

## **Distributor Rules, Policies & Procedures**

### **1. INTRODUCTION**

- 1.1 The General Terms and Conditions ("Rules") form an important part of the contract between **Nutruo Sdn Bhd** ("the Company") and the Distributor ("Distributor").
- 1.2 The Company and the Distributor are individually referred to herein as a "Party" and collectively as the "Parties".
- 1.3 As part of the Distributorship Agreement, the Distributor has an obligation to comply with the Rules.
- 1.4 References to clauses are to clauses of this Rules. References to Schedules are to the Schedules, which are attached to and form an integral part of these Rules.

### **2. DEFINITIONS**

**"Company's Trade Marks"** means the name "Nutruo" and any design symbol, trade mark, trading name, house mark, mark of ownership, unregistered mark, service name, package shapes, colour schemes, styles of labelling, emblems, registered and unregistered designs, retail and other formats, slogans, signage, communications materials, and other manifestations as specified from time to time by the Company, belonging to or characteristic of the Company, their goods, services and activities.

**"Distributorship Agreement"** means the Distributor Application Form along with the incorporated documents that form the terms of the contractual agreement between the Distributor and the Company.

**"Independent Business"** means the Company's independent business operated by a Distributor(s) pursuant to the Distributorship Agreement.

**"Distributors"** means individuals who are eligible pursuant to **clause 3**.

**"Intellectual Property Rights"** means the Company's Trade Marks and all patents, copyrights and database rights, rights in know-how, moral rights or other similar rights in any country in or connected with the products or any of them or any literature, manuals, materials or information supplied in connection with the Distributorship Agreement, in each case whether or not registered, and any applications for registration of any of the foregoing, and all rights to apply to register any of the foregoing.

**"Laws"** means all applicable national, municipal or state statutes, ordinances or other laws, regulations, by-laws or any rules, codes or directions or any licence, consent, permit, authorisation or other approval required by any public body or authority, local or national agency, department, inspector, ministry, official or public or statutory person (whether autonomous or not).

**"Personal Data"** means any information relating to an identified or identifiable individual.

**“Related Party”** means in relation to a Party: (a) any of its Affiliates; (b) any person employed by that Party or its Affiliates; (c) any director or other officer of that Party or its Affiliates; and (d) any person acting for or on behalf of that Party or its Affiliates, performing work and/or services in connection with the Distributorship Agreement.

**“Territory”** means Malaysia.

### **3. ELIGIBILITY TO BECOME A DISTRIBUTOR**

3.1 To become a Distributor, an applicant must be:-

- (a) at least 18 years of age;
- (b) citizen or permanent residents of the Territory; and
- (c) sponsored by an existing Distributor;

3.2 The Distributor application shall be completed in one of the following ways:

- (a) the applicant may complete and submit an electronic version of the Distributor Application Form in accordance with the procedures on the Company's website;  
or
- (b) the applicant may complete, sign and return a paper version of the Distributor Application Form to the Company.

3.3 If both husband and wife wish to become Distributor, they must apply together as a single independent business. If one spouse is already a Distributor, the other spouse, upon electing to become a Distributor, must join his or her spouse's independent business. Husbands with more than one legal wife can elect only one wife for the husband and wife partnership, subject to the appropriate local legislation. Subsequent wives who wish to be a Distributor must be sponsored under this husband/wife partnership.

3.4 An application shall be considered accepted by the Company when it receives a completed Distributor Form, its contents are verified by the Company, and the application does not violate any provision of this Rules.

3.5 The Company reserves the right to accept or reject any Distributor application.

### **4. TERM AND RENEWAL**

4.1 The term of the Distributorship Agreement shall be valid for one (1) year from the last date of purchase made from the Company.

4.2 The membership shall be renewed on a yearly basis subject to membership fees payable to the Company.

4.3 The Company reserves the right to reject any renewal request, or revoke any Distributor's renewal agreement, if the Distributor is not in compliance with any provisions of the Distributorship Agreement.

