



Policies and Procedures

Happy Co

2015/2016

These Policies and Procedures (hereinafter referred to as “**P&P**”) constitute part of the contract they are attached to and are entered into between the HappyCo Partner who signed the contract (hereinafter referred to as the “Partner”) and the company under business name “**HappyCo NET SAGL**” with its seat in Lugano (Switzerland) (hereinafter referred to as “**HappyCo**”).

P&P, Application Form for Appointment of HappyCo Partner, the Privacy Policy, the Terms and Conditions, and The Compensation Plan constitute the complete agreement (hereinafter jointly referred to as the “**Agreement**”) between HappyCo and the Partner. Upon signing the Agreement, the Partner understands and agrees to become a part of the HappyCo sale system (hereinafter referred to as the “**HappyCo Sale System**”) which is based on purchasing HappyCo’s products by Partners under conditions of the Agreement and to achieve materials benefit only from purchasing of HappyCo’s products and in relation thereof.

HappyCo has sole discretion to modify the P&P at any time. Any changes, additions, deletion or amendments hereto shall be delivered to Partner via e-mail or fax and shall be effective concurrent with the date of delivery.

1. Definitions

The following capitalized terms mentioned herein shall have the following meaning:

- A. Active Partner.** A Partner who has met the requirements to receive Commission or Bonus income.
- B. Agreement.** A compilation of documents that include these P&P, the Application Form for Appointment of HappyCo Partner, the Terms and Conditions, and the Compensation Plan.
- C. Auto Ship.** A standing product order automatically shipped each calendar month.
- D. Business Centre Registration.** Submitting online or sending by mail or fax a Partner Application to HappyCo.
- E. Business Centre.** An income earning position that is registered to a Partner with HappyCo. Also referred to herein as the “Distributorship”.
- F. Candidate** – an adult person who has the ability to perform legal acts, legal person or organisation that does not own/have legal personality who apply to HappyCo Program.
- G. Commissionable Volume.** Total volume used in calculating commissions.
- H. Group CV.** The amount of Commissionable Volume produced by a Partner’s organisation in a given pay period.
- I. Initial Order.** A product order required to participate in the Compensation Plan.
- J. Organisation.** All Partners located under a Partner’s Business Centre(s).
- K. Personal CV.** The Partner’s personal product sales or purchases that reflect Commissionable

Volume attached to the product.

L. Placement. A Partner positions a new Partner into his or her Organisation.

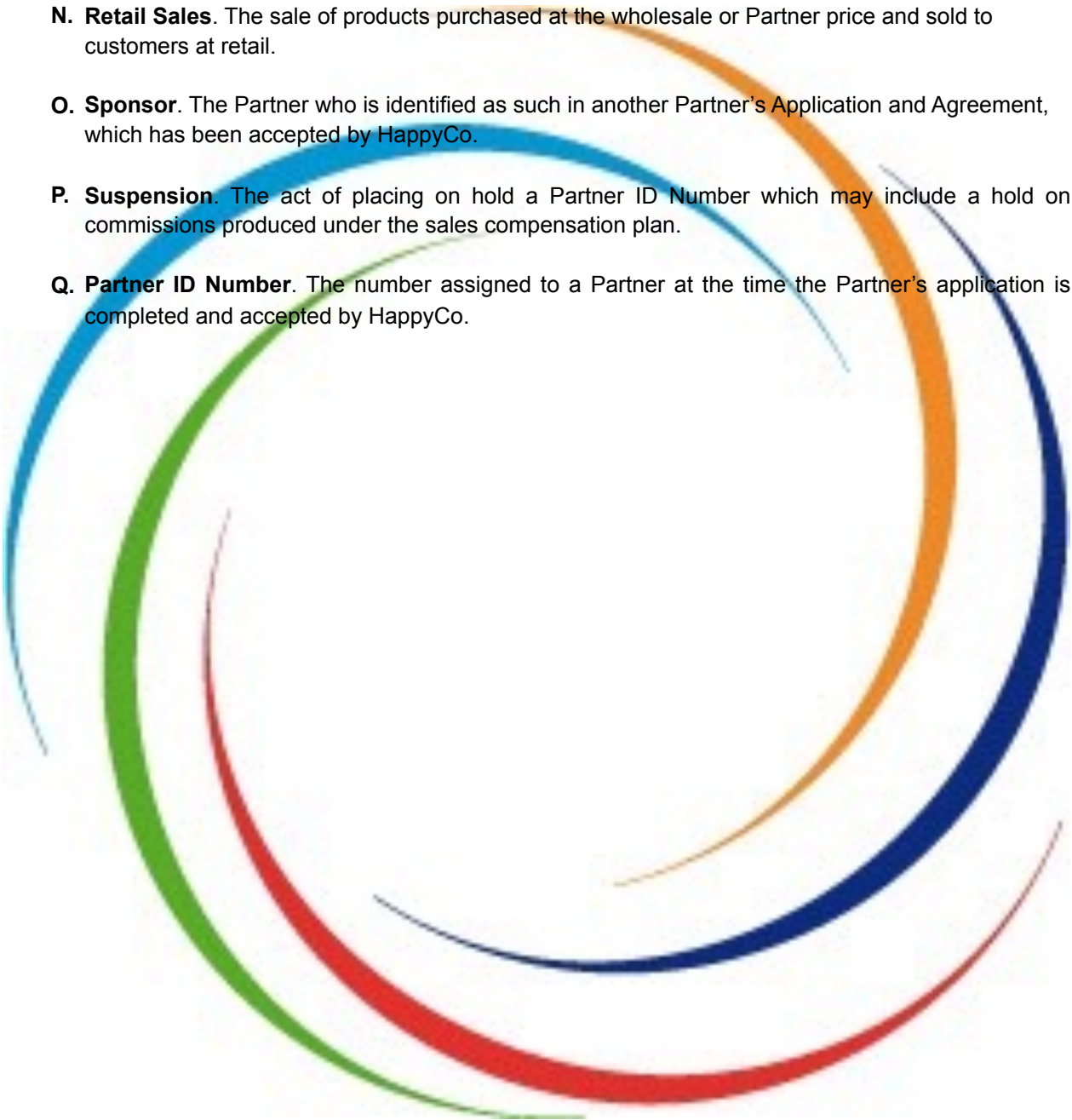
M. Preferred Customer. A customer who orders products without signing up as a Partner.

