



## Policies and Procedures of the Flavon max Network

### Table of Contents

<b>1) Introduction</b>	<b>1.</b>
<b>2) Definitions</b>	<b>1.</b>
<b>3) Commission Payment and the Purchase Discount</b>	<b>4.</b>
<b>4) Income types</b>	<b>5.</b>
<b>5) Leader ranks and leadership bonuses</b>	<b>6.</b>
<b>6) Product Ordering</b>	<b>8.</b>
<b>7) Limited Warranty</b>	<b>9.</b>
<b>8) Independent Flavon Consultants (IFCs)</b>	<b>10.</b>
<b>9) Conditions Precedent to Commissions Being Earned</b>	<b>12.</b>
<b>10) Other Provisions</b>	<b>13.</b>

These regulations form an integral part (Annex 1) of the Flavon USA Independent Flavon Consultant Agreement.

PLEASE READ THE POLICIES AND PROCEDURES OF THE FLAVON MAX NETWORK AND THE INDEPENDENT FLAVON CONSULTANT AGREEMENT BEFORE SIGNING THE AGREEMENT OR USING THE FLAVON WEBSITE OR PURCHASING ANY FLAVON PRODUCTS FROM THE FLAVON GROUP.

### 1) Introduction

Flavon USA, LLC. – hereinafter referred to as “Flavon Group” – distributes its products for personal use of customers and Independent Flavon Consultants (IFCs) of the Flavon max Network with the purposes

- a) that the customers of the Flavon max Network improve their dietary habits with the high-quality dietary supplements distributed by Flavon Group and in this way improve their quality of life.
- b) that the Independent Flavon Consultants who take part in the development of the consumer network receive the maximum financial recognition possible, and successful IFCs achieve financial independence.

Neither the employees of Flavon Group, nor the IFCs can promise any concrete income to any individual, as this depends on each IFC’s personal aptness, efficiency and the work they invest.

### 2) Definitions

**Customer:** a consumer who purchases one carton of Flavon Group product. The customer will get purchase discounts only according to the months in which he/she has been active. Being active means that the customer has bought his/her activity carton in the given months.

**An Independent Flavon Consultant (IFC)** is one who elects to sell Flavon products and signs an IFC Application. He or she understands that they must meet certain sales quotas and requirements set forth in these documents to be eligible for commissions and other rewards for selling Flavon products.

**VIP Member/VIP pack:** In case of purchasing 8 cartons of products at the same time the Member can purchase “Flavon” products for a favourable price of a VIP pack. A Member that buys a VIP pack is called a

VIP Member. During the 12 months following the month of achieving this status the VIP Member is entitled to

- receive and use a VIP badge;
- a dedicated place in the first row at the national events of the Flavon company group;
- use his/her own website under the name s/he chooses, according to the conditions referred to in the paragraph *Advertising, promotional materials*;
- have his/her own ....@flavonmax.com e-mail address chosen by him/her according to the conditions referred to in the paragraph *Advertising, promotional materials*;
- consult the complete turnover of his/her own network;
- request further special reports in the online office;
- use the group e-mail sending function of the online office to send e-mails to his/her own team.

The VIP Member can be entitled to a leadership business position as well. There is no rebate for personal turnover after the VIP pack.

The VIP Member can be entitled to a leadership business position as well. In case of those VIP Members who fulfilled the conditions of the VIP Membership before 1 November 2014 (before it came into force) they will be entitled for the leadership business position if they fulfil the conditions again.

**Leadership business position:** Exclusively VIP Members are entitled to it, it is a second position of which ID number starts with "L" and it belongs to the VIP Member's position. The VIP Member's position and the Leadership business position together mean the **Unified Membership**.

The leadership business position will be handled the same way as the VIP Member's position which means that in case of termination of the VIP Member's position for any reason the belonging leadership business position will be terminated as well.

Activity carton cannot be purchased for the leadership business position, the conditions of activating the position are together that there was purchased an activation carton for the VIP Member's position and apart from the turnover generated under the leadership business position the turnover of the VIP Member's network reach at least 500 points on 6 levels in the given month.

**70% rule:** In order to ensure that products are sold on a monthly basis each IFC must certify that 70% of the goods purchased during the preceding month have been sold to a non-involved ultimate consumer or have been consumed before placing a new order.

**Activity carton:** the first carton, equaling 3 points, purchased in a given month. This is the IFC's or the customer's activity carton, which is one of the sales which must be fulfilled in order to receive the commission or a purchase rebate for the monthly turnover. The mere purchase of the activity carton does not constitute active participation in the Flavon Group network.

**An active participant** will be an IFC who fulfills actively her/his sponsorship obligations and will make all reasonable effort to market the products and enlarge her/his group. This implies that she/he will participate (and perform if invited to) at periodic intervals, in the presentations and events organized by the Flavon Group; will increase the sales of his/her group and will keep in touch with the Flavon Group via telephone, e-mail or in person. The Flavon Group expects the degree of activity to be proportional to the current commissions and bonuses.

**Carton:** Flavon Group sells the product in cartons which contain 3 or 4 jars depending on the type of the "Flavon" product. Flavon Group offers the opportunity to purchase mixed cartons.

