

# ACN<sup>®</sup> POLICIES & PROCEDURES

ACN P&P-UK-9.1

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## INTRODUCTION

### ACN Statement of Operating Philosophy

The Founders of ACN believe in leadership by example rather than management by directive.

ACN's leadership has demonstrated a high degree of integrity and success at both sales and corporate levels. As such, they are committed to the Policies and Procedures set out below.

### ACN Commitment to Excellence

ACN strives for excellence by:

- (a) maintaining the highest degree of integrity at every level;
- (b) offering quality services at competitive prices;
- (c) providing prompt and courteous service from a dynamic support team; and
- (d) processing all orders in a prompt and efficient manner.

ACN has set these goals to give each IBO the best opportunity to develop a successful business.

ACN will not exclude anyone from this opportunity based on race, age, sex, national origin, religion, sexual orientation, marital status, disability or any other similar grounds prescribed or otherwise prohibited by law.

### What these Policies & Procedures are Designed to Do

The ACN Policies and Procedures:

- (a) govern the activities of ACN's Independent Business Owners (or "IBOs") throughout ACN's European markets;
- (b) provide important practical guidance to help you start and maintain your Distributorship and the processes you must follow; and
- (c) form part of your contract with ACN and should be read together with the Independent Business Owner Application and Agreement (or "IBO Agreement") and the Compensation Plan for your Home Country. ACN reserves the right to change these Policies and Procedures at any time.

Please take time to read through the entire document to fully understand the Policies and Procedures.

These Policies and Procedures contain also country-specific information which supplements the standard terms and conditions applicable to your Distributorship. In case of differences between the standard terms and the supplemental rules, the supplemental rules will prevail.

If you have questions about these Policies and Procedures, please, contact your Sponsor, visit ACN's IBO Back Office at [www.acn.com](http://www.acn.com) or contact ACN IBO Services.

ACN may from time to time change and amend the terms of these Policies and Procedures without prior notice. All changes are effective immediately after they are posted on the IBO Back Office.

## 1. DEFINITIONS

1.1 In these Policies and Procedures:

"ACN", "us" or "we" means the ACN company with which you entered into your Agreement and any other member of the ACN Group of companies. "ACN Group" means all legal persons under common ownership with the ACN company with which you entered into your Agreement.

"ACN Business Tools" means training and marketing materials produced by ACN or by an ACN Business Partner exclusively for ACN and available as part of the Monthly Business Support Fee.

"ACN Business Partner" is a person with whom the ACN Group contracts for the provision of ACN Services, , ACN Business Tools or the ACN Opportunity. IBOs are not ACN Business Partners.

"ACN Services" means telecommunications, energy, home security, or other services offered to Customers by ACN or an ACN Business Partner.

"ACN Opportunity" means the business opportunity provided by ACN to promote and sell ACN Services and the ACN Opportunity.

"Annual Renewal Fee" see definition in your Independent Business Owner Application and Agreement

"Compensation Plan" means the current country-specific commissions and bonuses plan by which an IBO is remunerated by ACN for successfully promoting or selling ACN Services.

"Customer" means a person who purchases ACN Services. IBOs are considered Customers when they purchase ACN Services for their own use.

**“Customer Contract”** means an agreement between a Customer and ACN or an ACN Business Partner for the purchase of ACN Services.

**“DSA”** refers to a Direct Selling Association. DSAs are trade associations that represent the direct selling industry. **“DSA Code”** refers to a code of conduct established by a DSA. DSA Codes contain rules governing direct selling that are binding on ACN and IBOs.

**“Distributorship”**, **“Activity”** or **“Position”** means your business activity as an IBO.

**“Downline”** means:

- (a) all IBOs directly sponsored by you; and
- (b) all other IBOs sponsored by those persons. Together those IBOs form your ACN sales team.

**“Effective Date”** means the date that an Independent Business Owner Application and Agreement is entered into by ACN and the IBO

**“General Data Protection Regulation”** means the European Union Regulation 2016/679

**“Home Country”** means the country in which a Distributorship is originally established.

**“IBO Back Office”** means [www.acn.com](http://www.acn.com) or any other website provided by ACN where an IBO can find support tools and other materials to help them maintain their ACN Activity.

**“IBO Starter Fee”** see definition in your Independent Business Owner Application and Agreement.

**“Independent Business Owner”**, **“IBO”** or **“you”** refers to a person – an Individual or a Permitted Business Entity – that has established an ACN Distributorship. An **“Individual”** is a natural person and a **“Permitted Business Entity”** (or **“PBE”**) is a legal entity, such as a corporation or a partnership.

**“Intellectual Property”** means all trademarks, service marks, trade names, logos, copyrighted materials, know-how, business documentation, operation methods, processes and systems and other proprietary rights owned by any member of the ACN Group.

**“Model Withdrawal Form and Instructions”** means a template form provided by ACN which IBOs can provide to their Customers when selling ACN Services.

**“Monthly Business Support Fee”** see definition in your Independent Business Owner Application and Agreement.

**“Life Partner”** means a person who is in a civil union or registered domestic partnership with an IBO and acts in the same manner as a spouse for legal, tax and other

purposes. To be considered a Life Partner, the relationship between the IBO and the Life Partner must be registered with the relevant governmental authority in the IBO’s Home Country. If the IBO’s Home Country does not permit the registration of such relationships outside of marriage, the IBO should contact ACN IBO Services to determine what options may be available.

**“Online Shop”** means an IBO’s personal website hosted and made available by ACN which IBOs can use to promote ACN Services.

**“Term”** means:

- (a) the period starting on the Effective Date and expiring 12 months from the date the IBO paid the IBO Starter Fee (the **“Initial Term”**); or
- (b) any 12-month renewal period (the **“Renewal Term”**).

**“Sponsor”** means the IBO under whose Business ID a new IBO is registered in ACN’s database. This may be the person who introduced a new IBO to ACN or another IBO to whom the new IBO is transferred subsequently.

**“Upline”** means:

- (a) your Sponsor; and
- (b) all other IBOs above your Sponsor in the same ACN Sales Team.

## 2. STARTING AND MAINTAINING YOUR DISTRIBUTORSHIP

### Your Relationship with ACN

- 2.1 As an IBO, you are a self-employed independent contractor.
- 2.2 An IBO:
  - (a) is not an employee, a partner, an agent, or a legal representative of ACN;
  - (b) may select their own means, methods and manner of work and may choose the hours and locations of their activities, subject only to the obligations of the IBO Agreement and these Policies and Procedures; and
  - (c) may not state, imply or represent to any person that they are an employee of ACN or state, imply or represent to a

prospective IBO that they will become an employee of ACN.

- 2.3 In some countries, ACN is required to withhold taxes and/or social contributions from amounts paid to IBOs and to pay those amounts to governmental authorities.
- 2.4 This does not imply the existence of an employer-employee relationship.

### **3. BECOMING AN INDEPENDENT BUSINESS OWNER**

#### **Requirements for All Independent Business Owners**

- 3.1 You may become an IBO as an Individual or a Permitted Business Entity (“PBE”)
- 3.2 To become an IBO, you must:
  - (a) complete the Independent Business Owner Application and Agreement available at [www.acn.com](http://www.acn.com);
  - (b) pay the IBO Starter Fee and the Monthly Business Support Fee;
  - (c) provide any additional information and documents required by ACN.
- 3.3 The Agreement must be submitted by the Individual who seeks to become an IBO.
- 3.4 For a PBE, the Agreement must be submitted by the person who has the authority to supervise the PBE’s activities (which we call the “**Primary Contact**”).
- 3.5 An Individual IBO must be:
  - (a) at least 18 years of age;
  - (b) a legal resident of their Home Country; and
  - (c) have authority to work as an independent contractor in their Home Country.
- 3.6 PBEs must be:
  - (a) formed under the law of the country in which the Distributorship is established; and
  - (b) must be in existence at the time the Agreement is submitted.
- 3.7 The Effective Date of your Distributorship is the date that you are notified by ACN that your Application is accepted.
- 3.8 If your Application is incomplete or inaccurate, your Distributorship will be put on hold until the required information and documents are received by ACN.

#### **IBO Starter Fee**

- 3.9 An IBO’s financial obligation to ACN during the Initial Term is the payment of the IBO Starter Fee in order to activate the IBO’s status and the Monthly Business Support Fee
- 3.10 With the IBO Starter Fee the IBO will receive:
  - (a) access to their own personalized Online Shop and continuous IBO Support which they can make use of by contacting IBO Services; and
  - (b) access to the ACN International Opportunity as the IBO will be able to promote and sell ACN Services and promote the ACN Opportunity in any country in which the ACN Group operates
  - (c) full suite of reporting tools with Downline reporting and position dashboard

#### **Additional Requirements for Permitted Business Entities**

- 3.11 An IBO may operate a Distributorship by establishing a PBE.
- 3.12 PBEs vary by country; however, ACN generally allows business partnerships, sole proprietorships, and limited liability companies to become IBOs.
- 3.13 Public/listed companies, incorporated associations and societies, and non-profit organizations may not become IBOs.
- 3.14 ACN has sole discretion as to whether a specific type of legal entity may become an IBO. See the Supplemental Information in clause 15 for more information about your country.
- 3.15 PBEs must meet the obligations in clauses 3.1 to 3.6 and the requirements set out in clauses 3.19 to 3.25.
- 3.16 An IBO who converts a Distributorship from an Individual to a PBE status must meet the additional obligations at the time of the conversion. A new or converted Distributorship will be put on hold until these requirements are met.
- 3.17 If a Distributorship is owned by a legal entity that is not a PBE, ACN may require the Distributorship to be transferred to a PBE or ACN will suspend or terminate the Distributorship.
- 3.18 PBEs and their shareholders, beneficial owners, directors and partners must comply with the rules on multiple distributorships and the 100%

Rule in clauses 3.76 to 3.78. Each shareholders, beneficial owner, director and partner in a PBE is jointly and severally responsible to ACN for the actions of the PBE.

