

## **DISTRIBUTORS' POLICY & PROCEDURES**

FELEMENT SDN. BHD. (“**FELEMENT**”) appoints the Distributor and the Distributor agrees to participate in the multi-level marketing network and direct selling program of FELEMENT. This Distributors' Policy and Procedures (“**P&P**”) shall form as part and supplemental to the Distributor's Agreement entered between the Distributor and FELEMENT (“**the Agreement**”).

Distributor shall conduct the distributorship business in accordance with the Agreement, P&P, any additional policy(ies) (“**Policies**”) and/or standard of procedures (“**SOP**”) to be issued by FELEMENT and published on FELEMENT's official website from time to time.

PLEASE TAKE NOTE that FELEMENT has the absolute discretion to amend, update, change and/or delete partially in full any of the terms in the P&P, Policies and/or SOP without the need of prior notice or consent from the Distributor.

### **A. ENROLMENT OF THE DISTRIBUTOR**

Any applicant who is desirous to be an independent distributor of FELEMENT shall (“**Applicant**”):-

- (i) Complete and submit the application in the Distributor Application Form together with required fees (if any).
- (ii) Execute the Agreement and return the original Agreement to FELEMENT for records.
- (iii) Applicant shall fill in all the required information, i.e. name as per NRIC, NRIC No. contact number, email address and bank account's details. All correspondence will be based on the information saved in the FELEMENT's system. An applicant is advised to provide complete and accurate information.
- (iv) Read all the terms and conditions of the Agreement, P&P, Policies (if any) and SOP (if any) carefully before signing.
- (v) Applicant must sign up via the official website of FELEMENT and sign on the Distributor Applicant Form & the Agreement.

For the avoidance of doubt, FELEMENT reserves the right at its sole discretion to accept or reject any Distributor Application Form & the Agreement without the intervention of any court of justice or appropriate authorities.

### **B. COLLECTION OF PERSONAL DATA**

1. Applicant is required to furnish and complete the information and personal data (“**Personal Data**”) set out in the Application Form & the Agreement or online registration form for registration purposes.
2. If the Applicant fails to provide FELEMENT the Personal Data it shall be deemed that the Applicant does not consent to FELEMENT processing his/her Personal Data and accordingly FELEMENT would not be able to process the application. FELEMENT does not collect or keep any Personal Data from any source other than those furnished by the Applicant to FELEMENT as aforesaid or gathered from the sales conducted or carried out by the Applicant once appointed as the Distributor.
3. FELEMENT will process the Personal Data in accordance with the Personal Data Protection Act 2010 and the Privacy Policy.

### **C. GENERAL ETHICS & CONDUCTS**

1. The Distributor must operate the distributorship in an ethical, professional, and courteous manner, amongst others that the Distributor shall:-

- (a) comply with the Agreement, P&P, Policies, SOP and applicable law.
  - (b) shall indicate to his/her prospective customers who the Distributor from, where and how the Distributor has gotten the contact, why the Distributor have contacted them, and the Products the Distributor is selling.
  - (c) Distributor shall not induce or pressure any other Distributors or prospective distributors to operate in a financially irresponsible way, including, but not limited to, pressuring them to buy more Products or Business Support Materials than they can reasonably use or sell, or to maintain specific inventory requirements. The Distributor must ensure that the quantity and cost of any Business Support Materials that the Distributor sells to another Distributor are reasonably related to the sales volume and bonus level of that Distributor.
  - (d) explain how to return and exchange Products.
  - (e) shall inform prospective Distributors that they can sign up as customers or distributors or that they may purchase the Products individually and not in Product packages.
2. Distributor shall not make any misleading, unfair, inaccurate, or disparaging comparisons, claims, representations, or statements about:-
    - (a) FELEMENT, FELEMENT's representatives and its affiliates;
    - (b) The Products, or commercial activities of FELEMENT; and
    - (c) Other companies' products, services and/or commercial activities.
  3. Distributor shall operate the distributorship in a manner that is free of harassment, intimidation, threats, and abuse. Harassment of any kind will not be tolerated, including, but not limited to, race, religion, physical and verbal abuse, or soliciting, encouraging, or consummating any inappropriate or unwelcome written, verbal, electronic or physical relationships, sexual advances, requests for sexual favours, or other physical, verbal, or visual behaviour of a sexual nature, with another distributors, FELEMENT's employee or consumer.
  4. Distributor irrevocably grants FELEMENT the right to review the distributorship records at any time and for any reason whatsoever and shall promptly make available of the true and accurate records for FELEMENT's review including taking of copies by FELEMENT.
  5. Distributor shall be fully responsible in compliance with all applicable laws. Distributor shall indemnify FELEMENT in the event FELEMENT incurs any liability as a result of the Distributor's non-compliance. Distributor is advisable to consult with his/her/its own legal consultants regarding his/her/its compliance with any applicable laws and regulations.
  6. Distributor shall not display, promote and/or sell any Business Support Materials at meetings or events sponsored and conducted, in whole or in part, by FELEMENT, unless prior written consent from FELEMENT has been obtained.
  7. Distributor shall not sell replicating or template website to other distributors or any third party without the prior written approval of FELEMENT.