## **5. DIVORCE, SEPARATION, OR OTHER DISSOLUTION OF A NON-SPOUSAL PARTNERSHIP OR LEGAL ENTITY**

5.1 The Distributor who become involved in an action for divorce, separation of marital property, or the dissolution of a non-spousal partnership or legal entity formed, must continue to conduct themselves in compliance with the Rules.

5.2 Upon a divorce, dissolution or separation, the spouses must do one of the following:-

(a) Either spouse may agree in writing to:-

- (i) terminate the Distributorship Agreement as it applies to that spouse;
- (ii) relinquish that spouse's interest in the Distributorship Agreement; and
- (iii) authorise the Company to pay all commissions and bonuses to, and otherwise deal directly and solely with, the non-relinquishing Spouse;

**or**

(b) Notwithstanding the divorce or separation, the spouses may agree to continue to jointly operate under the Distributorship Agreement on a "business-as-usual" basis, in which case the Company shall continue to pay all commissions and bonuses and otherwise deal with each of the Spouses in the same manner as it did before the divorce or separation.

Under no circumstances will any of the Downline of any divorcing or separating Distributor spouses be divided. Similarly, under no circumstances will the Company split bonus or commission payments between any divorcing or separating spouses.

## **6. DEATH AND INHERITANCE**

6.1 Upon the demise of a Distributor, the deceased's independent business may be transferred to the deceased Distributor's beneficiary subject to the relevant laws of Malaysia.

6.2 For independent business owned jointly, such as a husband and wife, upon the death one spouse, all the rights, titles, interests and benefits under their joint independent business shall be vested in the surviving spouse, unless otherwise stipulated in a Will.

6.3 In cases where a Distributor disposes of an Independent Business in a Will, the Company will recognize the terms of the transfer, provided the beneficiary is a Distributor who is in compliance with the Rules.

## **7. RESIGNATION**

7.1 A Distributor may choose to resign as a Distributor with written notice to the Company.

7.2 In a husband and wife Independent Business, if a spouse resigns from its Independent Business for any reason pursuant to the Rules herein, the Company shall be entitled to:  
(a) terminate the Independent Business of the remaining spouse without assigning any reasons; or (b) allow the remaining spouse to continue operating the Independent Business in which event the remaining spouse and resigning spouse shall

be subject to these Rules and to such other terms and conditions which the Company may deem fit to impose.

## **8. PAYMENT OF BONUSES**

- 8.1 Bonuses payable under the Company's Marketing Plan are computed monthly and are based on the sales of the Company's products.
- 8.2 Bonuses are issued and credited into the Distributor's authorized Bank Account on or before the 10th of the following month. Year-End Bonuses will be paid or credited in January the following year.
- 8.3 The Company is entitled to adjust all bonuses paid or to be paid in its absolute discretion.
- 8.4 Any withdrawal from the Distributor's E-Wallet is subjected to an administrative fee as determined by the Company.

## **9. OBLIGATIONS OF DISTRIBUTOR**

- 9.1 **Duty of good faith and fair dealing:** Under the terms of the Distributorship Agreement, the Company and all Distributors agree to perform their obligations in accordance with the duty of good faith and fair dealing. A Distributor will be held accountable for the actions of a partner, family member or third party acting or purporting to act on behalf of the Distributor or Independent Business, so far as the Rules are concerned. A Distributor shall not aid and abet another Distributor to violate the Rules. No Distributor shall conduct any activity that could jeopardize the reputation of the Company or other Distributors.
- 9.2 **Advertisement:** Distributors may advertise only with the express approval of the Company in writing. No Distributors shall make false or fraudulent representations about the products, the Company, the Company's compensation plan or income potentials.
- 9.3 **Pricing:** All the Products shall be sold at the Company's specified prices. Distributors shall not advertise for sale or put up for any products that deviates from the Company pricing. A distributor may not advertise, offer or provide a customer with a rebate or other consideration to facilitate a lower customer price for any products of the Company.
- 9.4 **Re-packaging:** Products offered through or by the Company are to be sold only in their original packages and in their original formulations. Distributors shall not repackage products or otherwise change or alter any of the packaging, labels or materials of products offered through or by the Company.
- 9.5 **Complaints:** Distributors shall advise Company of any customer complaint and provide copies of all correspondence and details of all conversations regarding the complaint. Distributors are not authorized to make any type of offer or compromise or render Company liable for any complaint or product return.
- 9.6 **Information Update:** All Distributors are responsible for communicating any updates or changes to their personal information (e.g., name, address, email address and telephone numbers, etc.) or business information (e.g., business name, address, email