N. Retail Sales. The sale of products purchased at the wholesale or Partner price and sold to customers at retail.

O. Sponsor. The Partner who is identified as such in another Partner's Application and Agreement, which has been accepted by HappyCo.

P. Suspension. The act of placing on hold a Partner ID Number which may include a hold on commissions produced under the sales compensation plan.

Q. Partner ID Number. The number assigned to a Partner at the time the Partner's application is completed and accepted by HappyCo.



R. Partner. An individual who conducts business activity or entity that has been accepted for membership by HappyCo and who has agreed to abide by the Agreement.

S. Termination. The permanent cancellation of a Partner's access to his/her ID number described in particular in Section 12.

T. Upline / Downline. All Partners above/below a Partner's Organisation.

2. **Becoming a Partner**

2.1. A Candidate may become a Partner after submitting a completed Application Form for Appointment of HappyCo Partner which has been accepted by HappyCo.

2.2. HappyCo reserves the right to reject or accept the Partner Application Form.

2.3. To become a Partner, a Candidate shall be at least eighteen (18) years of age and conduct business activity and the entity shall be properly registered.

2.4. An enrolment fee might be required to become a Partner and to cover administration expenses of HappyCo for providing information materials and Internet services. This fee must be paid within thirty (30) days of the enrolment date or the Partner's Distributorship may be suspended.

2.5. To remain a Partner, a Partner must purchase or sell an initial order before the end of the second commission period from the date of enrolment and purchase or sell products every ninety (90) days, or the Partner's Distributorship may be suspended.

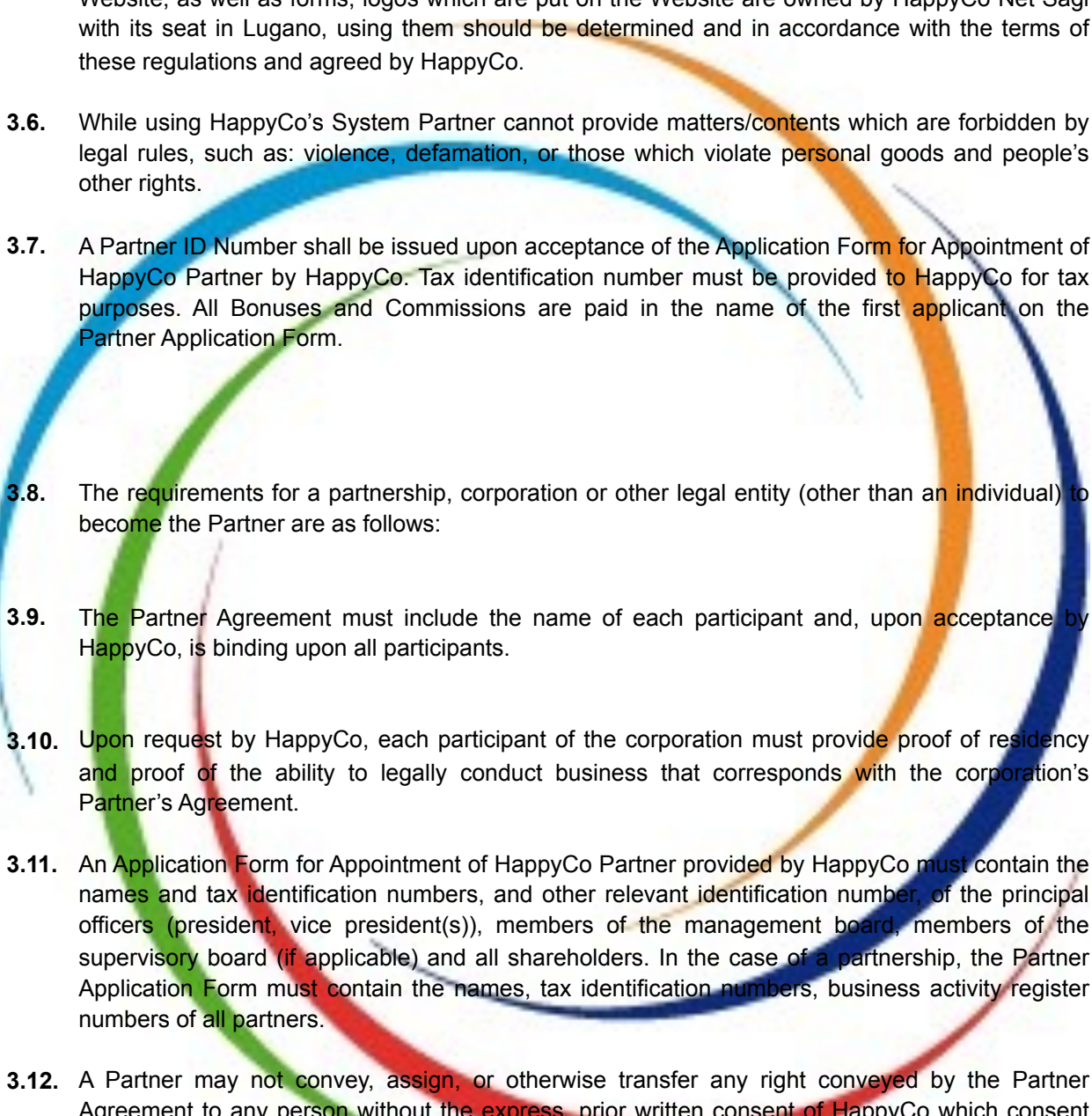
2.6. The Partner agrees that placing an order for products, enrolling another Partner or receiving a commission payment shall act as a confirmation that the Partner has read, understood and agreed to the Agreement.