#### **D. RENEWAL OF REGISTRATION & REVOCATION**

1. Upon successfully sign up as the distributor of FELEMENT, the Distributor may receive a registration notice will be sent by email ("**Registration Notice**"). The Registration Notice may indicate the date on which such Registration Notice expires, in which the Distributor may not continue to use, offer, sell or perform any Business Support Materials and Products upon expiration of the Registration Notice unless the Distributor has submitted the required materials for an application for renewal of the distributorship with FELEMENT together with any required renewal fee (if any).

2. Notwithstanding anything to the contrary in this P&P, FELEMENT reserves the right to terminate and revoke any Registration Notice and the distributorship granted pursuant to the Agreement at any time in its sole discretion.

**E. PRODUCTS' RETAIL PRICE**

1. The retail price of each Product shall be as stipulated in the Business Support Materials of FELEMENT such as Products Price List and/or other promotional materials and is valid for the limited period stipulated therein.
2. FELEMENT has the right to modify or change the retail price without prior notice.
3. Unless otherwise stated in FELEMENT's official website, the retail price for FELEMENT's Product Bundling or Products Package is inclusive of delivery costs to the Distributor or the customer's shipping address within West Malaysia only. The Distributor or the customers shall bear the shipping cost for any order in respect of Products other than Products Bundling or Product Package. For the avoidance of doubt, the Distributor or the customers shall bear the applicable shipping costs for all order to be shipped to East Malaysia and/or other country(ies).
4. Distributor is required to pay all payment for the Orders as defined in the Agreement. In the event any Orders are released to the Distributor prior to full payment of the same, the Distributor undertakes to promptly settle the outstanding amounts, failing which, late payment interest at the rate of 1.5% per annum calculated on daily basis on the outstanding sum from the date of default until the same has been fully paid, shall be imposed.
5. Without prejudice to any other right or remedy FELEMENT may have against the Distributor, FELEMENT may at in its sole discretion:
  - (a) stop supplying Products until the Distributor pays the outstanding amount (including the late payment interest) in full;
  - (b) terminate the Agreement and/or the distributorship granted by FELEMENT; and/or
  - (c) take the necessary process including legal actions to collect the outstanding payments.
6. Notwithstanding the above, FELEMENT shall have the absolute rights to deduct at any time and without prior notice such outstanding amounts/debts due and owing by the Distributor to FELEMENT from the commission of the Distributor before or after termination of the Agreement.

**F. ORDER AND DELIVERY**

1. Distributor shall at all times comply with the terms with regards to Orders, Delivery and Payment as stipulated in the Agreement.
2. With respect to the Pick-Up, the Distributor is required to pick up the Products or by the authorized person (with a valid Letter of Authorisation) at FELEMENT's Headquarter(s) or Business Centre(s).
3. With respect to the Online Shopping Services, Distributor will receive the Products at the location stipulated in the Order and FELEMENT may impose additional delivery charges or a minimum order amount.
4. In instances of any overpayment in respect of any Order by the Distributor or the customers, the overpaid amount same shall remain in FELEMENT's account and shall be utilised by the Distributor or customers for next purchase.

**G. UNCOLLECTED PRODUCTS AND/OR BUSINESS SUPPORT MATERIALS**

1. Administrative time and costs will be incurred by FELEMENT to retain the Products and/or Business Support Materials purchased but remain uncollected by and/or undelivered to the Distributor.
  - (a) When collection is to be made by the Distributor and the Distributor fails or neglects to collect any Products and/or Business Support Materials purchased from FELEMENT within seven (7) days from the date of purchase, FELEMENT will deliver the purchased Products and/or Business Support Materials to the address as provided by the Distributor at reasonable delivery charges and if such Products and/or Business Support Materials cannot be successfully delivered to the Distributor or the Distributor fails or neglects for whatsoever reason to collect the FELEMENT Products and/or Business Support Materials from FELEMENT within three (3) months from the date of purchase; OR
  - (b) Where FELEMENT has agreed to deliver any Products and/or Business Support Materials to the Distributor but is unable to deliver due to an incorrect or incomplete delivery address or the unavailability of the named recipient at the address as provided by the Distributor, of the Distributor fails or neglects to collect the Products and/or Business Support Materials from FELEMENT within three (3) months from the date of purchase,

Then all of such Products and/or Business Support Materials shall be deemed to have been delivered to and accepted by the Distributor upon the expiry of the aforesaid period of Three (3) months, the Distributor shall be deemed to have irrevocably and unconditionally:-

- (a) Waived, relinquished and surrendered all rights, title, and interest in and to such Products and/or Business Support Materials or to a refund of the purchase price or any part thereof under the P&P; and
- (b) FELEMENT shall be entitled at its absolute discretion without any liability or further reference, notice or account to Distributor, to dispose of or deal with any such Products and/or Business Support Materials in any manner as FELEMENT deems fit.