**Sponsor:** an IFC who helps others to join the Flavon max Network in the appropriate manner through her/his group. The sponsor is the individual who has directly recruited the Member. A sponsor's obligations include the following: to be as active as she/he is expected to be, to increase sales in order to enlarge her/his

network as much as possible, to assist and support her/his present group in proportion to her/his current commission, to co-operate with the Flavon Group and the members of her/his group.

**Sponsor line:** a chain of IFCs; a particular IFC, her/his active sponsor, the active sponsor of her/his sponsor, and so on, who contribute to the distribution work. The sponsor line is not broken even if any of its IFCs is inactive, leaves or be suspended or excluded from the network. In this case the sponsor continues to function by leaving out the inactive IFC ('dynamic compression').

**Organic tree:** The organic tree is the chain of those Members who were actually recruited to the system by the IFC in question.

**Group:** a consumer network started/sponsored by an IFC.

**Performance in a given month:** total sales of active IFCs, for which orders and their related remittance are submitted to the Flavon Group by the closing business day of the month – which can be viewed on the website under the 'Month-closing dates' link. When a report, sum of money, membership agreement, etc. arrives at Flavon Group after the above mentioned month closing time (measured by the hour), it will be accounted and taken into consideration by Flavon Group for the following opened month.

**Points:**

- a) **3 points:** for the activity cartons sold or purchased for use or sale.
- b) **2 points:** for every carton purchased or sold above the activity carton in a given month.

**Qualification points/Quick Start points:**

The calculation method of the necessary amount of qualification points defined in Leadership positions and other type of regulations: the points gained based on the Quick-Starters on the first 3 active levels of the IFC in question.

**Payback:** an allowance given to the active IFC based on her/his performance in the given month after the given month-closing, in the form of a purchase discount or commission (basic or leadership). By means of personal purchases (and/or sales in the case of IFC's) both customers and IFC's are entitled to a purchase discount, while commission can only be paid out to the IFC. There are two types of commission in the Flavon max Network:

- a) Basic commission
- b) Leadership bonus (differential bonus and extra differential bonus)

**Commission base:** The base of commission payment is not equal with the consumer price of the Flavon products. Based on the sale of 1 carton product the IFC is entitled for commission calculated on 1 commission base.

**Month closing dates:** Month closing dates are listed at the website of the Flavon max Network, under the "Month closing dates" menu option.

**Recommended price:** the current sale price of one carton for Members can be found in the prevailing product price list of Flavon Group which can be viewed on the official website of the company.

**Personal turnover:** every purchase or sale registered under the given IFC's name in a month. Types of cartons: activity carton, carton above the activity carton.

**CP owner:** The CP, i.e. Coordination Point, owner can be any IFC who

1. is entitled to a commission which is at least a price of one carton of products multiplied by 12 times in two successive months, or
2. is given a guarantee of payment by an Elite Consultant whose group has reached at least Elite level turnover in the previous month.

The CP owner and the Flavon Group make a separate agreement with each other with the purpose that the CP owner supplies products directly to current or future customers/IFCs. The CP owner can order/collect 12 cartons of product at once which she/he reports/pays for after they have been sold. The CP owner sends an account template or reports through her/his online office to the Flavon Group. The CP owner transfers the remittance of the sold products to the bank account of the Flavon Group on the day of the sale. The income from the products paid to the CP owner is not the property of the CP owner, thus she/he will not use it as his/her owns. If the CP owner does not transfer the money received to the Flavon Group without delay, she/he will have committed a serious breach of contract, which will entail the termination of the CP Agreement and the Independent Flavon Consultant Agreement with immediate effect. The Flavon Group will issue and send invoices to customers who are marked on the account template by the CP owner.

3. Any IFC can become a CP owner without the fulfillment of above conditions if he or she elects to buy 12 cartons to use for inventory. Flavon Group will buy back any unsold product in good and resalable condition at 90% of cost.

The conclusion of the CP Agreement is optional in the case of the fulfillment of any of the 3 conditions above. With the conclusion of the Agreement the Flavon Group does not take, nor provide, for the CP owner any other advantage over and above the fact that the Flavon Group consigns products to the CP owner. The prices of the products and the calculation of the commission paid to the CP owner are in accordance with the fixed general rules of the current Policies and Procedures.

It is forbidden to sell the products in shops or market them via the Internet. IFCs may only distribute Flavon max products via direct selling.

**Data processing fee:** Flavon Group applies a Data processing fee of US \$3.00 for all commission payments. This fee consists of the costs for processing and sending commission payments which includes but is not limited to, a transaction fee, labour costs, paper supplies, printing, postage, etc. The fee will be deducted at each commission payment from the total of the commission. In case of international transactions an additional \$25.00 wire transaction fee is also charged for every commission transfer above the \$3.00 data processing fee.

**On-line office:** The Member, using his/her ID number and password which was issued when joining the Flavon max Network, can sign in at the on-line office which is available at the link: [www.flavonmax.com](http://www.flavonmax.com). The Member receives up to date information about his/her own and their network's work, they can order product, manage their CPs, download the necessary documents and can receive current information about the Flavon Group through the on-line office. The Member can see the purchases of their network on 6 levels, VIP Members can see the purchases on 12 levels, and Presidency Members or Members with higher qualifications can see the purchases on 20 levels.

Presidency Members or Members with higher qualifications can request Flavon Group in writing that the details of their own network - including the name of the Member, his/her purchases, the date of joining – be unavailable to their higher sponsors. In the case of a positive decision in this regard the Flavon Group can inform the upper leaders – without any explanation – about the restriction of the use of their on-line office.