3. **Partner Agreement. Restrictions**

3.1. Membership in the Program is voluntary and its Partners does not have a guarantee that they would have incomes or achieve an economical success. The Partner would not popularize/ spread false statements arising from being a member in HappyCo Program, concerning incomes.

3.2. Partners must file an Application Form for Appointment of HappyCo Partner as well as undertake to abide the Agreement.

3.3. Unless otherwise specified, the Partner Application Form must be submitted to HappyCo online at HappyCo website **www.myhappyco.com**. HappyCo may permit the submission by fax, mail or other manner. An Application Form that is incomplete, incorrect in any respect may be considered invalid.

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- 3.4. Upon request by HappyCo, a Partner must provide proof of residency, proof of age and proof of business activity register number that corresponds with the Partner's Application Form for Appointment of HappyCo Partner and other documents upon reasonable request of HappyCo.
 - 3.5. All rights to HappyCo System, copyrights, intellectual property rights to the brand, online domain, Website, as well as forms, logos which are put on the Website are owned by HappyCo Net Sagl with its seat in Lugano, using them should be determined and in accordance with the terms of these regulations and agreed by HappyCo.
 - 3.6. While using HappyCo's System Partner cannot provide matters/contents which are forbidden by legal rules, such as: violence, defamation, or those which violate personal goods and people's other rights.
 - 3.7. A Partner ID Number shall be issued upon acceptance of the Application Form for Appointment of HappyCo Partner by HappyCo. Tax identification number must be provided to HappyCo for tax purposes. All Bonuses and Commissions are paid in the name of the first applicant on the Partner Application Form.
 - 3.8. The requirements for a partnership, corporation or other legal entity (other than an individual) to become the Partner are as follows:
 - 3.9. The Partner Agreement must include the name of each participant and, upon acceptance by HappyCo, is binding upon all participants.
 - 3.10. Upon request by HappyCo, each participant of the corporation must provide proof of residency and proof of the ability to legally conduct business that corresponds with the corporation's Partner's Agreement.
 - 3.11. An Application Form for Appointment of HappyCo Partner provided by HappyCo must contain the names and tax identification numbers, and other relevant identification number, of the principal officers (president, vice president(s)), members of the management board, members of the supervisory board (if applicable) and all shareholders. In the case of a partnership, the Partner Application Form must contain the names, tax identification numbers, business activity register numbers of all partners.
 - 3.12. A Partner may not convey, assign, or otherwise transfer any right conveyed by the Partner Agreement to any person without the express, prior written consent of HappyCo which consent shall not be unreasonable withheld. The Partner may delegate his responsibilities but is ultimately responsible for insuring compliance with the Agreement and applicable laws and regulations.
 - 3.13. Partner must inform HappyCo of any changes affecting the accuracy of the Partner's Agreement or Partner Application Form. Changes to an organisation must be submitted on a new Agreement or Application Form for Appointment of HappyCo Partner with "Amended" checked on the top. The document must include all of the participants in the organisation and be signed by all parties

and returned to HappyCo. HappyCo reserves the right to charge a fee to change a Partner ID Number. There is no charge for a change of address, telephone number, addition of person(s), or the correction of clerical error(s).

- 3.14. A person or entity becomes an approved Partner on the date the Partner Agreement is received and accepted at HappyCo's corporate office. A person or entity must become an approved Partner by the last working day of a bonus period in order to be included in that Bonus and qualification computation.
- 3.15. Partner may not have a simultaneous beneficial interest or participate in more than one (1) organisation without the written consent of HappyCo. A beneficial interest includes but is not limited to, any ownership interest, equitable interest, any rights to present or future benefits, financial or otherwise. Unless otherwise approved by HappyCo, Partner shall not have an ownership interest in, operational or management control of, or derive any benefit directly or indirectly from any subsequent Partner not in the same line of sponsorship as the individual's initial Business Centre(s).
- 3.16. If a spouse or co-habitant of a Partner wishes to become a Partner, he/she must be added to the Distributorship that was previously formed by the spouse or co-habitant.
- 3.17. Any person who should be listed on the Partner Application Form of a corporation is considered to have a beneficial interest in the organisation existing in the name of that corporation. If that person wishes to become a Partner, that person must be added to the organisation previously formed with that corporation.
- 3.18. A corporation is considered to have a beneficial interest in the organisation existing in the name of any person listed on its Partner Application Form. To become a Partner, that corporation must be added to the Partner Agreement previously formed with that listed person.
- 3.19. No corporation may become a Partner if any person who should be listed on the Corporation's Partner Application Form is already a Partner under another Agreement.
- 3.20. Partner (including a corporation or any person therein who is or should be listed on the Partner Application Form) may re-enrol and create a new organisation under a different sponsor only by resigning his/her original organisation and then waiting six (6) months prior to re-enrolling. The six (6) month waiting period will begin upon receipt by HappyCo of a termination notice in writing from the Partner.
- 3.21. As used herein, "**Active in the Business**" includes signing the Agreement, purchasing products from HappyCo, sponsoring new Partners, or other activities. HappyCo, in its sole discretion, determines to be a meaningful promotion of HappyCo's business.
- 3.22. Unless otherwise approved in writing by HappyCo, Partner who has engaged in business activity is prohibited from acquiring any interest in or to merge with a pre-existing organisation under a different Sponsor. A Partner may not have or acquire a present or future ownership interest in or establish another organisation in the name of a family member or an unrelated individual.
- 3.23. Partner may not encourage, entice, or otherwise assist another Partner to transfer to a different sponsor. This includes, but is not limited to, offering financial or other tangible incentives for

another Partner to terminate an existing organisation and then re-sign under a different sponsor