### Requirements for Incorporated Entities

3.19 A PBE organized as an incorporated entity (limited liability company, business partnership, sole proprietorship, etc.) must provide at a minimum the following information and documents ("**Business Paperwork**") to ACN:

- (a) copies of (i) an excerpt issued by the Register of Companies and (ii) the partnership agreement, the company's bylaws and Deed of Incorporation; a certificate of formation or other acceptable document to ACN that evidences the existence of the PBE;
- (b) the names, addresses, and ownership amounts of all persons with a 5% or greater legal or beneficial interest in the PBE; and
- (c) the names and addresses (address, phone numbers and e-mail address) of the general partner or directors of the PBE.

3.20 ACN may, at its discretion, request additional information or documents.

3.21 The PBE must designate one of its partners, directors or officers as the Primary Contact for the Distributorship.

3.22 The Primary Contact:

- (a) must submit the Independent Business Owner Application and IBO Agreement;
- (b) confirms that operating the Distributorship is within the scope of the PBE's authorized business activities, as set forth in the company's Business Paperwork acceptable under clause 3.19(a)(ii); and
- (c) is responsible for supervising the PBE's activities and for all communications with ACN.

3.23 The PBE may designate other shareholders, partners, directors or officers as Other Contacts.

3.24 The Primary and Other Contacts have full authority to act for the Distributorship.

3.25 A PBE may also designate persons who are not IBOs and have no ownership interests in the Distributorship as "**Authorised Contacts**". An

Authorised Contact has limited authority to act on behalf of the PBE and, in any event, cannot:

- (a) change Distributorship information (biographical data, bank details, passwords, etc.);
- (b) cancel, renew, or terminate the Distributorship;
- (c) transfer Customers or Downline IBOs to or from the IBO's account;
- (d) promote or sell ACN Services or sponsor new IBOs; or
- (e) add or change Other Contacts or Authorized Contacts.

### Provision of Information

3.26 A prospective IBO must ensure that all information submitted to ACN is accurate and complete. Inaccurate or incomplete information may lead to the Agreement being rejected or put on hold until correct or complete information is provided.

3.27 An IBO must:

- (a) keep the information provided to ACN regarding their Distributorship current; and
- (b) promptly report any change of name, address, telephone number, e-mail address or bank account information to ACN.

3.28 Most changes can be submitted online through the IBO Back Office or by contacting IBO Services.

### Distributorship Names; Assignment of Business ID

3.29 If you are an Individual, your Distributorship must be in your personal name.

3.30 For PBEs, your Distributorship name must be reflected in your Business Paperwork. ACN reserves the right to reject a Distributorship name for any reason.

3.31 Upon becoming an Independent Business Owner, the IBO will be assigned a unique number, called a "Business ID" which identifies the IBO's Distributorship.

3.32 IBOs should:

- (a) encourage their Customers include their Business ID on all Customer Contracts; and

- (b) include their Business ID on any IBO Agreement for which they are the Sponsor.

3.33 Failure to provide your Business ID may result in you not receiving credit for Customer purchases or in IBOs not being included in your sales team.

### **Changes of Ownership and Dissolution of PBEs**

- 3.34 PBEs must obtain prior approval from ACN of any changes in ownership of 20% or more.
- 3.35 Once the change is complete, the PBE must provide new Business Paperwork to ACN.
- 3.36 Changes in legal or beneficial ownership of 50% or more are considered sales subject to the requirements of clauses 3.66 to 3.71.
- 3.37 A PBE may replace a departing shareholder, director, partner or beneficiary if the new shareholder, director, partner or beneficiary has not been associated with another IBO for the previous 12 months.
- 3.38 The PBE must provide new Business Paperwork. The departing shareholder, director, partner or beneficiary may establish a new Distributorship, provided that, if the new Distributorship is formed within 12 months from departure, it must be sponsored by the PBE.
- 3.39 If a PBE with more than one shareholder or partner is dissolved, the Distributorship may be transferred to the remaining shareholders or partners subject to compliance with the 100% Rule in clauses 3.76 to 3.78 and provided that the transferees meet the legal and professional requirements under clause 3. If the transfer results in the violation of the 100% Rule, one or more Distributorships must be terminated.

### **Spouses/Life Partners as IBOs**

- 3.40 Married couples and Life Partners may join ACN as IBOs and operate under the same or separate Distributorships (**Note:** In Italy and France separate Distributorships are required for legal and tax reasons.).
- 3.41 If Spouses or Life Partners operate the same Distributorship, both names must be listed on the Distributorship.
- 3.42 If Spouses or Life Partners operate separate Distributorships, one Spouse or Life Partner must be the Sponsor of the other.

3.43 ACN may require the transfer of a Distributorship to ensure compliance with these requirements.

3.44 If IBOs with separate Distributorships become Spouses or Life Partners, one of the IBOs must sell or terminate its Distributorship and:

- (a) be added to the other IBO's Distributorship; or
- (b) open a new Distributorship under the sponsorship of the other IBO's Distributorship.

3.45 The sale of a Distributorship is subject to the requirements of clauses 3.66 to 3.71. The Customers and Downline remain with the sold or terminated Distributorship.

3.46 ACN may, in its absolute discretion, terminate the most recent Distributorship if the IBOs do not comply with clause 3.45.

3.47 In case of divorce or termination of a Life Partnership, the IBOs must notify ACN of the effect on the Distributorship(s) by providing a written statement signed by both IBOs or with a court order.

3.48 In the event of a dispute between IBOs over the ownership of a Distributorship, ACN may put the Distributorship on hold pending resolution.

3.49 If a joint Distributorship is cancelled, non-renewed or terminated, neither partner may start a new Distributorship for 12 months.

3.50 The partner with authority to act for the Distributorship may request reactivation of the original Distributorship, which ACN may grant in its discretion and provided that such partner meets the legal and professional requirements under clause 3.

### **Responsibility for Expenses**

3.51 As an IBO, you conduct business for your own account and are solely responsible for all expenses, debts and liabilities incurred in connection with your Distributorship.

3.52 Such expenses may include, but are not limited to, licenses or permits required by you to operate a business; fees for legal, tax, or other professional advice; insurance; office rental, equipment and expenses; travel, meals, entertainment and accommodation; and expenses associated with marketing or presenting ACN Services and the ACN Opportunity to prospective Customers and IBOs.

## Renewing Your Distributorship

- 3.53 The Initial Term of an IBO's Distributorship is 12 months from the Effective Date.
- 3.54 If an IBO desires to continue their Distributorship, they must submit a renewal request (available in the [IBO Back Office](#)) and pay the Annual Renewal Fee.
- 3.55 ACN reserves the right to reject a renewal request in its sole discretion.
- 3.56 Renewal shall constitute a new Agreement between an IBO and ACN subject to the most current terms and conditions of ACN.
- 3.57 The Renewal Term is 12 months from:
- the date of expiry of the Initial/Renewal Terms; or
  - the date the Annual Renewal Fee is paid if the Distributorship is renewed 30 days after expiry of the Initial/Renewal Term.
- 3.58 An IBO who fails to pay the Annual Renewal Fee by the date of expiry of the Initial/Renewal Term (the "**Renewal Date**") waives their right to qualifications and compensation for the period between the Renewal Date and the date the Annual Renewal Fee is paid.
- 3.59 If the Distributorship is not renewed within 12 months of the Renewal Date, the Distributorship will become inactive and the IBO will be required to form a new Distributorship.

## Ending Your Distributorship

- 3.60 You may terminate your Distributorship at any time by giving ACN 14 days advance written notice.
- 3.61 By terminating your Distributorship, you are relieved of your obligations as an IBO and forfeit all rights as an IBO, including the right to payment of earned but unpaid compensation.
- 3.62 If you terminate your Distributorship in the 14 days following the conclusion of your IBO Agreement, you:
- will receive a full refund of your IBO Starter Fee and the Monthly Business Support Fee
- 3.63 Different rights and processes apply depending on when you terminate your Distributorship. See your IBO Agreement or the [IBO Back Office](#) for an explanation of how to terminate your Distributorship.

## Reinstating a Lapsed Distributorship

- 3.64 A former IBO who re-joins ACN within 12 months after cancellation, non-renewal or termination of their Distributorship may do so only under the same Sponsor (or, if the original Sponsor is no longer an IBO, the first active Upline IBO).
- 3.65 If the IBO has been transferred to a new Sponsor as described in clauses 11.19 to 11.25, the IBO must:
- reinstated their Distributorship under the transferee Sponsor; and
  - execute a new IBO Agreement and pay the initial IBO Starter Fee again and the Monthly Business Support Fee.

## Sales of Distributorships

- 3.66 Sales of Distributorships must be approved by ACN.
- 3.67 To request approval, an IBO must send a written request to ACN that includes the names, addresses and contact details of the seller and buyer and a description of the amount to be paid.
- 3.68 Upon receipt of a sale request under clause 3.67, ACN will send the IBO the required documentation to be completed by the seller and buyer.
- 3.69 A proposed buyer must meet the requirements of clauses 3.1 to 3.39, including the applicable legal and professional requirements under clause 3, and may not have previously been an ACN IBO.
- 3.70 ACN reserves the right to reject a proposed sale for any reason.
- 3.71 The selling IBO will be charged a processing fee if the sale is approved.

## Death or Incapacity of an Independent Business Owner

- 3.72 If an IBO dies or becomes incapacitated, the rights to the Distributorship may be transferred to the IBO's designated successor on a permanent or temporary basis.
- 3.73 The successor may be required to enter into a new IBO Agreement (**Note:** In Poland and Italy, the successor will also be issued a new ID card). If the successor is under 18 years old, the Distributorship may, with the written consent of ACN, be operated by a trustee until the successor reaches 18 years.

- 3.74 In the event of temporary transfer of a Distributorship due to incapacity, responsibility for the Distributorship will be returned to the IBO upon notice to ACN that the incapacity has ended.
- 3.75 If an IBO dies or becomes incapacitated and has not designated a successor, the Distributorship will be put on hold until ACN receives a court order or other notice advising it of the disposition of the Distributorship.