Flavon USA LLC. can revoke the use of the on-line office at any time without any explanation: guaranteeing the use of the online office is not an obligation of the Flavon USA LLC. but simply a way in which the Flavon USA LLC. wishes to help and make easier the work of the Members.

The Member is responsible for treating all the information s/he has acquired to know through the online office as business secrets and, this information may not be revealed to any third party. The breach of this obligation will imply the immediate exclusion of the Member and the immediate termination of the Contract of Agency in accordance with the business organization in which the Member has representation right or membership.

### 3) Commission Payment and the Purchase Discount

The IFC can only collect her/his commissions realized at the company/companies indicated on the commission account report sent by Flavon Group after signing an Independent Flavon Consultant Agreement, in accordance with the regulations of the given country and company/companies.

Commission to the IFC is paid out by Flavon Group only if there is a personal purchase or sale above the activity carton, or there is purchase or sale in the group. The payment procedure is the following:

Flavon Group will provide the commission accounts based on the sales of the given calendar month for each IFC eligible for commission. These commission accounts are for information only. Flavon Group will send the commission accounts electronically to the IFCs on the 25<sup>th</sup> day in the month following the month of purchase. If the IFC does not agree with the content of the commission account or it does not correspond to her/his calculations, she/he has 15 days following the date of receipt to inform Flavon Group about the discrepancy/discrepancies encountered. Flavon Group will not take into consideration any complaint received thereafter. The payment of commissions starts from the 25<sup>th</sup> day in the month following the month of purchase.

#### **The requirements for paying out commissions:**

1. An Independent Flavon Consultant Agreement properly filled out and accepted by Flavon Group.
2. The IFC has achieved at least 3 points in the given month.
3. Active (see above for the definition of an active participant) and regular participation in the Flavon max Network.

**Registering Commissions:** 65% of the sum derived from the value of base points, which is distributed according to the purchased cartons, can be paid back to IFCs, 60% as basic commission and 4%+1% as leadership bonus. Basic commission cannot be blocked, while the leadership bonus can be blocked.

Flavon Group gives a **purchase discount** to the customer and the active IFC eligible for commission, which in the latter case is counted against the IFC's commission. Purchase discounts have a maximum of US \$96.00 (excl. taxes) per carton and can be used for the purchase of any Flavon products once in a month. If the purchase discount of the customer exceeds the specified threshold of US \$96.00 and the customer wants to receive the additional or the entire amount as a commission, she/he needs to sign the Independent Flavon Consultant Agreement. Unused purchase discounts realized in different months can be combined into a single purchase discount up to US \$96.00 (excl. taxes) per carton and used within (and only within) the 6 months after it was created. The Flavon Group gives purchase discounts to the customer during the months in which he/she has bought his/her activity carton.

In the case of an IFC the amount of commission above the maximum purchase discount (US \$96.00) will automatically be paid out by the Flavon Group to the IFC's bank account indicated in the IFC Agreement form. An IFC is free to decide whether she/he uses the purchase discount or wants the amount (or part of the amount) in money paid. Should the IFC decide that she/he wants the amount of the purchase discount (US \$96.00) transferred to her/his bank account together with her/his entire commission, then she/he should inform Flavon Group by email or letter.

The minimum transferable commission is US \$124.00 (excl. taxes). A data processing fee of US \$3.00 is charged for every commission transfer. In case of international transactions an additional \$25.00 wire transaction fee is also charged for every commission transfer above the \$3.00 data processing fee.

#### 4) Income types:

**These products may not be marketed or sold in Internet web-stores, Flavon max products can only be traded by Direct Marketing.**

##### **Basic commission types:**

**1. Rebate for personal turnover:** there is no rebate on the first carton of products (i.e. the activity carton) purchased or sold in the given month. If the IFC purchases more cartons in a given month – except a VIP pack -, s/he gets a 20% personal rebate per carton from the base price of each carton above the activity carton after the closing of the given month, irrespective of the date of joining the network.

**2. Quick Start:** in the entry month of the new IFC and the month following that after his/her activation carton (3 points) the sponsor line is entitled to 20-20-20% commission on 3 active levels.

Flavon USA LLC. pays 20% individual rebate to the quick-starting IFC for every carton purchase – except the VIP pack - above the activity carton. In this case, 40% is divided on the sponsor line, since Flavon USA LLC. has already paid 20% as personal rebate from the 60% basic payback.

**3. Income by levels:** every active IFC is entitled for a commission of 5% by levels after the activity cartons of IFCs in his/her group who got through their Quick Start period on 12 active levels.

Flavon USA LLC. pays a 20% personal rebate on each IFC's purchases above the activity carton, so in this case the sponsor line is eligible for 40% commission on 12 active levels in total.

Conditions of entitlement to commission: purchasing 1 carton Flavon product monthly (US \$180) in your own name, and position (this is the activity carton). There is no other requirement or hidden regulation!

##### **4. Incentive Program:**

- a) The IFC in whose 3 active levels the points given for the new IFCs (qualification points) reach **40 points** in a given month, can purchase 2 cartons of products for the price of 1 carton of products in the given month.
- b) The IFC in whose 3 active levels the points given for the new IFCs (qualification points) reach **80 points** in a given month, can purchase 3 cartons of products for the price of 1 carton of products in the given month.
- c) The IFC in whose 3 active levels the points given for the new IFCs (qualification points) reach **120 points** in a given month, can purchase 4 cartons of products for the price of 1 carton of products in the given month.