- 3.24.** Partner who wishes to change his/her status from that of an individual Partner to a participant in a corporation under the same sponsor may do so at any time, subject to applicable law and upon completion and delivery to HappyCo of the requisite Partner Application Form.
- 3.25.** Partner may not convey, assign, or otherwise transfer any right conveyed by the Agreement to any person or entity without the express, prior written consent of HappyCo, which consent shall not be unreasonably withheld. Partner may delegate his/her/its responsibilities but is ultimately responsible for ensuring compliance with the Agreement and applicable laws. Any person or entity working with or for the Partner as part of his/her/its organisation shall do so only under the Partner's direct supervision.
- 3.26.** Partner is prohibited from fabricating information or signing-up any individual as a Partner without their knowledge and/or consent.
- 3.27.** HappyCo may reject a Partner Agreement, or terminate a distributorship if a Partner:
- 3.27.1. Fails to provide documentation requested or required by HappyCo;
 - 3.27.2. or
Provides to HappyCo false or inaccurate information or fails to correct false or inaccurate information
 - 3.27.3. or
Violates any provision of this Section
- 3.28.** Preferred Customer is not required to enrol as a Partner or pay the membership enrolment fee. A Preferred Customer does not qualify for Commissions and Bonuses. The purchase price of the product shall be established by HappyCo. The sponsor shall place the Preferred Customer to the side of Business Centre two (2) or three (3) that they designate. Once the side is selected, the Preferred Customer cannot be moved. If a Preferred Customer becomes a Partner he/she is required to pay the membership enrolment fee and/or place an initial order, and the new Partner shall be placed in the down line.
- 3.29. Current and Post-Partner Non-Solicitation Non-Service Agreement.** During the term of the Agreement and for a period of two (2) years thereafter, Partner shall not, without the prior written authorisation of HappyCo, directly or indirectly:
- 3.29.1. solicit or provide strategic, design or development services to any entity or person who is/was a customer, distributor or supplier of HappyCo; or
 - 3.29.2. contact any person, through any means, who is/was a customer, employee, distributor or supplier of HappyCo; or
 - 3.29.3. solicit or provide such services to anyone known to him/her to have been a distributor or targeted distributor of HappyCo.
- 3.30. Targeted Distributor** shall be defined as a prospective distributor to whom HappyCo, or any

distributor in HappyCo, had made a new business presentation or similar offering of services at any time during the one-year period immediately preceding the termination of the Agreement.

3.31. Non-interference with HappyCo Employees, Distributors, and Customers. During the term of the Agreement and for a period of two (2) years thereafter, Partner shall not, without prior written authorization of HappyCo, directly or indirectly:

- induce or attempt to induce any company employee, distributor, consultant or independent contractor to quit HappyCo's employ or relationship;
- recruit or hire away any company employee, distributor, consultant or independent contractor;
- hire or engage any HappyCo employee, former employee, distributor, consultant or independent contractor whose employment or other relationship with HappyCo ended less than one year before the date of such hiring or engagement; or
- induce or attempt to induce any person who is a distributor of HappyCo or who otherwise is a contracting party with HappyCo to terminate any written or oral agreement or understanding or other relationships with HappyCo.

4. Sponsoring

4.1. When offering HappyCo's product to prospects, Partners are required to present the product in its entirety, without omission, distortion or misrepresentation. Any additional offers, representations or agreements made by an Partner in connection with HappyCo's product are prohibited and may result in the termination of the Partner.

4.2. Under the Agreement, Partner becomes a Sponsor while sponsoring two (2) others Partners and thus creates the Partner organisation (hereinafter referred to as the "**Partner Organisation**").

4.3. Occasionally, one or more individuals may contact the same prospect, resulting in a dispute of the sponsoring rights. A new Partner has the right to choose his/her sponsor as vacancies. HappyCo shall not mediate such disputes and shall be recognize as sponsor the person whose name appears as sponsor on the first order form sent in by the new Partner. In the event that more than one (1) order form is sent in with conflicting sponsor information, the form received first by HappyCo shall be recognized as binding and changes shall not be allowed.

4.4. If a Partner falsely represents that HappyCo failed to honour this policy, HappyCo, at its sole discretion, may terminate the Partner making the false representation.

4.5. Placement in Organisation. Sponsor is responsible for placing the new Partner into his/her/its Organisation. Following the placement by the sponsoring Partner, the new Partner may not be moved to any other location in the Organisation, except as authorised by HappyCo under the provisions herein.

4.6. If the Partner makes a mistake in a placement, the sponsoring Partner shall complete and send the "Correction to Placement Form" provided by HappyCo. This form shall be sent to HappyCo within seven (7) days of the date of placement of the new Partner. HappyCo reserves the right to accept or reject the request. HappyCo also has the right to seek reimbursement from any Partner of any commissions or bonuses resulting from the correction, and any time expended by HappyCo to correct any errors.

4.7. Sponsor is prohibited from making changes to information or product orders under a personally

sponsored account.

- 4.8. The changing of sponsor's is generally not permitted. Upon receipt and acceptance of the Partner Agreement by HappyCo, the new Partner's sponsor cannot be changed, without the consent of HappyCo and without approval of the Partner's immediate Sponsor Upline. If the sponsoring Partner becomes inactive, that sponsorship is not assigned to and does not roll up to the upline sponsor. In other words, if A sponsors B, and B sponsors C, and then B becomes inactive, the sponsorship of C does not revert to A. Also, C does not move up into the position of B if B becomes inactive.
- 4.9. Unless otherwise agreed to in writing by HappyCo, a Partner desiring to change sponsors can do so by resigning and then waiting six (6) months prior to rejoining with a new Sponsor. The six (6) month waiting period shall begin upon receipt by HappyCo of a termination notice in writing from the Partner.
- 4.10. Partner may not sponsor another Partner into any other network marketing or direct selling company. Partner may not participate in any action that causes another Partner to be sponsored through someone else into another network marketing or direct selling company.
- 4.11. Partner acknowledges that HappyCo has made an important investment when a sponsorship occurs and when a Partner joins HappyCo, thus forming a valuable business relationship between two (2) Partners and HappyCo.
- 4.12. HappyCo, in its sole discretion, may terminate a Partner who is involved, in any manner, in cross-sponsoring or cross-recruiting, and the Partner agrees that HappyCo may seek legal recourse to enjoin such conduct.
- 4.13. In case of losing the status of Partner in HappyCo all other people who were recommended by this Partner would be signed to the Partner who recommended them. When the Partner was recommended by HappyCo all other people who recommended by Partners would be signed to the Partner recommended by HappyCo.