### **Multiple Distributorships and the 100% Rule**

- 3.76 An Individual or a PBE may own, manage, or participate in one (1) Distributorship at any time except as permitted by these Policies and Procedures and with the prior written approval of ACN.
- 3.77 In addition:
- (a) a person may only be entered as a Primary Contact of a Distributorship once;
  - (b) a bank account used for payment of compensation to an IBO may be used only for a single Distributorship except for separate Distributorships operated by Spouses or Life Partners;
  - (c) a person may not submit an IBO Agreement or be involved with the Distributorship of another IBO if they have an existing Distributorship or have owned, managed or participated in another Distributorship in the past 12 months; and
  - (d) a person who leaves a PBE may open a new Distributorship only if 12 months has passed since departure from the PBE or if the new Distributorship is directly sponsored by the PBE.
- 3.78 If ACN permits a person to participate in more than one (1) Distributorship, the person's combined interest in all Distributorships may not exceed 100% and all Distributorships in which the individual has an interest must be in the same sales team and be direct Sponsors of each other.

## **4. INDEPENDENT BUSINESS OWNER OBLIGATIONS**

### **Ethical Conduct and Compliance with Law -**

### **General Obligations**

- 4.1 ACN conducts business in an open, ethical and trustworthy manner and expects that IBOs do the same.
- 4.2 IBOs are expected to adhere to the highest ethical standards in their dealings with Customers, other Independent Business Owners and ACN.
- 4.3 IBOs are required to follow the letter and spirit of these Policies and Procedures.
- 4.4 The following is a non-exhaustive list of actions that ACN considers unethical:
  - (a) providing false information or forging a signature on any document submitted to ACN – this includes electronic signatures on any ACN customer portal, as well as online Agreements;
  - (b) encouraging a Customer to purchase ACN Services when you know or have reason to know that the Customer does not intend to complete the purchase;
  - (c) submitting a Customer Contract or an IBO Agreement without the knowledge or consent of the Customer or the IBO;
  - (d) submitting an order for ACN Services using the Business ID of another IBO without the knowledge and consent of the other IBO;
  - (e) presenting the ACN Opportunity as nothing less than an equal opportunity regardless of ethnic background, sexuality, gender, nationality or religious or political beliefs;
  - (f) promoting, discussing or offering ACN Services the ACN Opportunity or ACN, its staff and IBOs in general together with any religious, spiritual or political organizations or individuals which implies any business or social association between ACN and the organization or individual;
  - (g) making false, exaggerated or misleading statements or representations to a current or prospective Customer or IBO regarding ACN Services or the ACN Opportunity;
  - (h) engaging in pressure sales or taking advantage of persons who may be vulnerable, such as the elderly and the

- disabled;
- (i) taking any action attempting to take improper advantage of the Compensation Plan;
- (j) pressuring other Customers or IBOs to make undesired purchases of ACN Services; and
- (k) making any harassing, threatening, insulting or intimidating statements against ACN, its employees, its services, ACN Business Partners or other IBOs.

### **Compliance with Laws and Regulations**

- 4.5 Direct selling is subject to laws, regulations and industry codes that are different and often more restrictive than those that apply to other industries.
- 4.6 In addition, ACN's telecommunications, utility and other services are subject to regulation by the European Union and individual Member States.
- 4.7 As an IBO, you must operate your Distributorship in compliance with all applicable laws, regulations and DSA Codes.
- 4.8 You can find information about applicable laws and how you can comply in the [IBO Back Office](#) and in the country-specific information provided as part of these Policies and Procedures. In case of differences between the standard terms and the supplemental country-specific rules, the supplemental rules will prevail.
- 4.9 As laws and regulations change frequently, ACN cannot guarantee that the information it provides is current or accurate. You will be responsible for keeping yourself duly informed of any change to the laws and regulation applicable to your ACN Distributorship.
- 4.10 You are responsible for understanding and adhering to all European, national and local laws, regulations and DSA Codes that apply to your Distributorship. This obligation includes the following:
  - (a) complying with all applicable laws, regulations and DSA Codes relating to the promotion and sale of ACN Services and the ACN Opportunity, including relevant consumer protection laws and privacy requirements, the codes of conduct of the European Direct Selling Association (Seldia) and the DSAs of any country in

- which you operate your Distributorship;
  - (b) obtaining any permits, trade licences or registrations required to operate your Distributorship. For example, some countries require Individual IBOs to register as an entrepreneur or self-employed person or to register with tax, social security or other governmental authorities;
  - (c) purchasing any insurance required in connection with the operation of your Distributorship;
  - (d) maintaining all records, such as order forms, receipts and invoices required in connection with the operation of your Distributorship; and
  - (e) making all registrations, notifications, filings and payments necessary to ensure the proper assessment and remittance of personal and corporate income taxes, national or local business taxes, value-added taxes, governmental fees and social contributions (such as social security and pensions).
- 4.11 ACN may require an IBO to provide documents and information to demonstrate that the IBO is complying with these requirements.
  - 4.12 ACN also cooperates with requests from governmental and tax authorities regarding compliance by IBOs with applicable laws and regulations.

### **Tax Matters**

- 4.13 As an IBO, you are responsible for compliance with the tax laws of your Home Country and any country in which you do business.
- 4.14 As a self-employed person, you may be required to make periodic payments of income and self-employment taxes or social contributions based on the amounts paid to you by ACN.
- 4.15 Unless ACN is required to withhold and remit these taxes and contributions on your behalf, the calculation and payment of such amounts are solely your responsibility. ACN shall not be liable for such payments or any fines, penalties, or interest for late paid or unpaid amounts.
- 4.16 An IBO who uses a PBE may be subject to different or additional obligations. It is your obligation to understand the tax obligations applicable to your Distributorship.

- 4.17 If you sell ACN Services directly to Customers, you may be obligated to charge the applicable Value Added Tax on those sales and to remit such amounts to the competent Tax authorities. The IBO is solely responsible for the calculation and collection of VAT from Customers for such sales, the filing of any required forms to the national tax authorities, and the payment of VAT to such authorities.
- 4.18 ACN cannot provide individual tax advice to IBOs. Questions regarding tax matters should be directed to your personal tax advisor.

### **Operating Outside Your Home Country**

- 4.19 A key advantage of the ACN Opportunity is that you can operate your Distributorship in every country where the ACN Group operates.
- 4.20 Subject to clauses 4.21 and 4.22, each IBO has the non-exclusive right to promote ACN Services and the ACN Opportunity in any country in which ACN operates.
- 4.21 Some ACN Services may be intended for sale only within specific countries.
- 4.22 Sales limitations will be indicated in the IBO Back Office. It is prohibited to promote or sell ACN Services in any country where they are not authorized for sale.
- 4.23 An IBO must not promote or sell ACN Services or the ACN Opportunity in countries where ACN does not operate.
- 4.24 The countries in which ACN operates are identified in the IBO Back Office.
- 4.25 The laws, regulations, and DSA Codes applicable to the promotion of ACN Services and the ACN Opportunity vary among countries.
- 4.26 An IBO who operates their Distributorship outside their Home Country is responsible for understanding and adhering to all applicable laws, regulations and DSA Codes in those countries.

## **5. PROMOTION AND SALE OF ACN SERVICES AND THE ACN OPPORTUNITY**

- 5.1 Acquisition of Customers is the key to success with ACN.
- 5.2 **Earnings as an ACN IBO are based solely upon the successful sale of services to customers and their usage of those services. Individuals will incur expenses in operating their ACN business,**

**such as the IBO Starter Fee, the Monthly Business Support Fee, and the Annual Renewal Fee, as well as other possible operating expenses. As with any business, earnings and success at ACN are not guaranteed but depend primarily on the individual's commitment, persistence and effort. Individuals may not earn income and may lose money as an IBO.**

- 5.3 **ACN reserves the right to review and retract any and all Qualifications, CABs, Bonuses & commissions where ACN's acceptable usage is not being met or the customer cancels their service within 90 days.**
- 5.4 It is critical that IBOs present ACN Services and the ACN Opportunity clearly and fully to prospective Customers and IBOs so that they may make an informed decision about whether to purchase ACN Services or to join ACN as an IBO.
- 5.5 **IBOs must not state or imply to prospective IBOs that the purchase of ACN Services for personal use is required.**
- 5.6 IBOs who do choose to purchase ACN Services do so subject to the same terms and conditions applicable to other Customers.