These are not counted as purchased cartons. They should be used for the IFCs' own consumption or for promotion. Therefore they do not have any point values!

#### 5) Leader ranks and leadership bonuses

**There are 8 different leadership ranks in the Flavon max Network and the 7<sup>th</sup> rank comprises 5 further ranks:**

The given leadership ranks are achieved by members who fulfill the requirements of the given qualification regarding the defined amount of monthly turnover in points.

In the case of qualifications, when calculating points, Flavon Group takes into account the group turnover of the member on 6 active levels and – in the case of personal purchases – 25 points gained after her/his first 12 cartons. The basis used to calculate the leadership bonuses is the same as for the commission point system; meaning, that 3 points are gained for the first carton purchase, and 2 points are gained for every additional carton.

- a) **Team Leader:** an active IFC whose group on 6 active levels reaches 100 points in a given month. She/he is eligible for the "Flavon max Team Leader" title and pin, and can participate with her/his partner (adult family member) in one of the national events of the Flavon Group after she/he first qualifies for this rank.
- b) **Team Leader Plus:** an active IFC whose group reaches 250 points on 6 active levels in a given month. She/he is eligible for the "Flavon max Team Leader Plus" title and a **1% leadership bonus** for the turnover of her/his **12 active levels** (on 3 or 12 active levels depending on the fulfillment of the conditions fixed in point 4), apart from any element which is blocked by an IFC of leader rank (i.e. "Team Leader Plus," "Elite," "Elite Plus," "Diamond Elite," "Diamond Elite Plus," or "Presidency") who also qualifies in the given month.
- c) **Elite:** an active IFC whose group reaches 500 points on 6 active levels in a given month. If the IFC satisfies the requirements laid down in the current regulations she/he is eligible for the "Elite" title and golden pin and a **2% leadership bonus** for the turnover of her/his **12 active levels** (on 3 or 12 active levels depending on the fulfillment of the conditions fixed in point 4), apart from any element which is blocked by an IFC of leader rank who also qualifies in the given month.
- d) **Elite Plus:** an active IFC whose group reaches 750 points on 6 active levels in a given month. She/he is eligible for the "Elite Plus" title, and a **2% leadership bonus** for the turnover of her/his **12 levels** (on 3 or 12 active levels depending on the fulfillment of the conditions fixed in point 4), apart from any element which is blocked by an IFC of leader rank who also qualifies in the given month.
- e) **Diamond Elite:** an active IFC whose group reaches 1000 points on 6 active levels in a given month. If the IFC satisfies the requirements laid down in the current regulations she/he is eligible for the "Diamond Elite Consultant" title, a golden pin with a diamond and for a **3% leadership bonus** for the turnover of her/his **12 active levels** (on 3 or 12 active levels depending on the fulfillment of the conditions fixed in point 4), apart from any element which is blocked by an IFC of leader rank who also qualifies in the given month.
- f) **Diamond Elite Plus:** an active IFC whose group reaches 1750 points on 6 active levels in a given month. She/he is eligible for the "Diamond Elite Plus Consultant" title, and a **3% leadership bonus** for the turnover of her/his **12 active levels** (on 3 or 12 active levels depending on the fulfillment of the conditions fixed in point 4), apart from any element which is blocked by an IFC of leader rank who also qualifies in the given month.

The condition for paying out the leadership bonuses in the above cases is collecting 40 qualification points on 3 active levels in the given month or months. The detailed conditions of the current regulations are published at the <http://www.flavonmax.com/us/news/announcements> website.

- g) **President:** an active IFC whose group reaches 2500 points on 6 active levels in a given month. If the IFC satisfies the requirements laid down in the current regulations she/he is eligible for the "President" title, a golden pin with two diamonds and a **4% leadership bonus** for the turnover of her/his **12 levels** (on 3 or 20 active levels depending on the fulfillment of the conditions fixed in point 4), apart from any element which is blocked by an IFC of leader rank who also qualifies in the given month. In the case of President ranks it is not necessary to collect qualification points on 3 levels in order for President IFCs to receive their leadership bonuses.

Ruby, Emerald, Sapphire and Platinum Presidency Members are further entitled to a 1% extra monthly bonus based on the turnover of that part of their own group which is not blocked by a co-worker who is also a qualified leader of the reference month, to an unlimited depth.

i) **Ruby President:** an active IFC who fulfills the requirements of "President" and has at least one President IFC on her/his 6 levels (considering the closest to him in each line) and where the network, not including the President IFC's line, has a turnover of at least 1000 points on 6 levels in a given month. She/he is eligible for the "Ruby President" title, a ruby gold ring and a 4% extra leadership bonus on the turnover of her/his 20 levels (on 3 or 20 active levels depending on the fulfillment of the conditions fixed in point 4), which is not blocked by an IFC qualifying for a leader rank in the given month.

ii) **Emerald President:** an active IFC who fulfills the requirements of "President" and has at least 3 President IFCs on her/his 6 levels in different lines (considering the closest to him in each line) and where the network, not including from the President IFCs' line, has a turnover of at least 1000 points on 6 levels in a given month. She/he is eligible for the "Emerald President" title, an emerald gold ring and a 4% extra leadership bonus on the turnover of her/his 20 levels (on 3 or 20 active levels depending on the fulfillment of the conditions fixed in point 4), which is not blocked by an IFC qualifying for a leader rank in the given month.