5. Confidential Information. Partner List

- 5.1. **Partner Lists.** All Partner organisation lists, names, addresses, emails addresses, and telephone numbers contained in HappyCo's database (hereinafter referred to as the "**Lists**") are confidential and are the proprietary property of HappyCo. The Partner acknowledges that HappyCo has derived, compiled, configured, and currently maintains the Lists through the expenditure of considerable time, effort, and monetary resources and shall be data controller for the Lists.
- 5.2. The Lists in their present and future forms constitute commercially advantageous proprietary assets and trade secrets of HappyCo.
- 5.3. These Lists are provided for the exclusive and limited use of the Partner to facilitate the training, support, and servicing of the Partner's Organisation for furtherance of HappyCo related business only.
- 5.4. Each Partner agrees to keep the Lists confidential, and to use the Lists for the exclusive purposes as set out herein.

5.5. These Lists remain, at all times, the exclusive property of HappyCo, and each Partner agrees:

5.5.1. To hold confidential and not disclose any Lists or portion thereof to any third person or entity, including, but not limited to, existing Partners competitors, and the general public;

5.5.2. To limit use of the Lists to their intended scope of furthering the Partner's HappyCo-related business;

5.5.3. That any use or disclosure of the Lists outside of those authorised herein, or for the benefit of any third person or entity, constitutes misuse, misappropriation, and a violation of the Agreement;

5.5.4. That, upon any violation under this Section, the Partner stipulates to injunctive relief as an appropriate remedy enjoining that use under applicable law, and shall immediately retrieve and return to HappyCo all Lists previously provided to the Partner upon HappyCo's request; and

5.5.5. That the obligations under this Section shall survive the termination of the Partner's Agreement and any other agreement between HappyCo and any Partner. HappyCo reserves the right to pursue all appropriate remedies under applicable law to protect their rights to the above- mentioned proprietary and trade secret information covered by the Lists. Any failure to pursue any applicable remedies shall not constitute a waiver of those rights.

5.6. The Partner who makes a wrongful disclosure of the Lists, assists others in wrongfully obtaining the Lists, or in any way violates this Section, agrees to reimburse the court costs and attorney fees (including the cost of any appeal) if HappyCo files a protective order or injunction action.

5.7. To protect the confidential nature of these Lists, the Partner agrees that it is a violation of this Section if they are employed by any other Network Marketing or Direct Selling company or if their access to the Lists could be compromised.

6. Ordering. Shipping

6.1. Online Ordering. Unless otherwise specified, HappyCo requires all Application Form for Appointment of HappyCo Partner, order forms, and other forms to be submitted online. HappyCo may permit the Partners to mail or fax all forms directly to HappyCo.

6.2. All purchases of product inventory, sales aids, literature and supplies are strictly optional and are made available online. Customer Service can only process product orders over the phone and cannot process orders for sales aids, literature and supplies. In the event a Partner is required to use the order form, the order form must be filled out completely and must include the Partner's ID Number, name, address, telephone number and signature for payment authorisation.

6.3. HappyCo does not condone "inventory loading" by any Partner in excess of the Partner's actual

immediate needs for resale or personal use.

6.4. To prohibit “inventory loading,” the Partner agrees to the following inventory rules:

6.4.1. Partner shall not order any product for inventory unless at least seventy percent (70%) of Partner’s previously ordered inventory of that product has been sold or consumed.

6.4.2. HappyCo shall not issue any refunds on any products previously certified as sold under the seventy percent (70%) rule, unless required by law.