### **General**

- 5.7 Network marketing is a proven sales method that is valued by consumers for its "personal touch" and by direct sellers for the opportunity it provides to build a business and generate earnings.
- 5.8 Aggressive and unethical sales tactics by a small number of companies and individuals has caused governmental authorities to impose a variety of requirements on direct selling companies and IBOs to ensure that consumers are protected.
- 5.9 Seldia and national DSAs have also implemented Codes of conduct for direct selling companies and direct sellers that must be followed by all IBOs.
- 5.10 These laws and DSA Codes are generally easy to follow. To do so, IBOs must adhere to the following practices:
- (a) from their first contact with a prospective Customer or IBO, an IBO must identify themselves as an ACN IBO (**Note:** In Poland and Italy, this includes showing the Customer or the IBO their ACN-issued ID card) and explain the reason that the IBO is

- contacting the prospective Customer or IBO;
- (b) an IBO must inform the prospective Customer or IBO that ACN is a member of Seldia or the national DSA (a list of ACN's DSA memberships is available in the IBO Back Office);
  - (c) if a prospective Customer or IBO is being invited to a sales or training event, an IBO shall disclose the purpose of the event and identify the host;
  - (d) when presenting the ACN Opportunity, an IBO shall not give the impression that the ACN Opportunity relates to an employment opportunity, shall not imply that the invitation is to a "social event" and shall not disguise the invitation as a "market survey";
  - (e) an IBO shall not promote the ACN Opportunity as a business relationship with an individual or a legal entity other than ACN;
  - (f) an IBO must inform prospective IBOs that there are legal requirements and obligations for the carrying out of the ACN Distributorship;
  - (g) an IBO must not represent that IBOs have the exclusive right to promote or sell ACN Services in a particular geographic area;
  - (h) an IBO must not imply that a successful ACN Distributorship can be built in the form of a "wholesale buying club" ("St. Anthony's chain") or other structure in which the only services bought and sold are those transferred to other IBOs;
  - (i) an IBO shall provide full, truthful, and clear information about ACN and the terms, conditions and prices of ACN Services and the ACN Opportunity and about ACN's after-sales service;
  - (j) an IBO shall not use misleading, deceptive or unfair sales practices or make false, misleading or exaggerated claims about, ACN Services or the ACN Opportunity;
  - (k) an IBO shall only make such claims about ACN Services and the ACN Opportunity as are contained in official ACN materials or otherwise authorised by ACN;
  - (l) an IBO shall advise potential Customers and IBOs of their right to withdraw from an IBO Agreement or Customer Contract (as detailed in the terms and conditions of the IBO Agreement or Customer Contract);
  - (m) an IBO shall advise of ACN's complaint-handling procedures;
  - (n) an IBO shall advise of the existence of DSA Codes that bind the IBO and ACN;
  - (o) an IBO shall provide Customers and new IBOs with access to or copies of any required documents, including the IBO Agreement or Customer Contract, terms and conditions, prices and an invoice; and
  - (p) an IBO shall take extra care when dealing with potentially vulnerable persons (such as the elderly or disabled).
- 5.11 IBOs shall ensure that prospective Customers have the opportunity to review the terms and conditions and price lists for the ACN Services that they intend to purchase prior to submitting an order.
- 5.12 If a Customer places an order for ACN Services directly with an IBO, the IBO must provide the following documents and information to the Customer at the time of purchase:
- (a) a written copy of the Customer Contract (if applicable) and/or the terms and conditions and the prices; and
  - (b) the Model Withdrawal Form and Instructions.
- 5.13 IBOs shall specifically advise such Customers of their right to revoke their purchases of ACN Services.
- 5.14 Upon request an IBO shall provide a copy of the DSA Code of Conduct applicable in their Home Country to Customers. Copies of these documents are available in the IBO Back Office. For purchases made through an IBO's Online Shop all required information and documents will be provided directly to the Customer by ACN.
- 5.15 IBOs shall ensure that prospective IBOs have the opportunity to review the IBO Agreement, including the terms and conditions, these Policies and Procedures and the Compensation Plan prior to submitting the Application.

## **6. PROMOTION OF ACN SERVICES**

### **Completing and Submitting Customer**

## **Contracts**

- 6.1 To purchase ACN Services, a Customer must submit a completed and signed Customer Contract to ACN or complete the online purchase process.
- 6.2 IBOs are required to provide Customers with a copy of the Customer Contracts or the online purchase processes made available by ACN and ACN Business Partners. The IBOs must provide additionally the applicable terms and conditions, price lists as well as any information pertinent to the purchase. Customer orders submitted in any other way may be rejected.
- 6.3 A Customer must personally complete their Customer Contract.
- 6.4 IBOs may assist Customers in completing Customer Contracts and may submit completed Customer Contracts to ACN at the express request of the Customer.

## **Customer Acceptance and Effective Date of Customer Contracts**

- 6.5 ACN and ACN Business Partners have absolute discretion to accept or reject a Customer Contract.
- 6.6 ACN may not be held liable by IBOs for rejected Customers.
- 6.7 For purposes of determining qualifications and remuneration under the Compensation Plan, the date and time a Customer Contract is processed by ACN will be the effective date of the Customer Contract.
- 6.8 To ensure that you receive timely credit for purchases of ACN Services, ACN must receive a Customer Contract no later than 14:00 Central European Time on the last business day of the month.
- 6.9 If the last day of the month is a Saturday, Sunday or a bank holiday, the preceding business day will be considered the last business day of the month.

## **7. PROHIBITED RETAIL SALES CHANNELS**

- 7.1 IBOs may promote and sell ACN Services only using network marketing techniques.
- 7.2 Promoting ACN Services via the sales channels below will be permitted only with the prior written approval of ACN:
  - (a) retail shops

- (b) trade fairs, athletic, community events, flea markets, swap meets or similar events; and
- (c) Internet sales (except for an IBO's Online Shop). This includes, but is not limited to, sales via online market or auction sites (such as eBay and Amazon), social networking sites (such as Facebook and Twitter), social media sites (such as Instagram and YouTube), online forums, message boards, blogs, wikis and podcasts. IBOs may promote their ACN Distributorships via the Internet provided that they do so in accordance with clause 10 of these Policies and Procedures.

## **8. PROHIBITED PRACTICES**

### **Provision of False Customer Contracts or Information**

- 8.1 An IBO who encourages or permits a Customer to provide false or incomplete information to ACN shall be subject to compliance action under these Policies and Procedures.
- 8.2 Any compensation or qualifications earned by an IBO or the IBO's Upline as a result of a false Customer Contract or false Customer information may be rescinded.

### **Targeting of Vulnerable and High-Risk Customers**

- 8.3 IBOs may not promote or sell ACN Services to persons:
  - (a) under the age of 18; or
  - (b) whose physical, mental, or emotional condition render them unable to understand the terms, conditions and prices of the ACN Services, or ACN Opportunity or make them susceptible to pressure to purchase.
- 8.4 An IBO is responsible for ensuring that Customers who are not fluent in the official language(s) of the Customer's country fully understand the terms, conditions and prices of ACN Services, or the ACN Opportunity.
- 8.5 An IBO who is found to target Customers whose services were terminated by another service provider for non-payment or late payment or is found to have an above average level of uncollectible debt from their Customers, and does not take reasonable steps to address such

situation upon request by ACN, may be subject to compliance action under these Policies and Procedures.

### **Changing Customer's Provider without Consent (Slamming)**

- 8.6 Any practice that causes a person's telecommunications or energy service provider to be changed without the person's knowledge and consent is called "Slamming".
- 8.7 **Slamming is illegal and is a violation of these Policies and Procedures.**
- 8.8 ACN has zero tolerance for Slamming and a single incident may result in the termination of the IBO's Distributorship.
- 8.9 Customers acquired as a result of Slamming will be removed from your Personal Customer List (or "PCL") and any compensation or qualifications earned by you and your Upline will be rescinded.
- 8.10 In addition to clause 8.9, in many countries Slamming is a criminal offense and ACN cooperates with the police and judicial authorities that investigate such matters.
- 8.11 To avoid Slamming, IBOs should:
- (a) always provide full and accurate information to prospective Customers about ACN Services;
  - (b) make sure that a prospective Customer understands that submitting a Customer Contract for ACN Services will cause them to be transferred from their current telecommunications or energy provider to ACN or the relevant ACN Business Partner;
  - (c) confirm that the person who submits a Customer Contract has the authority to change the Customer's service provider. For residential customers, the best way to do this is to ask to see a copy of the Customer's current telephone or energy bill. For business customers, IBOs must ensure that the person submitting the order has legal authority to act for the business; and
  - (d) review their PCL regularly. The PCL lists all customers that were acquired by the IBO and it is the basis for earned positions and remuneration under the Compensation

Plan and is available online in the IBO Back Office. It is the IBO's responsibility to ensure that the PCL is correct. If you suspect that a Customer appearing on the PCL was not acquired by you, immediately contact ACN IBO Services.

### **Personal Acquisition of Customers and "Stacking"**

- 8.12 Each IBO must personally acquire and conclude sales with Customers to qualify for earned positions and remuneration under the Compensation Plan.
- 8.13 "Stacking" is the act of putting the name or Business ID on a Customer Contract when the IBO did not personally acquire the Customer.
- 8.14 **Stacking is a violation of these Policies and Procedures and is considered an attempt to manipulate the Compensation Plan. It also violates the consumer protection laws of many countries.**
- 8.15 ACN has zero tolerance for Stacking and a single incident may result in the termination of the IBO's Distributorship.
- 8.16 Stacked Customers will be removed from the IBO to whom they were assigned and any compensation or qualification earned by the IBO and their Upline will be rescinded.
- 8.17 To avoid Stacking, IBOs should:
- (a) ensure that Customers use your name and Business ID when they submit a Customer Contract;
  - (b) not allow or encourage Customers to use the name or Business ID of another IBO on a Customer Contract unless that IBO was personally involved in the sale to the Customer;
  - (c) never "buy" or "sell" a Customer from or to another IBO, including your Sponsor; and
  - (d) review your PCL regularly.

## **9. RATES, TERMS, AND CONDITIONS OF ACN SERVICES**

### **General**

- 9.1 ACN seeks to establish rates, terms and conditions for ACN Services that are competitive

with other providers in the countries in which ACN operates.

- 9.2 Rates, terms and conditions for services offered by ACN Business Partners are established by those partners.
- 9.3 IBOs are required to promote ACN Services in accordance with the rates, terms and conditions established by ACN or ACN Business Partners.
- 9.4 IBOs are required to provide Customers with full and accurate information about ACN Services and are prohibited from misrepresenting or exaggerating the rates, terms and conditions of any ACN Service.
- 9.5 IBOs are specifically prohibited from advising or implying to potential Customers that ACN is the lowest-cost provider or that Customers will obtain savings by purchasing ACN Services.
- 9.6 ACN and ACN Business Partners may change the rates and the terms and conditions of any ACN Service and may discontinue the offer or sale of any ACN Service at any time without liability or obligation to IBOs.
- 9.7 It is the IBOs responsibility to promote the ACN Services only under the most current rates, terms and conditions.

#### **Contact with ACN Business Partners**

- 9.8 Maintaining good relations with ACN Business Partners is critical to ACN's ability to provide quality services.
- 9.9 IBOs must not contact ACN Business Partners for any reason.
- 9.10 IBOs' inquiries regarding services provided by ACN Business Partners must be directed to ACN.
- 9.11 Customer inquiries must be directed to the dedicated Customer Support line of the ACN Business Partner.
- 9.12 Violations of these rules may result in disciplinary action under these Policies and Procedures.