iii) **Sapphire President:** an active IFC who fulfills the requirements of "President" and has at least 5 President IFCs on her/his 6 levels in different lines (considering the closest to him in each line) and where the network, not including the President IFCs' line has a turnover of at least 1000 points on 6 levels in a given month. She/he is eligible for the "Sapphire President" title, a sapphire gold ring and a 4% extra leadership bonus on the turnover of her/his 20 levels (on 3 or 20 active levels depending on the fulfillment of the conditions fixed in point 4) which is not blocked by an IFC qualifying for a leader rank in the given month.

iv) **Platinum President:** an active IFC who fulfills the requirements of "President" and has at least 10 President IFCs on her/his 6 levels in different lines (considering the closest to him in each line) and where the network, not including the President IFCs' line has, a turnover of at least 1000 points on 6 levels in a given month. She/he is eligible for the "Platinum President" title, a platinum ring with a diamond and a 4% extra leadership bonus on the turnover of her/his 20 levels (on 3 or 20 active levels depending on the fulfillment of the conditions fixed in point 4) which is not blocked by an IFC qualifying for a leader rank in the given month.

#### **Losing a leader rank:**

Elite, Diamond Elite, Presidency leaders lose their leader ranks after the monthly closing if they

- are inactive two months in a row before the closing or
- do not buy their personal activity carton for the fourth time – between 1 June and 31 May – during the qualification period of Flavon.

The day the IFC loses their leader rank they also lose all the entitlements relating to the rank including any trainings events and trips which the IFC already has qualified for – and which were a condition of acquiring the leader rank but which they have not participated in yet as well as any prizes associated with other tenders.

#### **Blocking leadership bonus:**

Leadership ranks (4%+1%) can be blocked. The degree of blocking is the degree of the leadership bonus that is given to the leader according to his/her rank (e.g. if blocked by a qualifying Elite consultant, a Diamond Elite consultant is given a 1% leadership bonus for the blocked line instead of a 3% bonus. For the unblocked line(s) she/he still receives 3%).

Leaders are Flavon Group's partners of leading ranks who, with their behavior in the network make a major contribution to the appearance and image of the Flavon max Network and to its good reputation. If a Member of any leading rank harms the good reputation of the Flavon max Network by statements or behavior, or violates the Company's Code of Ethics, the Flavon Group is entitled to deprive the Leader of the leading rank of the reference month for a period of 1 to 6 months – depending on the severity of the behavior –, during which the Leader is not entitled to the leadership bonus of that period.

## 6) Product Ordering

The **minimum order** is one carton of product.

### Methods of Ordering

- a) **Purchase in person:** the products can be purchased in person in the shops, during business hours, after customers have filled in a product order form.
- b) **One-off order:** orders can be placed by telephone, fax, e-mail or at the online office. The price of the products together with the delivery cost should be paid by credit/debit card or transferred/deposited to the bank account of the Flavon Group. The ordered products are shipped by the Flavon Group via a courier service.

Current **delivery** costs can be found at [www.flavonmax.com](http://www.flavonmax.com). For shipping information you can call +1-386-872-3606 (FlavonUSA) or consult our website ([www.flavonmax.com](http://www.flavonmax.com)).

The ordered products are shipped only after money is received at the Flavon Group bank account.

If the money arrives on a given working day till 4pm, the parcels are given to the courier service on the following day. If the delivery address is not the same as the one registered at the Flavon Group, please notify the change to the company in each case when you place the order. If an order is placed at the end of the month, it counts as an order for that particular month only if monies arrive at the bank account of the company before the Flavon Group closes the month. For further information please visit our website and click on "Month-closing dates." If a report, sum of money, IFC Agreement, etc. arrives at the Flavon Group after the above mentioned month closing time (punctually to the hour), it will be accounted and taken into consideration by Flavon Group for the following opened month.

## 7) Limited Warranty

An IFC may return any purchase within fourteen (14) days from receipt of any product by returning them to Flavon Group, 1370 North U.S. Highway 1, Suite 206, Ormond Beach, Florida 32174 in original condition, intact and unopened within fourteen (14) days of the IFC's receipt of such product. After such 14 days all sales are final.

Flavon Group products are warranted to be free from defect and consistent with Flavon Group quality standards for a period of ninety (90) days from the date of delivery to the IFC. The IFC must notify Flavon Group within such ninety (90) day period by writing or e-mail and return the defective product to Flavon Group within ten (10) days of notifying Flavon Group of the defective product. Flavon Group's liability for any defective product shall be limited to the purchase price of the defective product. Any claim for a defective product asserted more than ninety (90) days after IFC's receipt of such product shall be denied.

There are no other warranties given by Flavon Group to IFC, except for the limited warranty as stated above. Flavon Group disclaims all other warranties, either express or implied, including any warranties of fitness or any particular purpose or merchantability. In no event shall Flavon Group be liable for any consequential damages.

## 8) Independent Flavon Consultants (IFCs)

Every IFC is an independent contracting party who is obliged to run her/his business according to the "Independent Flavon Consultant Agreement" and the laws of the particular country. An IFC should be an adult natural person.