address, telephone numbers, addition/deletion of partner, change of business status, etc.) to the Company.

- 9.7 DSA Regulations: All Distributors shall strictly adhere to the local Direct Selling Association's code of conducts from time to time. All Distributors are deemed to have read, understood, and agreed to adhere to the code of conducts manual from time to time upon registration to be Distributor.

## **10. PROHIBITED PRACTICES**

- 10.1 Retail Establishment: No Distributor shall permit products, services or literature offered through or by the Company to be sold or displayed in any retail establishments, including, but not limited to, places like schools, fairs and events, kiosks, vending machines, salons, professional offices and any online or e-commerce platform.
- 10.2 Exporting and Importing: Distributor shall not export or import products or services offered through or by the Company, or sell to others they have reason to believe will import or export such products or services, to or from any other country, regardless of whether or not the Company or its affiliates have established operations or are doing business in that country.
- 10.3 Enticement to Change Position in the Line of Sponsorship: Under no circumstances shall a Distributor, directly or indirectly, solicit, assist, and attempt to induce, or encourage, another Distributor to request a change in position in the Line of Sponsorship.
- 10.4 Fund-raising: No Distributor shall use the Company's products or services in conjunction with any type of fund-raising activity. Fund-raising includes the solicitation for the donation of funds or for the purchase of the Company's products or services based on the representation that all, or some, of the gains, proceeds, donations, bonuses, or profits generated by such sale will benefit a particular group, organization, or cause.
- 10.5 No Authority: No Distributor shall negotiate, enter into contracts and/or agreements for and on behalf of the Company.

## **11. OBLIGATIONS OF SPONSORS**

- 11.1 The sponsor must be a Distributor in full compliance with the Rules.
- 11.2 The sponsor must ensure that all Distributors whom he or she sponsors have access to and the opportunity to read the Distributorship Agreement.

## **12. PROHIBITED SPONSORING PRACTICES**

- 12.1 A Distributor must not say or imply that there is no requirement for the retail sale or marketing of products by Distributors.
- 12.2 Individual or Group transfer: Distributors are prohibited from changing and/or transferring sponsors whether it be an individual transfer or group transfer. An individual transfer involves the transfer of a Distributor without any downline

Distributors. A group transfer involves the transfer of a Distributor with one or more downline Distributors.

- 12.3 Cross-sponsoring: No Distributor shall engage in cross-sponsoring practices. Cross-sponsoring occurs when: (a) Registering an existing Distributor from another group not within his/her direct line of sponsorship (b) Registering a duplicate Distributor when his/her independent business is valid (c) Registering a spouse when the other spouse is already a Distributor; or (d) Allowing any other individuals to conduct the independent business aside from the Distributor himself/herself.

### **13. NON-COMPETITION AND NON-SOLICITATION**

- 13.1 A Distributor shall not, during the term of his/her Distributorship Agreement with the Company, engage in any business activity which is competitive directly or indirectly with the Company nor be involved in any way with any company which competes with the Company.