**H. RETAIL SALES**

1. Unless otherwise permitted by FELEMENT, the Products purchased by the Distributor may only be sold to retail customers, used for Product's demonstrations and/or for his/her own personal use.
2. The Distributor shall at all times follow the retail prices in respect of the Products fixed by FELEMENT.
3. FELEMENT may take disciplinary measures, including possible termination of the distributorship, in the event FELEMENT determines that the Distributor sells or cause to sell any Products in the market without compliance to the retail price fixed by FELEMENT.
4. The Distributor is permitted to sell to Persons, either directly or indirectly, who ultimately:
  1. resell the Products through a retail store;
  2. resell the Products over the Internet, regardless of the form of the Internet distribution channel; and
  3. export the Products into other country(ies) subject to the prior approval from FELEMENT;Provided always that the Distributor shall strictly follow the retail price fixed by FELEMENT.
5. The Distributor is prohibited to use any other method of distribution that violates the primary purpose of his/her direct selling business and that of FELEMENT.

## **I. PRODUCTS EXCHANGE**

1. FELEMENT reserves the absolute rights and discretion to reject any request for exchange if such Product is due to wrong handling by the Distributor or the Customer and not due to manufacturing or quality matters.
2. All exchanges shall be subject to the validation of presented proof including but not limited to the original invoices issued by FELEMENT, complete original packaging with item code sticker and product tag (if any) and in good condition as at purchased. FELEMENT reserves the right to reject such exchange in its sole discretion.
3. In case of exchange, the Distributor will sign a Product Exchange Form receipt with the representative of the Business Centre or the person in charge at FELEMENT's location.
4. For the avoidance of doubt, if the retail customer purchases a Product directly from the Distributor, and thereafter returns the Product to the Distributor for a Product exchange, then Distributor is solely responsible for the Product exchange. FELEMENT shall not be liable for such Product exchange.

## **J. COMMISSION.**

1. In order to qualify for commission (second level & 3<sup>rd</sup> level overriding commission), Distributor shall maintain minimum a minimum of 50 Felement Value (equivalent to Product's value of RM488 only) for current month.
2. Any commission payable to the Distributor will be credited to the E-Wallet on the 1<sup>st</sup> day of each calendar month and the same shall subject to a cooling-period of Seven (7) days. The Distributor may withdraw the commission starting from the 9<sup>th</sup> day of each calendar month. For the avoidance of doubt, the monies in the E-Wallet shall not be utilised for any Products purchase and shall solely for cash withdrawal by the Distributor.
3. Any withdrawal of such commission shall subject to the payment of admin fees at **USD1.00 (equivalent to RM4.80) only** per withdrawal.
4. Distributor shall be responsible with regards to the payment of personal income tax and other taxes in accordance with the laws in Malaysia. Distributor agrees that FELEMENT shall have the rights to withhold personal income tax from commission and other economic benefits payable to the Distributor and pay such tax amount to local taxation offices in accordance with the applicable law. For clarification purpose, any Distributor who is not resident of Malaysia shall subject to a minimum of 10% withholding tax.

## **K. HANDLING OF CUSTOMERS' PERSONAL DATA**

1. Distributor shall at all times complies and/or cause to comply with Personal Data Protection Act 2010 and all relevant laws and regulations, this P&P and Policies in handling, processing and/or using the retail customers' personal data and information collected from such customers.
2. Distributor shall not collect, process and/or use his/her retail customers' personal data for any unlawful purpose and sure ensure that the personal data collected shall be for the following purposes only:-
  - (a) enrolment as the member, end user and/or consumer of FELEMENT;
  - (b) to contact and notify the retail customers of any events or news or marketing and Product updates or launching of new products and announcements;
  - (c) to keep proper records and to meet all legal and regulatory requirements; and

- (d) to share the customers information and personal data with FELEMENT, FELEMENT's Group of Companies and associate/related companies within or outside Malaysia for analysis of product sales and marketing strategy to enable FELEMENT to offer better service and products to customers
3. Distributor shall take due care to protect the customers' personal data and other information which are in the possession of the Distributor from loss, misuse, modification, unauthorized access or disclosure, alteration or destruction and have in place procedures to ensure the compliance thereof.

**L. MISCELLENEOUS**

1. Distributor shall abide the terms of the Agreement, the P&P and/or any Policies to carry out distributorship business in Malaysia.
2. Distributor shall not make any claims about the FELEMENT's Products and its Remuneration System unless such representations are contained in official literature or on labels of FELEMENT Products.
3. FELEMENT may from time to time during the functions, product launches, programs and events organized by FELEMENT or other Parties, take photographs, images and videos of the Distributor and/or his/her spouse, children, relatives and friends and the same may be published in FELEMENT websites, newsletters, brochures, advertisement, newspapers, write-ups, and other media from time to time for the purpose of event documentation and for publication. If the Distributor does not consent to FELEMENT publishing such photographs or images, videos or likeness of the Distributor and/or his/her spouse, children, relatives and friends as aforesaid, the Distributor has to notify FELEMENT in writing of his/her objection and FELEMENT will not make such publication(s) failing which it shall be deemed that the Distributor consents to such publication(s).