**IFC:** Should there be any change in the IFC's private data, she/he is responsible for sending a written notification of that without delay. If no written notification is sent, Flavon Group shall not assume any liability for any resulting undue payment or transfer. In the absence of such notification the Flavon Group is free to terminate the agreement immediately.

Every IFC can be member of the Flavon max Network only once (and only as a natural person). Spouses, life partners, or relatives living in the same household can be separate contracting parties, but they can only be on the same sponsor line, sponsoring each other. Spouses are responsible for each other's position and will be treated together. If information about any Member violating this point comes to the notice of the Flavon Group, the concerned Member will be transferred below the position of his/her spouse, life partner, or relative living in the same household.

**Position transfer:** The IFC status in the Flavon max Network is bound to the person. It can only be transferred after receiving written consent from the Flavon Group, which the IFC must apply for in writing, and which will be decided by the Flavon Group within 30 days of its submission. When the IFC's status is transferred, the position of the former IFC is terminated, the group is lost, and she/he cannot join any other IFC within 1 calendar year. However, she/he can join her/his former sponsor at any time as a new IFC. Only the original owner is eligible to collect the commission accumulated on the position before the transfer. The new owner of the position can only collect the commission accumulated after this event. Commissions cannot be collected retrospectively. The conclusion of false, fictitious transfers involving malicious intent is strictly forbidden. If an IFC concludes such an agreement or contributes to its conclusion, it shall result in her/his immediate exclusion.

Rules related to transference also govern **exchange of IFC statuses**. The only exception is that the exchange will not result in the termination of the IFC's positions because they are simply exchanged. The Flavon Group may reject any membership status exchange request when there are grounds for assuming that the underlying intention is sponsor shift, structural modification or regrouping.

**Sponsor change:** an IFC can change her/his sponsor only with the permission of the Flavon Group. The IFC should submit a written request regarding the sponsor shift, to which he/she attaches the signatures of her/his upline on 12 levels. If the sponsor line is not that long, the signatures must be collected up to the Flavon Group inclusively. The IFC requesting the change will be deleted from her/his earlier position and will be allowed to join her/his new sponsor immediately. However, she/he cannot take any of her/his recruited IFCs, nor her/his network with him/her. They will be taken over by the IFC's former direct sponsor. Flavon Group may reject any sponsor shift request when there are grounds for assuming that the underlying intention is structural modification or regrouping.

**Termination of the IFC Agreement:** An IFC can resign from the IFC Agreement at any time by submitting a written resignation. If the former IFC intends to become a member of the Flavon max Network again, she/he is free to join anyone if one calendar year has passed after he or she has resigned. If she/he wishes to join again within one year, she/he can rejoin her/his former Sponsor exclusively as a new IFC, but she/he cannot get her/his group back.

**Termination of the IFC Agreement:**

- any party can renounce the agreement by the end of the reference month, by submitting a written declaration of renunciation;
- if a breach of contract occurs, one of the parties can terminate the Contract of Agency with immediate effect by sending a written notification to the other party, if the other party has

seriously violated the content regarding his/her duties as regards the Contract of Agency, the current Policies and Procedures of Flavon max Network, the Online General Terms and Conditions, the Ethical Code or the IFC Agreement. From the IFC the following are serious violations of contract:

- to illegally advertise the products on the Internet or in pharmacies;
- discounting;
- the evasion of the network structure, or the attempt at such evasion by creating fake contracts;
- to make statements regarding the curative properties of the products;
- to make statements violating the reputation of the Flavon Group;
- if the IFC or its attached company, or any member or representative of the company, or their close relatives join a company working with direct sales system directly or through an enterprise, without the prior written consent of the Flavon Group.

**Buy Back Policy.** If an IFC decides to leave the business and terminates the IFC Agreement, Flavon Group will buy back marketable inventory, start-up kits and other marketing materials (if such items were either required to be purchased or if a commission was paid to some on their purchase), at 90% of the original cost. The IFC shall be responsible to deliver to Flavon Group at its principle U. S. office, all such items in good condition, at the IFC expense, as a condition precedent to repurchase within one year from the date of purchase.

**Exclusion:** If a breach of contract occurs, the Flavon Group may, at any time and with immediate effect, terminate the IFC Agreement by sending a written notification to the IFC. If notification has proved to be impossible because the addressee failed or refused to receive any documents or the address of the addressee cannot be established, the exclusion letter shall be deemed to have been notified on the 5<sup>th</sup> working day following the second attempt at delivery of the notification by post. Neither an IFC, nor any relative of an IFC who has been excluded due to breach of contract can join the Flavon max Network within one year after the exclusion, and her/his IFC status lapses. Immediate exclusion can be a result of a serious breach of the provisions laid down in the IFC Agreement, the Policies and Procedures, especially if the IFC will not fulfill her/his obligations, will not maintain relations with Flavon Group or will not cooperate.

Neither a Member nor any relative of a Member who has been excluded by the Flavon Group due to breach of contract can join the Network within one year after the exclusion, and her/his Membership status lapses.

**Losing one's group:**

If the IFC does not buy his/her activity carton for the reference month over a 6 month periods, s/he will be qualified as a Consumer by Flavon Group and will lose his/her whole group – to an unlimited depth – after the closing of the 6th inactive month. In this case the group goes up by one level in the sponsor line, to the next currently active IFC. After losing his/her group, the IFC does not have the chance to get it back, but s/he can become a Sponsor again by building a new group.