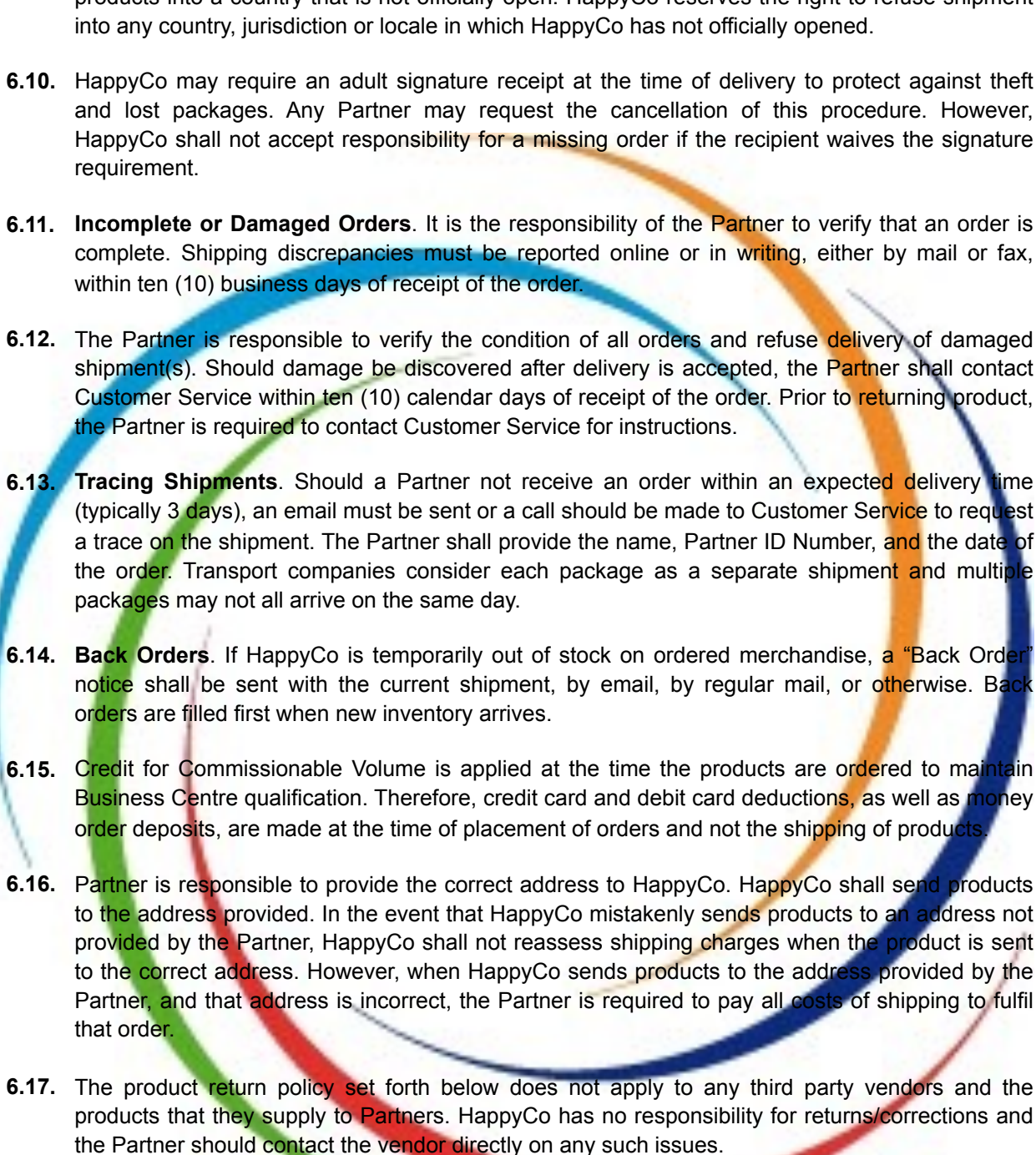
6.4.3. There are no inventory requirements to become a Partner or to maintain a distributorship or membership.

6.5. The Seventy Percent (70%) Rule. The HappyCo Sales Product is based on sales at retail and not on maintaining an inventory of products. At the time of each order, a Partner must have sold or consumed at least seventy percent (70%) of their previous inventory of that product before re-ordering and must be able to certify to such if demanded by HappyCo or by any authority.

6.6. Each Partner, upon request from HappyCo should be able to furnish a statement documenting such sales and listing at least four (4) individual customers. If a Partner does not comply with this requirement, the Partner is subject to discipline by HappyCo.

6.7. Pick-up orders may be picked up at HappyCo headquarters or at an Authorised Distribution Centre listed in Appendix No 1 to this P&P. A Partner is required to contact HappyCo prior to arranging for the pick-up order to insure that inventory is available.

6.8. Acceptable Methods of Payment. Payment may be made for all online orders through the use of HappyCo approved major credit card, bank draft or other form of payment acceptable online. In certain countries, as specified by HappyCo in Appendix No 2 to this P&P, payment may be made for orders not submitted online by money order, cashier’s check, traveller’s cheque, cash, major credit card, wire transfer or debit card. Personal checks are not accepted.

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- 6.9. Partner agrees not to operate in any unauthorised market, and agrees not to ship or import products into a country that is not officially open. HappyCo reserves the right to refuse shipment into any country, jurisdiction or locale in which HappyCo has not officially opened.
- 6.10. HappyCo may require an adult signature receipt at the time of delivery to protect against theft and lost packages. Any Partner may request the cancellation of this procedure. However, HappyCo shall not accept responsibility for a missing order if the recipient waives the signature requirement.
- 6.11. **Incomplete or Damaged Orders.** It is the responsibility of the Partner to verify that an order is complete. Shipping discrepancies must be reported online or in writing, either by mail or fax, within ten (10) business days of receipt of the order.
- 6.12. The Partner is responsible to verify the condition of all orders and refuse delivery of damaged shipment(s). Should damage be discovered after delivery is accepted, the Partner shall contact Customer Service within ten (10) calendar days of receipt of the order. Prior to returning product, the Partner is required to contact Customer Service for instructions.
- 6.13. **Tracing Shipments.** Should a Partner not receive an order within an expected delivery time (typically 3 days), an email must be sent or a call should be made to Customer Service to request a trace on the shipment. The Partner shall provide the name, Partner ID Number, and the date of the order. Transport companies consider each package as a separate shipment and multiple packages may not all arrive on the same day.
- 6.14. **Back Orders.** If HappyCo is temporarily out of stock on ordered merchandise, a “Back Order” notice shall be sent with the current shipment, by email, by regular mail, or otherwise. Back orders are filled first when new inventory arrives.
- 6.15. Credit for Commissionable Volume is applied at the time the products are ordered to maintain Business Centre qualification. Therefore, credit card and debit card deductions, as well as money order deposits, are made at the time of placement of orders and not the shipping of products.
- 6.16. Partner is responsible to provide the correct address to HappyCo. HappyCo shall send products to the address provided. In the event that HappyCo mistakenly sends products to an address not provided by the Partner, HappyCo shall not reassess shipping charges when the product is sent to the correct address. However, when HappyCo sends products to the address provided by the Partner, and that address is incorrect, the Partner is required to pay all costs of shipping to fulfil that order.
- 6.17. The product return policy set forth below does not apply to any third party vendors and the products that they supply to Partners. HappyCo has no responsibility for returns/corrections and the Partner should contact the vendor directly on any such issues.