### **14. INTELLECTUAL PROPERTY**

- 14.1 The Distributor acknowledges that the Company's Trade Marks and Copyrighted Works are the property of the Company and the Distributor will not claim any rights in the Company's Trade Marks and Copyrighted Works. The Distributor further acknowledges that all goodwill arising out of the Distributor's use and display of the Company's Trade Marks shall accrue to the Company.
- 14.2 The Distributor acknowledges that the Company may at any time, introduce additional or substituted the Company's Trade Marks or may withdraw any of them from use, and the Distributor shall implement such changes.
- 14.3 Notwithstanding that these Rules do not grant the Distributor any rights with regard to the Company's Trade Marks except as expressly stated, the Distributor shall: (a) use his reasonable endeavours to protect the Company's Trade Marks, colour schemes and any other items of décor which have been affixed or applied to each product by the Company and to maintain them in good condition; (b) comply with the Company's requirements as to the manner and context of the reproduction, use and display of the Company's Trade Marks and the wording to accompany them, and will not use them in any way that may impair their distinctiveness, reputation, or validity; (c) not to alter, remove any Company's Trade Marks and will notify the Company immediately on becoming aware that any of the Company's Trade Marks has been damaged, defaced, removed or stolen; and (d) not in any event use any Company's Trade Marks unless duly authorised by the Company.
- 14.4 The Distributor shall not employ or register or cause to be registered a Company's Trade Mark, or any word or mark which in the reasonable opinion of the Company is confusingly similar to a Company's Trade Mark, as part of any corporate name, business name or trading style, or as a trade mark in respect of any goods or services, or as a domain name.
- 14.5 The Distributor shall not conduct the whole or any part of its business under a corporate or business name or house mark, which in the opinion of the Company might impair the validity, reputation or distinctiveness of any of the Company's Trade Marks.

- 14.6 Except with the prior written consent of the Company, no other marks or symbols of a trade mark character (other than the trade name or corporate name of the Distributor) shall appear on or in relation to the Independent Business.

## **15. CHANGES IN LAW**

- 15.1 If at any time during the Distributorship Agreement period, there has been any decisions made by the Government or its related authorities which changes the operation of this Rule in any manner whatsoever (notwithstanding any provisions to the contrary in this Rule), the Company shall have the right to adjust, review, amend in any manner whatsoever, where such adjustment and amendments relate to the decisions made by the Government or its related authorities, any provisions in this Rules.
- 15.2 References to a specific statute include any statutory extension or modification amendment or re-enactment of such statute and any regulations or orders made under such statute.

## **16. COMPLIANCE**

- 16.1 The Distributor, in the performance of the Distributorship Agreement and the business resulting therefrom, shall comply, and ensure compliance by its Related Parties, with the Laws.
- 16.2 The Distributor represents and warrants to the Company that its payments to the Company shall not constitute the proceeds of crime in contravention of anti-money laundering laws.
- 16.3 The Distributor shall indemnify, defend, and hold harmless the Company and its related parties from and against any and all losses, damages, claims, expenses, fines and penalties arising out of the Distributor's representations in this clause being untrue or arising out of the Distributor's breach of any of its warranties or undertakings in this clause.

## **17. BREACH OF DISTRIBUTORSHIP AGREEMENT**

- 17.1 In the event of a breach of the Rules or the Distributorship Agreement by a Distributor, the Company may take one or more of the following actions:- (a) Terminate the Distributorship Agreement pursuant to clause 20 below; (b) Require the Distributor to attend training; (c) Remove the Distributor as a Sponsor of any downline Distributor (hereinafter referred to as "de-sponsoring") and/or restrict the Distributor's authority to sponsor others; (d) Suspend some or all of the Distributor's privileges under the Independent Business; (e) Suspend invitations to company-sponsored seminars, trips and events; (f) Require written acknowledgement of the breach(es) and an undertaking not to breach the Distributorship Agreement in the future; (g) Hold or forfeit payment of bonuses; and (h) Hold or forfeit any product redemption vouchers due to the Distributor.