## **10. MARKETING AND ADVERTISING**

### **Company Philosophy Regarding Marketing**

- 10.1 ACN has developed a successful global sales system based on solid experience with and knowledge of the services and the markets in which it operates.

- 10.2 ACN has created materials and activities to support IBOs in promoting ACN Services and the ACN Opportunity.
- 10.3 IBOs are encouraged to use only marketing materials provided by ACN or ACN Business Partners. IBOs may use or distribute other marketing materials only as provided in clauses 10.18 to 10.26.

### **Use of ACN's Identity and Intellectual Property**

- 10.4 ACN's brand identity is one of its most valuable assets.
- 10.5 ACN's name, trademarks, trade names, logos, marketing materials, processes, copyrights, corporate image and goodwill and other proprietary information ("**Intellectual Property**") are protected by law and owned exclusively by ACN.
- 10.6 Each IBO has a limited, non-exclusive right to use ACN's Intellectual Property only for the promotion of ACN Services and the ACN Opportunity. This limited right does not convey ownership or other rights in the Intellectual Property.
- 10.7 All rights to use the Intellectual Property terminate when you cease to be an IBO. IBOs shall not use or register any name, trademark, trade name, logo, marketing material, process, copyright, domain name, corporate image or distinctive mark which can be confused with those of ACN.
- 10.8 ACN Business Partners often impose restrictions on the use of their Intellectual Property by ACN and IBOs.
- 10.9 IBOs may not use the Intellectual Property of any ACN Business Partner except as specifically permitted by ACN. Go to the [IBO Back Office](#) for details.

### **Promoting ACN Services and the ACN Opportunity**

- 10.10 ACN is a direct selling and network marketing company that emphasizes the use of relational marketing, more commonly called "**Warm Marketing**".
- 10.11 Warm Marketing means promoting ACN Services and the ACN Opportunity in a face-to-face manner to individuals or businesses with whom

you have an existing relationship at the time of the promotional activity.

- 10.12 An IBOs warm market is:
- (a) broadly described as all persons with whom you have personal contact or an existing relationship; and
  - (b) not limited to your “family and friends” although they form part of your warm market.
- 10.13 A single contact with a person in a personal, business, or social context is sufficient to consider that individual part of your warm market.
- 10.14 Referrals from your existing warm market are also part of your warm market.
- 10.15 “**Cold Marketing**” is any uninvited promotional activity toward individuals with whom you have no existing personal, business or social relationship.
- 10.16 Examples of Cold Marketing include mass advertising, purchased leads, door-to-door selling, telemarketing, pamphlet distribution and use of auto-dialers.
- 10.17 **ACN does not permit IBOs to use Cold Marketing sales techniques for the promotion of ACN Services or the ACN Opportunity.** For the avoidance of doubt, this clause prohibits IBOs:
- (a) acquiring customers or new IBOs using Cold Marketing sales techniques; and
  - (b) recruiting as a new IBO any employees or outside salespeople of any ACN carrier or vendor; and
  - (c) visiting the retail stores of any ACN carrier or vendor unless they are a customer of that carrier.

## **Development and Use of Marketing Materials**

- 10.18 ACN has created a variety of marketing materials for use by IBOs in promoting ACN Services and the ACN Opportunity.
- 10.19 ACN marketing materials:
- (a) are based on ACN’s experience in the direct sales industry and have been used successfully around the world; and
  - (b) comply with applicable laws, regulations and DSA Codes, to ensure that IBOs will not inadvertently violate applicable legal and regulatory requirements.

10.20 Some ACN marketing materials are available free of charge in the IBO Back Office and others are available for purchase.

10.21 The purchase of marketing materials is not required to become an IBO or to earn compensation and qualifications.

10.22 ACN recognizes that it may be appropriate for IBOs to create and distribute their own marketing materials.

10.23 In order to promote a consistent marketing message, preserve the ACN brand and ensure compliance with advertising, consumer protection and other applicable laws and regulations, IBOs may create their own marketing materials only if:

- (a) the IBO has obtained prior written approval from ACN;
- (b) the materials do not make any claims or warranties other than what is published in official ACN marketing material for the relevant country;
- (c) the materials adhere to these Policies and Procedures; and
- (d) the materials comply with applicable laws, regulations and DSA Codes in the country in which they will be used.

10.24 The requirements in clause 10.23 apply to all printed, broadcast and electronic materials used to promote ACN Services, or the ACN Opportunity, including advertisements, brochures, videotapes, audiotapes, flyers, banners, flags, websites, apps, social media pages, telephone recordings, e-mails, presentation materials, and apparel.

10.25 More information and requirements for obtaining approval are found in the Advertising Guidelines and Internet Guidelines available in the IBO Back Office.

10.26 IBOs may not sell or otherwise profit from the creation or distribution of marketing materials.

## **Earnings and Income Claims**

10.27 Success as an IBO depends primarily on the individual efforts of each IBO and is not guaranteed. IBOs may not make exaggerated or unrepresentative earnings claims, and any earnings claims made must relate to the actual earnings from the ACN Opportunity of an identifiable person and be capable of verification.

10.28 **It is prohibited for IBOs to promise, guarantee or suggest that a prospective IBO will or may earn a certain level of success or earnings with ACN.**

10.29 The prohibition in clause 10.28 extends to oral, print and electronic communications. IBOs may not use hypothetical earnings examples except for those contained in ACN-created materials.

### **Savings or Rate Guarantees**

10.30 ACN and ACN Business Partners seek to price their services competitively. However, Customer usage of ACN Services varies and not all Customers will save money using ACN Services.

10.31 IBOs may not promise, guarantee or suggest to current or prospective Customers that that they will save money or will save a specific amount or percentage by using ACN Services. By way of example, statements like “ACN will save you 5% on your telephone bill” are not permitted.

10.32 IBOs are prohibited from creating or providing price comparisons between the services provided by ACN and those of other providers. Price comparisons are strictly regulated by law and there is a high chance that such comparisons will be incorrect.

### **Websites and Social Media**

10.33 Websites and social media pages can be important tools for IBOs to expand their Distributorships.

10.34 It is important that these types of media present ACN Services and the ACN Opportunity in accordance with these Policies and Procedures and applicable laws, regulations and DSA Codes.

10.35 ACN makes an Online Shop available to each IBO when they join ACN.

10.36 Your Online Shop makes it easy for prospective Customers to obtain the information that they need about ACN Services.

10.37 ACN encourages IBOs to use their Online Shops for their Internet presence.

10.38 An IBO who wishes to create their own website, app, Facebook, Instagram or similar page or otherwise utilize the Internet and social media in connection with their Distributorship, must adhere to the marketing and other requirements set forth in these Policies and Procedures and ACN’s Advertising Guidelines and Internet Guidelines (available in the IBO Back Office) and

must submit a written request for approval to ACN IBO Services prior to launch.

### **Contests and Incentives**

10.39 IBOs may not use contests, lotteries or games of chance to promote ACN Services, or the ACN Opportunity unless authorized by ACN.

10.40 IBOs are prohibited from offering or providing a monetary or non-monetary incentive, promotion, prize, bonus or other benefit to a current or prospective Customer unless the benefit is made in accordance with the IBO Agreement and the Compensation Plan or as otherwise authorized by ACN in writing.

### **Media Enquiries and Appearances**

10.41 Conveying an accurate, consistent and positive public image is important to preserve the reputation of ACN and the value of the ACN Opportunity.

10.42 Part of enhancing the ACN brand is managing the Company’s relationship with the media.

10.43 ACN’s Marketing Department is trained in media relations.

10.44 If you are contacted by the media as a subject or source for a story on ACN or direct selling, please, contact [mediacontacts@acneuro.com](mailto:mediacontacts@acneuro.com) prior to agreeing to appear or be interviewed.

10.45 In communicating with the media, an IBO may talk about their own activities and Distributorship but may not speak on behalf of ACN or present themselves as an ACN spokesperson.

10.46 IBOs are not permitted to use the media, including news releases, articles, editorials, advertising, infomercials/advertorials and television or radio appearances to promote or publicize ACN, ACN Services, , the ACN Opportunity or their Distributorships without prior written approval of ACN.

### **Use of Distributorships for Fundraising**

10.47 ACN contributes to charitable organizations around the world and encourages its IBOs to contribute to charities of their choice.

10.48 ACN discourages promoting the ACN Opportunity to charities or non-profit organizations for fundraising purposes, as these types of programs do not work well within ACN’s sales model.

## Co-Branding and Co-Marketing

- 10.49 ACN prohibits the co-marketing or co-branding of any other business, product or service with ACN Services,
- 10.50 the ACN Opportunity except pursuant to an agreement between ACN and ACN Business Partners.

## Marketing Events

- 10.51 ACN encourages the use of “**Regional Training Events**”, “**Super Saturdays**”, “**Business Opportunity Meetings**” and “**Private Business Receptions**” as ways to introduce prospective Customers and IBOs to ACN and to teach current and prospective IBOs how they can be successful with the ACN Opportunity.
- 10.52 The events noted in clause 10.60 must be conducted with professionalism and integrity and must comply with these Policies and Procedures.
- 10.53 Attending IBO-sponsored or ACN-sponsored events is voluntary and IBOs may not state or imply to prospective or current IBOs that attendance at such events is required to succeed with the ACN Opportunity.
- 10.54 IBO-sponsored events are not intended to provide additional income to the hosts of the events and must be conducted on a not-for-profit basis. Entrance fees may be no higher than what is required to cover the host’s direct external costs and expenses.
- 10.55 If an IBO charges any other IBO for training, then the IBO shall, for 14 days afterwards, offer a full refund (less the cost of any subsistence) to any IBO who is dissatisfied with the training.

