation of such decision. Rights and obligations described in paragraph 5.2.a and 5.2.b will be apply

5.4. In case the Distributor withdraws his consent to processing of his personal data, the Distribution agreement expires on the day FM WORLD Indonesia or FM WORLD Branch, receives a written declaration from the Distributor about the withdrawal.

5.5. The Distribution Agreement expires automatically with the death of the Distributor who was

an adult person or in case of the company – with the official removal date from the relevant national register.

- 5.6. Termination of the Distribution Agreement automatically results in the dissolution of all other agreements concluded between the Member of the FM WORLD Club and FM WORLD Indonesia or FM WORLD Branch.
- 5.7. In case the agreement binding FM WORLD World with FM WORLD Indonesia or FM WORLD Branch terminates, in particular as a result of the liquidation of the Branch, the Distributor, who concluded the Distribution Agreement with this Branch, may conclude the Distribution Agreement with another FM WORLD Branch within 7 days from the day he learned about the termination of the distribution agreement but not later than one month after the agreement terminated. To respect the above mentioned time limit, the Distributor should submit an Application for conclusion of the Distribution Agreement signed by his own hand to a chosen FM WORLD Branch, unless the circumstances described in paragraph 2.6. above occur and FM WORLD Branch refuse to conclude the Agreement with this Distributor. In case the above mentioned time limit is respected and the agreement is made, the Member of the FM WORLD Club retains his previous Distributor Number, otherwise the membership in the FM WORLD Club is terminated.

#### ***Consequences of the Distribution Agreement termination***

- 5.8. An entity, whose Distribution Agreement terminated, including the dissolution either by the notice to terminate, as well as withdrawal of the consent to processing of personal data, or by the termination of the agreement due to the breach of the provisions on these Regulations, Marketing Plan or other operation principles binding in the FM WORLD Distributors' Network, may rejoin the FM WORLD Club, only 6 months after the day the entity terminated to be the member, with the restriction of article 5.9 below.
- 5.9. In special circumstances FM WORLD Indonesia or Branch, may conclude the Distribution Agreement with an entity with whom such an Agreement terminated, before period of 6 months described above.
- 5.10. In case of Distribution Agreement terminates, the remuneration reserved for the Distributor for whom the Agreement terminated, shall be paid for the period until the termination date. The Distributor is obliged to settle all Commissions he may have obtained, which he is not entitled to, with FM WORLD Indonesia or FM WORLD Branch. In this situation FM WORLD Indonesia or Branch reserves the right to set off all their claims with regard to the Distributor.
- 5.11. Management over the Distributors' Group, created by the Member of the FM WORLD Club who terminated the Distribution Agreement, is transferred to the Sponsor directly the closest to the Distributor, whose membership terminated. In this case the sponsor is

entitled to introduce new members to run the activities using the Distributor Number of the FM WORLD Club Member, whose membership terminated, with restriction that:

- a) The Distributor, with whom the agreement terminated, did reach the effectiveness level - set in the Marketing Plan - of at least 12% (twelve per cent) in any 6 month periods preceding the termination of the Distribution Agreement.
  - b) The Distributor, with whom the agreement terminated, was not the Conditional Member of the FM WORLD Club, whose membership terminated as a result of failure to submit documents, referred to in point 2.4. above.
- 5.12. In case of the agreement concerning the transfer of the rights and obligations of the Member of the FM WORLD Club, the management over the Distributors' Group, created by the withdrawing Distributor is transferred to the joining member, pursuant to the written agreement concerning the transfer of the rights and obligations of the Member of the FM WORLD Club.
- 5.13. In case of the agreement terminates in whatever of above mentioned reasons, FM WORLD Indonesia will issue and send to the Distributor an official letter of Termination of the agreement.

## **6. Final provisions**

- 6.1. The present Regulations regulates legal relations between FM WORLD Indonesia and Distributor who is linked with FM WORLD Indonesia by Distribution Agreement. The provisions of Regulations of other FM WORLD Branches may regulate in a different way some issues of the present Regulations.
- 6.2. FM WORLD Indonesia may change the Regulations due to essential reasons and each Distributor of FM WORLD Indonesia shall be notified in writing about it. Essential reasons include in particular the necessity to adapt the Regulations' provisions to the binding and changing national regulations, as well as significant change of factual or legal circumstances.
- 6.3. The Distributor shall have the right to refuse the acceptance of the proposed change of Regulations within 14 days from the day he receives the notification about this change. Failure to submit the declaration in writing, refusing the acceptance within the above term, shall be regarded as the acceptance of the proposed change. The refusal to accept the proposed change of the Regulations submitted in the above mentioned time limit, shall result in the termination the Distribution Agreement pursuant to paragraph 5.3. of the Regulations.
- 6.4. Should any provision of this Regulation be held invalid or unenforceable, any of the remaining provisions are valid and remain in force. It is assumed that invalid and

unenforceable provisions shall be replaced by a valid affective provision, which effect is the most similar to the intended effect of the invalid or unenforceable provision.

- 6.5. In cases not provided for by this Regulations, the provisions of relevant legal regulations in Indonesia shall be applicable.
- 6.6. Settlement of any arising disputes shall be done under the Indonesian law.