7. Product Return Policy

- 7.1. **First Partner Product Purchase.** Unless otherwise stated by HappyCo for a specific country or region, a new Partner who is dissatisfied with his/her first product purchase shall request a refund, credit or exchange within thirty (30) calendar days after the date of shipment of the product. If HappyCo is notified within the thirty (30) calendar-day period, and if the product is in resalable condition, HappyCo shall refund the full price of the product purchase less shipping

charges, Bonuses, and Commissions paid. The enrolment fee is not refundable. Partner's request of a one hundred percent (100%) refund on their first order shall be notice to HappyCo as a cancellation of that Partner's organisation. All return/refund requests must be communicated in written via mail, fax or email to orders@myhappyco.com.

7.2. Customer Return Policy. HappyCo requires that Partners provide a one hundred percent (100%) money-back guarantee for all products they sell to third parties. It is the responsibility of each Partner to refund the purchase price to any unsatisfied customer. The customer's request must be made within fourteen (14) days of the date of the product purchase to be valid unless a longer period of time is required by law.

For products that customers bought directly from the company or that distributors buy in orders different from the first (re-purchases for personal consumption) the following return policy applies:

7.2.1. The Partner or customer desiring to return product for a refund must express the will to cancel the order in writing by mail, fax or by email to orders@myhappyco.com within fourteen (14) days from the moment they received the products (or the last box in case of multiple shipment) even without giving any reason for the return. The customers/partners will then receive a Return Merchandise Authorisation number (hereinafter referred to as the "RMA") from Customer Care Service.

7.2.2. Shipment. All Customers/Partners willing to return their orders have to ship the products back to HappyCo at their cost (unless otherwise agreed) to the following address with the RMA number received clearly indicated on the parcel:

HappyCo Distribution

c/o EFA Project Sp. z o.o.

Reguły Logistic Park, hala nr 6

Reguły, ul Bodycha 97

**05-820 Piastów
Poland**

7.2.3. Refund. HappyCo will provide full refund, including originally charged shipping cost, on the same payment card/method used during the purchase within fourteen (14) days from the moment it has been received the order cancellation request.

7.3. HappyCo does not provide a refund for any sales aids, promotional materials, sales kits or any other marketing materials purchased by the Partner's, because purchase of these items is not required and because there is no financial benefit related to the purchase of these materials.

7.4. In no event shall HappyCo refund shipping expenses for the delivery or the return product except in the case of customer order cancellation as set in point 7.2 above.

7.5. HappyCo must receive the returned product within a reasonable time from when the Customer/

Partner is provided with an RMA number. HappyCo might require proof that the shipment of the returned products took place.

- 7.6. In order for the product to be in resalable condition, the carton containing the product must not be damaged, the shrink wrap shall not have been opened, the carton shall not have been opened or damaged, and the product must be returned no later than three months prior to its expiration date.
- 7.7. HappyCo agrees to create the return policy for a specific country or region that differs from the return policy set out herein.
- 7.8. HappyCo's return policy may be modified to comply with applicable laws, regulations or ordinances.
- 7.9. Partner agrees that HappyCo shall not provide a refund for products returned after the specified period set out in the return policy.
- 7.10. If a Partner returns products to HappyCo, and no refund is due, the Partner authorises HappyCo to re-inventory the product for resale or to use the product for samples.
- 7.11. Partners are subject to adjustments of commissions paid on products returned by Partners in their organisation.
- 7.12. HappyCo shall not make cash refunds. Refunds shall be credited to the credit or debit card charged by HappyCo for the same order.
- 7.13. Partner who disputes the payment of product on their credit card and the product has been sent by HappyCo, shall be immediately terminated.

8. Products. Retail Sales. Product Claims

- 8.1. HappyCo shall have the exclusive right to set the retail and wholesale price of the product which prices shall be listed in the Compensation Plan or other materials. Factors such as costs of production, market conditions, competitive pricing and access to the markets are considered when determining the price. From time to time, changes shall occur in the price of the products. HappyCo shall provide notice to Partners prior to officially changing the price. Such notice shall be delivered to Partner by post, via e-mail, or fax.
- 8.2. Partners shall not repackage or re-label the product.
- 8.3. Any reports of missing product or problems with product received shall be reported to HappyCo at **orders@myhappyco.com** within thirty (30) days of the date the product was or should have been delivered.
- 8.4. Partners are not permitted to make any claims, verbal or written, regarding the HappyCo's products,

unless such claims are pre-approved by HappyCo and posted on HappyCo's website or official sales aids. All claims must have a reasonable basis in fact and must be consistent with the claims and representations made in current HappyCo's marketing publications or on current HappyCo's product labels.

- 8.5. Partners may make only those structure/function claims that appear on HappyCo's labels and marketing materials for the product in question. A structure/function claim is one that the product may "assist" or "support" an existing healthy bodily function or organ. Medical claims are prohibited. HappyCo does not represent or imply that:

8.5.1. Any product is intended to diagnose, treat, cure or prevent any disease; or

8.5.2. Any ingredient, or combination of ingredients, will have results other than what is medically known and accepted.

- 8.6. All structure/function claims, including testimonials, must be accompanied by the following disclaimer, placed adjacent to the claims on every page on which the claims appear:

This product is not intended to diagnose, treat, cure, or prevent any disease.

- 8.7. A new Partner's primary source of business income is derived from selling the products at the suggested retail price. The retail profit is the difference between the Retail Price and the Partner price of the product, less shipping costs.

- 8.8. When a retail sale is made, Partners shall provide their customers a complete Retail Sales receipt and shall honour any customer request to cancel the transaction within fourteen (14) days of the date of purchase, if required by law.

- 8.9. HappyCo recognises no exclusive territories. Partners shall not be limited from conducting business in any state, country, or jurisdiction declared "open" by HappyCo. HappyCo shall place a drop-down list on its website designating areas that are open. Partners are prohibited from shipping products, organising and conducting events or pre-launching in a country not opened by HappyCo.