## 11. BUILDING A SALES TEAM

- 11.1 Building a sales team is a common feature of network marketing companies and ACN encourages IBOs to promote the ACN Opportunity and to build a Downline.
- 11.2 Being a Sponsor requires hard work and imposes additional obligations on the Sponsor and the Upline.
- 11.3 A Sponsor is responsible for training, supervising, and supporting the IBOs in their Downline to ensure that their Downlines understand and comply with these Policies and Procedures and applicable laws, regulations and DSA Codes, that

they are familiar with ACN Services and promote them properly to prospective Customers.

- 11.4 Sponsors must maintain regular contact with their Downlines in-person, verbally and through written communications.
- 11.5 **Important Note: Sponsoring IBOs is not required for success with ACN.**
- 11.6 **IBOs do not earn qualifications or compensation for the recruitment of new IBOs. All compensation is based on the sale of ACN Services and the Customers’ usage of ACN Services.**

## Presenting the ACN Opportunity

- 11.7 An IBO must ensure that the ACN Opportunity is presented to prospective IBOs fully and accurately.
- 11.8 IBOs may not make any false, exaggerated or misleading claims or statements concerning the ACN Opportunity.
- 11.9 IBOs may use only materials provided or approved by ACN to present the ACN Opportunity.
- 11.10 IBOs are prohibited from making any claim, guarantee or inference to a prospective IBO that the IBO will or may obtain a certain level of success or earnings as an ACN IBO.
- 11.11 Sponsoring IBOs must explain that success with ACN depends primarily on the IBO’s efforts, commitment and skills and that success may also be affected by external factors such as economic conditions and the competitive environment of the countries in which the IBO works.
- 11.12 IBOs must explain the Compensation Plan to prospective IBOs and advise them that all remuneration by ACN under the Compensation Plan is based upon the sale of ACN Services to Customers and the Customers’ usage of ACN Services.
- 11.13 Direct sales and network marketing are widely accepted as ways of conducting business in all countries in which ACN operates and ACN endeavours to comply fully with all applicable laws.
- 11.14 No governmental authority reviews, endorses or approves the sales model or compensation plan of direct sales companies, including ACN.
- 11.15 When presenting the ACN Opportunity, IBOs must not claim or imply that any governmental

authority has reviewed or approved the ACN Opportunity.

- 11.16 If potential IBOs have questions regarding the legal status of direct sales or the ACN Opportunity, IBOs must refer them to ACN IBO Services.

### **Changing Sponsors**

- 11.17 ACN believes that it is important to maintain and protect the relationship between an IBO and their Sponsor.

- 11.18 An IBO may change their Sponsor or re-join ACN under a new Sponsor only:

- (a) as part of a new Distributorship;
- (b) after a minimum of 12 months have passed from the date of cancellation, non-renewal or termination of the IBO's previous Distributorship; and
- (c) if the IBO has had no involvement with another Distributorship during the 12-month period.

- 11.19 As an exception to clauses 11.17 and 11.18, an IBO who sponsors a new IBO may request the transfer of the new IBO to another IBO in the original Sponsor's Downline for 90 days following the new IBO's Start Date provided that, at least, 40 days have passed since the new Sponsor's Start Date.

- 11.20 To request a transfer under clause 11.19 the original Sponsor must send a request through the IBO Back Office. The original Sponsor will need to provide the name and the Business ID of the IBO being transferred and the name and Business ID of the new Sponsor.

- 11.21 A new IBO can be transferred one time only and, once completed, a transfer cannot be reversed or changed.

- 11.22 ACN will notify the original Sponsor and the new IBO about the change of Sponsor following its completion. Spouses and Life Partners may not be transferred under this rule (see clauses 3.40 to 3.50 for further details).

- 11.23 ACN reserves the right to change an IBO's Sponsor to correct errors by the IBO or ACN in submitting or processing an IBO Agreement or if an IBO was recruited using illegal or unethical practices, or for any other reason at ACN's sole discretion.

### **Prohibition on Cross-Line Recruiting**

- 11.24 IBOs are encouraged to work with other IBOs, including IBOs in other sales teams, for the development of their respective Distributorships.

- 11.25 It is important that such activities be done on the basis of mutual respect.

- 11.26 Recruiting IBOs from another sales team is unethical and damages ACN and other IBOs.

- 11.27 An IBO may not recruit, solicit or encourage, directly or indirectly, another IBO to leave one Sponsor or sales team to join another during the existence of an IBO's Distributorship and for 12 months after the end of the Distributorship.

- 11.28 IBOs may not solicit, request or encourage any person to become an IBO if that person has already been contacted by another IBO.

### **Solicitation is Prohibited**

- 11.29 As independent contractors, IBOs are permitted to work as distributors for other direct selling companies.

- 11.30 However, neither you nor anyone associated with your Distributorship may, directly or indirectly, solicit, request or encourage a former, current or prospective IBO to participate in a direct selling program offered by another company, regardless of whether such company offers services that compete with ACN Services.

- 11.31 IBOs and anyone associated with their Distributorship are reasonably expected to:

- (a) exclusively sell ACN Services promote the ACN Opportunity and train and supervise IBOs in their Downline; and
- (b) not engage in any direct selling program offered by another company.

- 11.32 If you or anyone associated with your Distributorship choose to participate in a direct selling program offered by another company, you agree:

- (a) to notify ACN within 5 business days from the day you start said activity;
- (b) that you will not be eligible for the payment of commissions on levels 4 through 7 in your Sales Team as provided for in the Compensation Plan;
- (c) to refund any commissions paid to you after the day you start said activity,

- regardless of whether you have notified ACN or not; and
- (d) that ACN has the right to recover any commissions paid to you by offsetting such amounts against any other payments (past, present or future) that may be payable to you under the Compensation Plan.

11.33 Failure to notify ACN of your engagement in any direct selling program offered by another company for any other Direct Sales Company will be considered a violation of these Policies and Procedures and may result in other action being taken ACN, including termination of your Distributorship.

### Training and Supervision

- 11.34 As a Sponsor or Upline IBO, one of your responsibilities is to train IBOs in your Downline with respect to ACN Services, and these Policies and Procedures.
- 11.35 Sponsoring IBOs should communicate regularly, in a reasonable manner and during reasonable hours to avoid intrusiveness, with their sales teams in writing and personally about ACN, the proper presentation of ACN and IBO's legal and ethical obligations.
- 11.36 Sponsors should stay informed about new service and product developments and training opportunities so that they can inform their Downlines.

## 12. THE COMPENSATION PLAN

### General Description

- 12.1 It takes dedication and hard work to succeed with any business endeavor.
- 12.2 As an IBO, your success depends primarily on the efforts, commitment and skills that you and your sales team put into your ACN business but may also be affected by general economic conditions and the competitive environment in the countries where you operate.
- 12.3 Success and earnings as an IBO are not guaranteed and, unfortunately, some IBOs do not succeed.
- 12.4 Qualifications and earnings under the Compensation Plan are based solely on the successful sale of ACN Services and the usage of ACN Services by Customers.

12.5 **IBOs do not earn qualifications or compensation for the recruitment of new IBOs.**

12.6 This section summarizes ACN's compensation system.

12.7 Additional information and requirements for earning remuneration are detailed in the Compensation Plan for your Home Country which forms part of your IBO Agreement.

12.8 The current Compensation Plans for all countries are available in the IBO Back Office.

### Definitions

12.9 The definitions below apply to the Compensation Plan:

- (a) **Commissionable Value (or CV):** A value assigned to each ACN Product and ACN Service for the purposes of calculating commissions under the Compensation Plan. Compensation is calculated as a percentage of the assigned CV.
- (b) **Earned Position:** Any position in the Compensation Plan
- (c) **Minimum Monthly Downline Billing:** The minimum monthly total gross revenue generated within an IBO's Downline required for the purposes of qualification for certain Earned Positions under the Compensation Plan.
- (d) **Team Customer Points:** The combined value of ACN Services purchases by you and Customers using your Business ID plus the Personal Points of all IBOs in your Downline.
- (e) **Personal Customer Points:** The combined value of ACN Services purchases by you and Customers using your Business ID.
- (f) **Customer Point(s):** A value assigned to each ACN Service for qualification purposes under the Compensation Plan.
- (g) **IBO** The entering Position of a new ACN IBO.

### Eligibility for Earned Positions and Compensation

12.10 Each new IBO begins as an IBO.

12.11 An IBO is eligible to advance to Earned Positions and receive remuneration under the Compensation Plan provided that they:

- (a) have an active Distributorship;

- (b) meet the Personal Customer Points, Team Customer Points, if applicable, team structure requirements, if applicable, and the Minimum Monthly Downline Billing requirements, if applicable, for the Earned Position. See the Compensation Plan for your Home Country for more details; and
- (c) comply with these Policies and Procedures.

- 12.12 Additional criteria may apply to specific bonuses and commissions.
- 12.13 Qualification for Earned Positions and remuneration under the Compensation Plan is based on the sale of ACN Service to Customers and the Customers' usage of ACN Services.
- 12.14 It is important that your Customers provide your Business ID when they purchase services.
- 12.15 To receive compensation in a given month, the Customer and IBO information must be received by ACN by 14:00 Central European Time on the last business day of the month.
- 12.16 With respect to ACN Services, only Customers with active Customer Accounts are used to determine qualifications and compensation.
- 12.17 Customers who cancel their ACN Service, are terminated or do not use their ACN Service for 3 consecutive months are not considered active.
- 12.18 A Customer Account covers all ACN Services of the same type (e.g.: fixed, DPS or mobile) provided to a single Customer name, address or household.
- 12.19 Customers who purchase more than one type of ACN Service will have more than one Customer Account.
- 12.20 Remuneration under the Compensation Plan is paid in arrears.
- 12.21 Additional information regarding the timing of remuneration can be found on the Compensation Plan and the IBO Back Office.