## **18. TERMINATION & SUSPENSION**

- 18.1 A Distributor may terminate his or her Distributorship Agreement at any time with written notice of termination to the Company. The Company may terminate the Distributorship Agreement at any time by providing the Distributor with written notice of termination.
- 18.2 Upon termination for any cause whatsoever, the Distributor shall: (a) promptly return any and all line of sponsorship information to the Company upon resignation, non-renewal, and/or termination of his or her Independent Business and shall immediately discontinue any further use thereof; and (b) cease to identify himself/herself as a Distributor of the Company.
- 18.3 References to "termination" of the Distributorship Agreement include its expiry, where the context permits.
- 18.4 The Company reserves the right to suspend any Distributor who violates the terms of the Distributorship Agreement including these Policies and Procedures or for any acts or omissions which the Company deems to be harmful or adverse to the best interest of other Distributor or the Company. Depending on the severity of the conduct giving rise to the suspension, the suspended Distributor may be required to forfeit the right to any commissions or bonuses that would otherwise have been generated by the Distributor during the suspension period. Any commissions, bonuses and any other incentives whether in cash or in kind earned and accruing may be suspended or forfeited during the time of investigation. The Company will determine the period of suspension and the severity of the sanctions based on the nature of the applicable violation.
- 18.5 Upon any expiration or termination of the Distributorship Agreement, the Distributor shall have no right, title, claim, or interest in the Distributor's Downline or the opportunity to receive any commissions or bonuses from sales generated by the Distributor or their Downline following the termination. A Distributor whose Distributorship Agreement is terminated will lose all rights to participate in or benefit from the compensation plan. This includes the right to sell products, act as a Sponsor, use any Company's marketing materials for any purpose, and the right to receive future commissions and bonuses or other income resulting from sales and other activities of the Distributor's former Downline. In the event of termination, all licenses granted to the Distributor pursuant to the Distributorship Agreement shall automatically terminate, and the terminated Distributor agrees to waive all rights, if any, she or he may have, including any property rights, if any, to her or his former Downline and any bonuses, commissions, or other amounts derived from the future sales and other activities of such Downline.
- 18.6 A Distributor whose Distributorship Agreement is terminated shall receive bonuses for the last full bonus periods in which they were active prior to termination (less any amounts withheld during any suspension preceding an involuntary termination, any outstanding balance that may exist on the Distributor' accounts or any other amounts that may be owed to the Company).
- 18.7 The Company will not be liable to any Distributor for damages of any kind solely as a result of terminating a Distributorship Agreement in accordance with the Distributor Agreement including these Policies and Procedures, and termination of the Distributor Agreement will be without prejudice to any other right or remedy the Company may have under the Distributorship Agreement or applicable law.

## **19. RELATIONSHIP**

- 19.1 Nothing in the Distributorship Agreement shall be deemed to constitute a partnership, agency, franchise or an employer/ employee relationship between the Distributor and the Company.
- 19.2 For the avoidance of doubt, it is hereby expressly agreed that the Distributor's staff are not the Company's staff. Accordingly, the Distributor shall be solely responsible for compliance with taxation, social security contributions, labour rules and regulations pertaining to its staff.
- 19.3 The Distributor is responsible for the acts and omissions of his employees, agents and contractors.

## **20. AUDIT RIGHTS AND RECORD KEEPING**

- 20.1 The Distributor shall maintain adequate internal controls and procedures to assure compliance with Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and the Direct Sales and Anti-Pyramid Scheme Act 1993 including but not limited to procedures to ensure that all transactions are accurately recorded and reported in its books and records to reflect truly the activities to which they pertain such as the purpose of each transaction and to whom it was made or from whom it was received.
- 20.2 For the purposes of documenting compliance with Laws, the Distributor shall maintain, either physically, by electronic media or on microfilm, all records and information related to the Distributorship Agreement for a period of five (5) years after the Distributorship Agreement's end date. Such records and information shall include at a minimum all invoices for payment submitted by the Distributor to the Company along with complete supporting documentation and all records and information related to the execution or performance of Distributorship Agreement.
- 20.3 The Company shall have the right to audit all information, rates and costs and expenses related to the Distributorship Agreement at any time during and within five (5) years after termination of the Distributorship Agreement. The Company or any person authorised by the Company may have access at all reasonable times to any place where the records are being maintained and the Distributor shall afford every reasonable facility for this right of access. The Company shall have the right to reproduce and retain copies of any of the aforesaid records or information. The Distributor shall implement all agreed recommendations arising from the audits within a time scale, mutually agreed with the Company.