**Automatic termination:** An IFC who is inactive over 12 consecutive months, i.e. does not have a minimum monthly purchase of 180\$ - the personal purchase of one carton (activity carton) – will lose his/her membership status in the Flavon max Network and will be deleted from the system by the Flavon Group. The network of the deleted position – according to the deletion - goes up by one level in the sponsor line.

Flavon Group will send a written registered letter to the excluded IFC's registered address regarding the violation of the regulations which resulted in exclusion. The registered letter we send out should be considered as delivered 3 working days after being posted.

In the Flavon max Network the violation of any obligation implies the obligation of a penalty payment and refund of damages. The penalty is ten times the commission of the previous month, or, if the starting time of the violation of any obligation cannot be determined, the penalty is ten times the average of the

commissions generated in the last 12 months. The entitled party can claim a refund on her/his damages above the penalty.

#### **Other MLM networks:**

If an IFC or a company at which the IFC is representative, member or employee carries out a similar commercial agent activity (i.e. direct selling), the IFC shall inform the Flavon Group about her/his direct selling activity in advance, before signing the IFC Agreement. Having taken into consideration the information supplied, the Flavon Group is entitled to refuse to sign any contract. If an IFC or a company at which the IFC is representative, member or employee, wishes to join another direct selling company and intends to sign a contract similar to the present one (as a commercial agent) with another company, she/he will have to obtain the prior written consent of the Flavon Group. Should an IFC fail to observe the provisions laid down above, she/he will commit a serious breach of contract, which will result in immediate exclusion. If the IFC is owner or senior official in any other company that operates in a Network Marketing-system and/or distributes dietary supplements this will also result in disqualification.

**Advertising, promotional materials:** IFCs can only use publications, prospectuses, information sheets, brochures, books, DVDs and websites released by the Flavon Group. These materials cannot be altered and must be applied for proper use and purposes. Creation of your own materials and advertisements should be approved by the Flavon Group in all cases.

It is forbidden for IFCs to state that the product has any healing or preventive effect and provide misleading information. Everyone is free to speak about her/his own experiences in connection with the products. Any kind of statement to the press or media (either in written or electronic form) in connection with the products or the network is forbidden without the written permission of the Flavon Group. IFCs accept all the consequences of any unfair market behavior. With regard to this behavior, the Flavon Group or Flavon max Network holds no responsibility.

IFCs are given the possibility to create a general presentational webpage (IFC webpage) through the Online Office. The content of the IFC webpage can be edited in the settings of the Online Office. Web pages of this sort can be accessed under the [www.flavongroup.com](http://www.flavongroup.com) domain (e.g. [www.flavongroup.com/georgesmith](http://www.flavongroup.com/georgesmith)). The Flavon Group assumes no responsibility for the contents of IFC web pages. If an IFC publishes website contents that are contrary to law or the Policies and Procedures of Flavon max Network, the Flavon Group is entitled to modify the website content. In the event of serious or repeated infringements Flavon Group shall delete the presentational webpage from the system and terminate the IFC's status.

The opportunity to conclude an **E-Mail Address Licensing Contract** with the Flavon Group, according to which contract the IFC can request an electronic mail address starting as desired (but in accordance with the rules for using e-mail addresses) and ending with [flavonmax.com](http://flavonmax.com) (e.g. [georgesmith@flavonmax.com](mailto:georgesmith@flavonmax.com)) is provided for our Network builders of leader rank for an unlimited period of time, and for our VIP Members for a defined period of time of a maximum of 1 year – or until the termination of the IFC's membership.

**Cross-line sponsoring:** if an IFC is aware of the fact that her/his potential new IFC is already an IFC of the Flavon max Network in another sponsor line, and in spite of this she/he sponsors her/him as a new IFC, she/he violates the company's interests. Should an IFC join the system more than once, she/he can only retain her/his first position, and as soon as the Flavon Group notices the irregularity, the company will delete him/her from her/his other positions.

An IFC is liable for compliance with USA laws, the regulations of the Direct Selling Association, and the Code of Conduct, and must proceed accordingly during her/his membership.

The violation of any obligation described above results in the exclusion of the IFC and involves all its consequences in all cases.

#### **Training events**

Participating in the training events organized by the Flavon Group is free in every case. Conditions for participating in certain special training events are published by the Flavon Group at the <http://www.flavonmax.com/us/news/announcements> website. The cost of travel to and staying at the training events are borne by participants themselves, unless the Flavon Group assumes these costs according to the fulfillment of the conditions defined in the regulations, or in cases defined under the "Leadership ranks and bonuses" menu.

Applying for the training events and booking rooms are possible through Flavon Group's Customer service, through telephone, by e-mail, or personally until the last work day of the week before the event at the latest.

Accommodation booked related to the training events are ordered by Flavon Group under its own name from the provider of accommodation, and they are invoiced to the participants. Therefore, participants are obliged to pay the price of the accommodation to the Flavon Group on the day of the event the latest.

### **9) Conditions Precedent To Commissions Being Earned**

An **express condition precedent** to the IFC earning a commission under this Agreement shall be that the IFC shall submit to Flavon Group, a claim in writing (on the Flavon Group approved form), properly completed, either (i) during each Fiscal Year (which runs from December 1 through November 30) in which a sale was made or (ii) on or before December 31 (one month later) of the Fiscal Year in which the sale was made. [For example, for Fiscal Year from December 2012, through November 31, 2013, the deadline for submission of the claim in writing would be December 31, 2013.]