### **Earning Compensation**

- 12.22 Under the Compensation Plan, IBOs can earn compensation from ACN in three (3) ways:
  - (a) Retail Bonuses (as defined below);
  - (b) Commissions from sales by You and your Downline, if applicable.; and
  - (c) Customer Acquisition Bonuses ("CABs"). The terms and conditions applicable to the qualifications for Earned Positions and

compensation may be changed at ACN's discretion as may the CVs and Customer Points for ACN Services.

### **Commissions**

- 12.23 IBOs earn commissions based on the sales of ACN Services and the usage of ACN Services by their Customers. IBOs and other Earned Positions also earn commissions based on the sales of ACN Services by their Downlines.
- 12.24 Commissions vary based on an IBO's Position and the CV of the ACN Services sold.
- 12.25 CVs for ACN Services are set forth in the Product and Service Listing.
- 12.26 The CV for ACN Services is a percentage of the gross monthly billing to a Customer less:
  - (a) taxes;
  - (b) surcharges; and
  - (c) an allowance for bad debt.
- 12.27 For some ACN Services, primarily those provided by ACN Business Partners, the CV will be a fixed monthly amount.
- 12.28 Please, consult the Product and Services Listings for your country available in the IBO Back Office for more details.
- 12.29 Commissionable Value is calculated according to the Compensation Plan for the country in which a Customer is located, specifically, the delivery address for the ACN Services.
- 12.30 The commissions payable to IBOs on any Earned Position are determined by:
  - (a) aggregating the CV from the Customers of the IBO and his sales team in each country in accordance with the Compensation Plan;
  - (b) converting each aggregated amount to the currency of the IBO's Home Country; and
  - (c) applying the personal commission schedule in in the IBO's Home Country Compensation Plan.
- 12.31 Commissions are paid in arrears up to 3 months later for ACN Services (because of provisioning and billing timelines).
- 12.32 Commissions for ACN Services are calculated after the first Friday of each month and are paid on the first business day following the third Friday of each month.
- 12.33 Commissions are paid only when they exceed the minimum amount established by ACN for your

Home Country. Commissions below this amount will be held until the commissions due to an IBO exceed the minimum.

12.34 Any debits or credits applicable to your Distributorship will be applied prior to the payment.

### **Customer Acquisition Bonuses (CABs)**

12.35 If an IBO on an Executive Team Leader or above Position sponsors a new IBO and helps them qualify for a Customer Qualified IBO or above Position within the first 30 days from joining ACN, the IBO may be eligible for a CAB. For the UK, the 30 day period will start counting from the end of the 7 Day Period as described in clause 15.16.

12.36 The CABs are a fixed one-time payment which depends on:

- (a) your Earned Position; and
- (b) your Earned Position with respect to the qualifying IBO.

12.37 See the Compensation Plan for your Home Country for more details.

### **Other Bonuses**

12.38 ACN may offer product-specific, country-specific, promotional and other bonuses from time to time.

12.39 The qualification requirements and terms of payment of these bonuses vary. Consult your Compensation Plan and the [IBO Back Office](#) for current bonuses in your Home Country and the other countries in which you operate.

### **Administration Fees**

12.40 A processing fee is deducted from each compensation payment made to an IBO.

### **Reduction or Reversal of Compensation**

12.41 ACN reserves the right to reduce compensation to an IBO if any Commissionable Revenue is deemed uncollectible. The amount deducted may be based on the bad debt ratio for a country or the Company overall or on a specific Customer Account.

12.42 ACN may adjust, rescind or require repayment of compensation if ACN determines that an IBO was not entitled to payment because they or another IBO in their Downline failed to qualify or a sale of ACN Services used for qualification was rejected or was invalid.

12.43 ACN also may reverse any position earned by the IBO or the IBO's Upline.

12.44 ACN is not required to use the compliance process set forth in clause 13 to reverse or rescind payments.

### **Invoices and Statements**

12.45 As independent contractors, IBOs are responsible for invoicing ACN for the services that they provide, including the sale of ACN Services and ACN Product, in order to obtain payment.

12.46 Invoices must comply with the laws of the country in which they are issued.

12.47 To ensure compliance and as a service to its IBOs, ACN prepares and sends all required invoices, also referred to as "**Statements**", to IBOs in a process known as self-billing.

12.48 IBOs must consent to self-billing as part of their IBO Agreement.

12.49 An IBO authorizes ACN Europe B.V. to prepare Statements in the name of the ACN Company with which the IBO entered into the IBO Agreement for the amounts owed to the IBO for the successful sale of ACN Services and to issue them to the IBO.

12.50 A copy of each Statement will be made available to the IBO in the [IBO Back Office](#) promptly after the end of the relevant compensation cycle.

12.51 ACN will send an IBO an e-mail to the e-mail address provided by the IBO to ACN advising the IBO that the Statement is available. Statements are available in electronic format only. The IBO shall be deemed to have accepted the Statement unless they object to it in writing within 15 days of the date mentioned on the Statement.

12.52 Statements are issued using a separate sequentially-numbered series for each IBO.

12.53 Each IBO must ensure that the information necessary for ACN to prepare invoices on his behalf is kept current and accurate.

12.54 If an IBO has provided a VAT number to ACN, any amounts paid to the IBO shall include VAT.

12.55 If the IBO did not provide a VAT number to ACN, any amounts paid shall be deemed not to include VAT.

12.56 ACN shall not refund any tax or social contributions that have been withheld from the IBO as a result of erroneous or incomplete information provided by the IBO and ACN shall

be entitled to recover from the IBO any amount paid to any government authority for tax or social contributions as a result of the failure of the IBO to keep his billing information accurate and current.

### **13. COMPLIANCE INVESTIGATIONS AND DISCIPLINARY ACTION**

- 13.1 As an IBO you are expected to adhere to the highest ethical and legal standards.
- 13.2 You and anyone operating under your Distributorship are required to adhere to the IBO Agreement, these Policies and Procedures and the Compensation Plan and to comply with all applicable laws, regulations and DSA Codes.

#### **Compliance Violations and Investigations**

- 13.3 The ACN Compliance Department investigates alleged or suspected compliance violations to the best of its ability and seeks to do so in a thorough, efficient and fair manner.
- 13.4 ACN may initiate a compliance investigation on its own initiative or based on information received from a Customer, an IBO, consumer protection organizations, police, judicial or other governmental agencies or any other person.
- 13.5 ACN commits to treating IBOs who are involved in a compliance investigation fairly and respectfully.
- 13.6 IBOs are required to cooperate fully with compliance investigations and to respond to all inquiries from ACN truthfully and completely.
- 13.7 It is a violation of these Policies and Procedures for an IBO to refuse or fail to cooperate fully with a compliance investigation or to provide false or incomplete information to ACN.
- 13.8 Failure to respond to a compliance inquiry or to cooperate fully with a compliance investigation may lead to suspension or termination of your Distributorship.

#### **Reporting Suspected Violations**

- 13.9 If you believe that an IBO has committed a compliance violation, we urge you to contact that IBO to address the issue directly.
- 13.10 Some violations may be unintentional or the result of an IBO's lack of understanding of their obligations.

13.11 Serious compliance violations, such as those that may involve the violation of applicable laws or regulations, should always be reported to ACN.

13.12 If you are unable to resolve the issue directly or are uncomfortable approaching the IBO, you should report the suspected violation in writing to ACN.

13.13 Your submission under clause 13.12 must include your name, the name of the IBO involved, the date, location, and nature of the suspected violation and any supporting evidence.

13.14 In order to ensure fair treatment, verbal or anonymous complaints will not be accepted. However, your name will not be disclosed without your permission.

#### **Investigation Process**

13.15 Suspected compliance violations will be investigated following the procedures established by ACN.

13.16 The procedures to be followed in a given case are at the discretion of ACN.

13.17 Typically, IBOs suspected of a compliance violation and witnesses for such investigations will be contacted by ACN by post, telephone, e-mail or other means in order to determine the relevant facts.

13.18 IBOs are required to respond fully and accurately within the time stated in the communication from ACN.

13.19 An IBO's failure to respond to a compliance inquiry shall be deemed an admission of the facts known to ACN and shall subject the IBO to disciplinary action.

#### **Determination Letters**

13.20 Upon review of the available information regarding the alleged violation, ACN will determine whether the IBO shall be subject to disciplinary action. ACN shall send the IBO a determination letter by post, e-mail or other means, setting forth the results of the investigation and the intended disciplinary action.

#### **Appeals**

13.21 An IBO may request review of a compliance decision by submitting an appeal in writing no later than 15 days following the date of the determination letter.

- 13.22 For an appeal to be considered, the IBO must provide relevant information that was not available to the IBO during the initial investigation.
- 13.23 An Appeal will normally not be considered if the IBO failed to respond during the compliance investigation.
- 13.24 ACN will promptly review the appeal and respond to the IBO in writing with its decision.

### **Disciplinary Action**

- 13.25 A finding by ACN that an IBO has committed a compliance violation may result in a disciplinary action.
- 13.26 The disciplinary action in a given case will depend on the nature and severity of the violation, the facts surrounding the violation, the degree of cooperation shown by the IBO, whether the violation was intentional or inadvertent, the IBO's compliance history, if any, and the experience of the IBO.
- 13.27 The appropriate disciplinary action in a given case is within the sole discretion of ACN.
- 13.28 The disciplinary action to be imposed upon the IBO will be communicated in the Determination Letter.
- 13.29 Potential disciplinary actions include verbal and written warnings, temporary suspension of compensation or the IBO's Distributorship, revocation of earned levels in the Compensation Plan, repayment of previously paid compensation, removal of the IBO's Downline and termination of the IBO's Distributorship.
- 13.30 IBOs may be requested to acknowledge the disciplinary action by returning a countersigned copy of the Determination Letter.
- 13.31 IBOs who commit compliance violations also may be required to pay any cost or expense incurred by ACN as a result of the IBO's actions, including any settlement payments or credits made to Customers, other IBOs or third parties, fines or penalties imposed by government agencies, and attorneys' fees. ACN may deduct such amount from future compensations due to the IBO or pursue payment by any available legal means.