## **21. GOVERNING LAW AND RESOLUTION OF DISPUTES**

- 21.1 The Distributorship Agreement shall be interpreted and have effect in all respects in accordance with Laws of the Territory where the Distributor is registered and subject to relevant Schedules incorporated under this Rules.
- 21.2 Any proceedings in connection with the Distributorship Agreement shall be brought in the exclusive jurisdiction of the courts of the Territory where the Distributor is registered to whose jurisdiction both parties hereby submit.

- 21.3 The Distributor waive any right to assert any dispute as a class, collective or representative action, or to participate in any dispute asserted as such.

## **22. ALTERATIONS/ MODIFICATION**

- 22.1 The Company may, from time to time propose alterations or modifications to the Rules or any part thereof. In such event, the Company shall give the Distributors notice in writing through publications and/or announcement via the Company's website in relation to such alterations or modifications, and the Distributors shall comply with such alterations/ modifications.

## **23. GENERAL PROVISIONS**

- 23.1 Confidentiality: Subject to any requirements under the applicable law, the Distributor shall not, during the term of the Distributorship Agreement or after its expiry or termination, disclose or use other than for the purposes of carrying out its obligations under the Distributorship Agreement, any Company's confidential and proprietary information, including but not limited to specific arrangement of sponsorship within the Company, Distributor lists, the Distributors or the Company's business information, manufacturing and product development, business plans, Distributor's sales, earnings and other financial information.
- 23.2 Notice: Any notice or other communication to be given by one Party to the other under, or in connection with the Distributorship Agreement shall be in writing and signed by or on behalf of the Party giving it. It shall be served by hand or delivering it by registered mail. Any notice so served by hand or registered mail shall be deemed to have been duly given: (a) in the case of delivery by hand, when delivered; (b) in the case of registered post, seven working days after the documents is delivered.
- 23.3 Non-Waiver: No waiver by either party of any default by the other in carrying out its obligations under the Distributorship Agreement shall operate or be construed as a waiver of any other or further default, whether of a like or different nature.
- 23.4 Severability: Any provision of the Distributorship Agreement which is held to be void, illegal or unenforceable shall to the extent of such invalidity be deemed severable and the offending provisions excluded and the remaining provisions of the Distributorship Agreement will be unaffected by such severance.

## **The Schedule**

1. Order Form: A Distributor who takes and/or delivers an order in person shall deliver to the customer at the time of sale a written and dated order or receipt which shall: (a) describe the product(s) sold; (b) state the price charged; and (c) give the name, address, and telephone number of the selling Distributor.
2. Sales Receipt: A Distributor who takes and/or delivers an order in person shall deliver to the customer at the time of sale a written and dated order or receipt which shall: (a) describe the product(s) sold; (b) state the price charged; and (c) give the name, address, and telephone number of the selling Distributor.

3. DSAM: All Distributors shall adhere strictly to the local Direct Selling Association of Malaysia's ("DSAM") code of conducts from time to time. All Distributors are deemed to have read, understand, and agree to adhere to the code of conducts manual from time to time upon registration to be Distributor.
4. Compliance: The Distributor, represents and warrants that, in connection with the Distributorship Agreement or the business resulting therefrom, it is knowledgeable about Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and the Direct Sales and Anti-Pyramid Scheme Act 1993 applicable to the performance of the Distributorship Agreement and will comply with all such laws.
5. Retail Guarantee: In the event of any manufacturing or packaging defect affect the quality of the product, customers or Distributor can return/exchange the product at the Company within thirty (30) days from the date of purchase. Customer or Distributor must produce the following at the time of returning the products: a) Product Return Form; b) Reason for return; c) Copy of Customer Order Receipt/Official Sales Invoice; and d) Products to be returned.

NOTE:

Read this Policies and Procedures carefully before executing the Distributor Agreement to act as a distributor of Nutruo Sdn Bhd. Seek for independent legal and/or other advice should you need any clarification on any clauses stated herein.