**Time is of the essence for this condition.** Failure to timely submit the claim in writing referenced herein, either within each Fiscal Year or within the month of December immediately thereafter, shall terminate any potential entitlement to any commissions for such Fiscal Year. A "Fiscal Year" is the twelve month period in which a company maintains its accounts and financial records. With respect to Flavon Group its' Fiscal Year runs from December 1 of each calendar year for a period of twelve months through November 31 of following calendar year.

If any IFC has commissions which may have been earned before the fiscal year of 2015, the IFC shall have 90 days from the date of these Policies and Procedures to claim such commissions or such will be deemed forfeited.

### **10) Other provisions**

#### **Independent Contractor**

As a distributor, you are an independent contractor. You are not an employee of Flavon Group and may not do anything that would lead someone to believe that you are an employee or an agent of Flavon Group.

#### **State and Federal Laws**

You are responsible for complying with all state and federal laws concerning the operation of a Distributorship or distribution of Flavon Group products. Be sure you are familiar with the applicable laws of the states in which you operate your Distributorship.

#### **Integrated Contract**

The Contract sets forth the entire agreement between Flavon Group and the Distributor and supersedes any and all prior oral or written agreements or understandings between Flavon Group and the Distributor. The Contract may not be altered or amended except as provided in the Policies and Procedures as amended from time to time or by other written notice by Flavon Group. Should any discrepancy exist between the terms of

the Contract and verbal representations made to any Distributor by any Flavon Group employee, the terms and requirements of the Contract will prevail.

### **No Waiver**

The failure by Flavon Group to exercise any right under the Contract shall not operate as a waiver of such right.

### **Contract Severance**

Any provision of the Contract that is judicially invalidated or otherwise rendered unenforceable in any jurisdiction is ineffective only to the extent of such invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated and unenforceable provision of the Contract will not invalidate or render enforceable any other provision of the Contract, nor will such provision of the Contract be invalidated or rendered unenforceable in any other jurisdiction.

### **Assignment of Independent Flavon Consultant Agreement**

No Independent Flavon Consultant Agreement may be assigned to any other person or entity without the prior written consent of Flavon Group.

Every IFC is obliged to study the Policies and Procedures of the Flavon max Network, which she/he was given when signing the IFC Agreement.

The Flavon Group reserves the right to modify, update, add to, remove, revise or otherwise change the Policies and Procedures of Flavon max Network in whole or in part. The modification comes into effect on the day it appears on the company website. The most up-to-date version of the Policies and Procedures will be available on the website and will supersede all its previous versions.

The Flavon Group will send newsletters to the e-mail address provided by the IFC in the IFC Agreement. By signing the IFC Agreement the IFC agrees to be sent newsletters regularly.

Furthermore, the IFC consents that

- her/his **phone number and email address** may be seen by her/his direct sponsor in the sponsor's online office, and Flavon Group may pass them on to the IFC's 3 upline sponsors without her/his special permission. Should an IFC wish to unsubscribe to the newsletter or does not agree that her/his phone number or email address may be passed on, she/he should send an email to [info@flavongroup.com](mailto:info@flavongroup.com) or send a letter of refusal to the Flavon Group.
- her/his achieved leader ranks, successful qualifications, her/his participation in the recruitment incentive program and other achievements during her/his membership can be published and reported through internet – on its own homepage or on other homepages – and also can be published in its marketing materials;
- photos and videos of IFCs taken at events organized by the Flavon Group can be published or reported through the internet – on its own homepage or on other homepages – and also can be published in its marketing materials. The IFC acknowledges and agrees that s/he will not be entitled to any compensation as a result of our use of any such similar or identical material;
- personal data given to Flavon Group can be managed and stored according to the data protection declaration issued by the Flavon Group and also can be transmitted to a data controller or data processor in a third country.

**Idea Submission:** We are pleased to hear from consumers or consultants and welcome your comments regarding Flavon Group's services and products. Nevertheless, our company policy does not allow us to accept or consider creative ideas, suggestions or materials other than those specially requested.

The valid Privacy statement of the Flavon Group always constitute a substantial part of the current regulations and can be checked at the official website.

**Provisions Surviving Termination**

In the event of any termination of this Agreement, the following provisions shall remain in full force and effect: 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of the Independent Flavon Consulting Agreement and paragraphs 1, 2, 3, 4, 5, 6, 8, 9, 10 and 11 of these Policies and Procedures.

**Waiver of Jury Trial, Governing Law and Venue:**

The parties waive any right to a jury trial for any action arising out of or related to the Independent Flavon Consulting Agreement or these Policies or Procedures and expressly waive any jurisdiction to federal court based upon any diversity of citizenship. IFC acknowledges and agrees that it has minimum contacts within the State of Florida and agrees that the courts in the State of Florida shall have jurisdiction over the IFC.

All disputes between the consultants and Flavon Group shall be governed by Florida law and resolved by binding arbitration in accordance with Flavon Group's dispute resolution policy. Volusia County, Florida, shall be deemed the sole and appropriate place for jurisdiction and venue of any dispute between Flavon Group and the Independent Flavon Consultant.

Ormond Beach, FL, 28 April, 2015.