### **Suspension**

- 13.32 ACN may suspend payment of compensation ("**Compensation Hold**") or an IBO's

Distributorship ("**Distributorship Hold**") as a result of a compliance violation.

- 13.33 ACN may impose a temporary suspension while a compliance investigation is pending if the circumstances warrant.
- 13.34 An IBO subject to Compensation Hold may operate their Distributorship and earn qualifications and compensation but compensation will not be paid until the suspension is lifted.
- 13.35 An IBO on Distributorship Hold may not conduct any activities as an IBO, must cease promoting ACN Services and the ACN Opportunity and may not hold themselves out as an ACN IBO during the suspension.

### **Termination**

- 13.36 Termination of an IBO's Distributorship is the most severe disciplinary action to which an IBO may be subject.
- 13.37 All rights and benefits of the IBO, including any claim to unpaid compensation, and all obligations of ACN under the IBO Agreement shall cease on the date of termination.
- 13.38 If the IBO was previously suspended, termination is retroactive to such date.
- 13.39 Terminated IBOs shall not be entitled to a refund of the IBO Starter Fee, the Annual Renewal Fee or the Monthly Business Support Fees.

### **Upline Responsibility**

- 13.40 If you choose to Sponsor other IBOs and establish a sales team, you are responsible for ensuring that they understand and comply with these Policies and Procedures and their legal obligations. See clause 11 regarding sponsoring new IBOs.
- 13.41 Failure to adequately supervise your Downline or to monitor their compliance is a violation of these Policies and Procedures.
- 13.42 If an IBO is found responsible for a compliance violation, any benefits earned by that IBO's Upline as a result of the compliance violation may be revoked. This includes revocation of any earned level in the Compensation Plan and withholding or reversal and repayment of any compensation due or paid to any Upline IBO.
- 13.43 Upline IBOs also may be required to reimburse all costs and expenses incurred by ACN if ACN is

unable to recover such amounts from the IBO who committed the compliance violation.

### **Cooperation with Law Enforcement**

- 13.44 ACN cooperates fully with law enforcement agencies, courts and other governmental authorities investigating alleged violations of law by IBOs.
- 13.45 IBOs may not be notified of requests from law enforcement or other authorities.
- 13.46 If an IBO commits a compliance violation that ACN believes may also violate the law, ACN reserves the right to report the incident to the relevant authorities.

### **Disputes Between IBOs**

- 13.47 ACN urges IBOs to resolve disputes involving other IBOs amicably and professionally.
- 13.48 Upon request by the parties, ACN may agree to mediate and resolve a dispute.
- 13.49 IBOs agree that ACN's findings and decision shall be binding if ACN is involved pursuant to clause 13.48.
- 13.50 ACN will not mediate disputes between persons involved in the same Distributorship (for example, between shareholders of a PBE or spouses). In such cases, ACN will accept instructions from the Primary Contact or the person previously designated as responsible for the Distributorship.
- 13.51 A dispute between ACN and an IBO as to their rights and obligations under the IBO Agreement, these Policies and Procedures or the Compensation Plan shall be resolved using the procedures set forth in the IBO Agreement.

## **14 PROTECTION OF PERSONAL DATA AND CONFIDENTIAL INFORMATION**

- 14.1 In connection with ACN Services, and the ACN Opportunity, ACN and IBOs have access to personal and confidential information about Customers and other IBOs.
- 14.2 Personal Data includes information like names, addresses, gender or e-mail addresses which relate to identified or identifiable persons.
- 14.3 Confidential Data is even broader and can include bank account, credit card and other sensitive information.
- 14.4 Personal Data and Confidential Data are subject to significant legal protection and failure to

handle such data appropriately can lead to liability for the IBO and ACN.

- 14.5 ACN collects, maintains and processes personal data from IBOs and Customers by electronic and non-electronic means in accordance with our Privacy Policy.
- 14.6 The Privacy Policy is available in the [IBO Back Office](#) and all ACN Websites.
- 14.7 Personal Data collected by ACN is used by ACN for the discharge of its duties to the IBO pursuant to the IBO Agreement, including:
  - (a) determination of earned levels and calculation and payment of compensation to the IBO and other IBOs;
  - (b) provision of services to the IBO;
  - (c) communications to the IBO including marketing opportunities related to ACN Services;
  - (d) fulfilment of legal, financial, accounting, and administrative functions; and
  - (e) protection of ACN's legal and contractual rights.
- 14.8 In order to fulfil its obligations to IBOs, an IBO's personal data may be transferred to:
  - (a) other ACN companies;
  - (b) employees, external consultants and advisors of ACN;
  - (c) other IBOs;
  - (d) ACN Business Partners; and
  - (e) other recipients as permitted by law.
- 14.9 Some recipients may be located in countries outside the European Union, including the United States, where the transfer is permitted by the General Data Protection Regulation or other applicable law.
- 14.10 The collection of the personal data requested in the IBO Agreement is essential for the discharge of ACN's obligations under that Agreement.
- 14.11 Failure by an IBO to provide that data or withdrawal of consent to use Personal Data may result in the rejection of the Application or termination of an IBO's Distributorship.
- 14.12 ACN agrees to:
  - (a) process personal data fairly and lawfully;
  - (b) take reasonable measures to ensure that personal data are complete and accurate;
  - (c) not use personal data for any unlawful purpose;

- (d) to collect only personal data necessary for the purposes set forth in these Policies and Procedures and the IBO Agreement; and
  - (e) to take reasonable measures to secure personal data against access by or disclosure to unauthorized persons.
- 14.13 The IBO may exercise their rights to access to and correct or delete personal data by contacting IBO Services.
- 14.14 In connection with your activities as an IBO, you may have access to personal and confidential information of Customers and other IBOs.
- 14.15 In handling such information, the IBO shall abide by all applicable data protection and privacy laws.
- 14.16 The IBO shall maintain the confidentiality of Customer and IBO data and take appropriate steps to secure it against access by unauthorized persons, taking by unauthorized persons, processing in violation of legal regulations and alteration, loss, damage or destruction.
- 14.17 The obligation to maintain confidentiality shall remain after the non-renewal, cancellation or termination of the IBO Agreement.
- 14.18 Failure to handle Customer or IBO information in an appropriate and legal manner may result in compliance action under these Policies and Procedures. Contact ACN IBO Services if you have questions regarding the handling of Personal Data.
- 14.19 In addition to the purposes described above, ACN may collect, maintain and process IBO Personal Data in order to conduct scientific and market research, public opinion polls and sending commercial and marketing communications. This Personal Data may be transferred to third parties, including members of the ACN Group, other IBOs and ACN Business Partners for these purposes.
- 14.20 IBOs may control how their Personal Data is used or withdraw their consent to use their Personal Data for these purposes by contacting ACN IBO Services.

## 15. SUPPLEMENTAL INFORMATION – UNITED KINGDOM

### Compliance with Laws and Regulations

- 15.1 As an IBO you are required to comply with all laws, regulations and DSA Codes of your Home Country and of any country in which you operate your Distributorship.
- 15.2 This includes:
- (a) obtaining any permits, licenses or registrations required to operate your Distributorship; and
  - (b) making all registrations, notifications, filings and payments necessary to ensure the proper assessment and remittance of taxes and social contributions.
- 15.3 You are required to maintain proper records of your activity as an IBO.
- 15.4 ACN may request copies of such documents in order to verify your compliance with these requirements.

### Registering Your Activity

- 15.5 Under UK law, IBOs who operate an individual business do not need to register with the Companies House.
- 15.6 Registration may be required if you wish to use a business name.
- 15.7 As an IBO, however, you are required to register with HM Revenue and Customs.
- 15.8 More information on the registration requirements is available at [www.gov.uk/set-up-business-uk](http://www.gov.uk/set-up-business-uk).

### Tax Matters

- 15.9 As an IBO, you are responsible for making all tax and social contribution registrations, filings and payments that are required by UK law.
- 15.10 To this end, every IBO is required to register with the HM Revenue and Customs.
- 15.11 You should consult your tax advisor if you have any questions regarding these requirements.
- 15.12 **Income Tax:**
- (a) the compensation you earn as an IBO is subject to income tax in the UK; and
  - (b) you are required to report your income during the annual tax return filings.
- 15.13 **Value Added Tax (VAT):**
- (a) Any person that carries out an economic activity in the UK is responsible for

collecting and paying VAT to the revenue authorities.

- (b) As an IBO, you may be required to register for, file VAT returns and pay VAT.
- (c) **An exemption may be available to small businesses whose turnover is less than GBP 85,000 over a 12-month period.**
- (d) ACN will pay VAT to you for the services you provide to ACN only if you provide us with a valid VAT number.
- (e) More information on VAT compliance and the applicable exemptions is available at [www.gov.uk/government/organisations/hm-revenue-customs](http://www.gov.uk/government/organisations/hm-revenue-customs).

**15.14 Social Contributions:**

- (a) As an IBO, you may be responsible for making regular social security contributions.
- (b) More information on social security requirements is available at [www.gov.uk/national-insurance](http://www.gov.uk/national-insurance).

**Permitted Business Entities**

15.15 The following legal entities may become IBO in the UK:

- (a) Sole trader
- (b) Partnership
- (c) Private Limited Company

**Promotion and Sale of ACN Services and the ACN Opportunity**

15.16 Under the UK Trading Schemes Regulations 1997, a new IBO may not pay or undertake to pay ACN more than GBP 200 for 7 days after the date on which their IBO Agreement is made ("**7 Day Period**").

15.17 This amount includes the value of the mandatory IBO Starter Fee and the value of any ACN Services, including VAT and shipping costs, purchased during the 7 Day Period.

15.18 If you purchase ACN Services during the 7 Day Period and your total purchases exceed the GBP 200 limit, the purchases exceeding the GBP 200 limit will not be processed.

15.19 ACN will contact you at the end of the 7 Day Period to confirm whether you want to proceed with your order.

15.20 Purchases below the GBP 200 threshold will be charged at the time the IBO submits the order.