- 8.10. Partners must follow the rules established for legal for conducting business activity.

- 8.11. **Auto Ship Product.** The Auto Ship Product or "Auto Ship" permits a Partner to receive a standing product order to meet their personal consumption and inventory needs as well as qualification and bonus requirements.

- 8.12. Auto Ship order changes are made on the product order form and submitted online. On the product

order form the box entitled "**Revised Auto Ship**" must be marked. The Revised Auto Ship order must be indicated on the form. It is required that any change be received by HappyCo no less than two (2) weeks prior to the normal Auto Ship billing date.

Changes received after that date shall be processed for the following cycle. Any requested order change prior to the completion of three (3) months with the same Auto Ship order may be assessed with a processing charge.

8.13. Cancellation of the Auto Ship Product must be made online by the Partner. Cancellations are subject to the same time requirements as Auto Ship changes. If a Partner's Auto Ship order fails to process for three (3) consecutive months HappyCo has the right to take the Partner off of Auto Ship.

9. Income Representations

Actual, implied or potential income representations or claims regarding HappyCo's product, other than required by applicable laws, are strictly prohibited.

10. Ethics

10.1. Partners shall comply with all rules and regulations relating to Partners' businesses and shall not engage in any unlawful or illegal trade practices or business activity. Partners shall conduct their businesses in a manner that reflects the highest standards of honesty, integrity and responsibility towards customers.

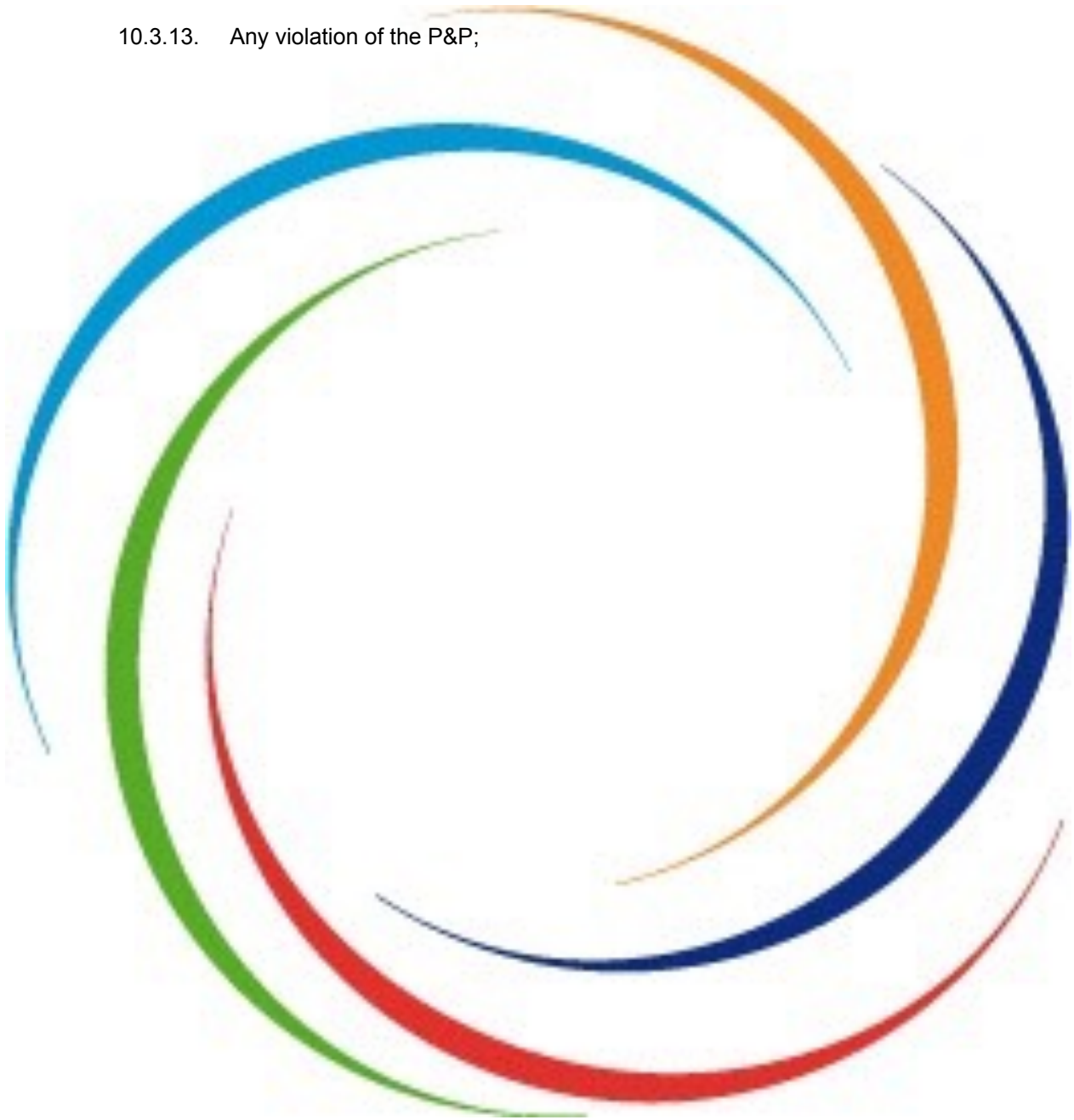
10.2. HappyCo prohibits a Partner from participating in any activity that is unethical. HappyCo has an unfettered right to terminate the Agreement when unethical behaviour is evident and when such behaviour violates the Agreement.

10.3. Although not intended to be an inclusive/exclusive list, HappyCo provides the following examples of activities and conduct that is considered unethical:

- 10.3.1.** Developing, promoting or selling products in a retail outlet;
- 10.3.2.** Directly or indirectly supplying products via another person for the promotion or sale of products in a retail outlet;
- 10.3.3.** Cross-sponsoring or cross-recruiting;
- 10.3.4.** The unauthorised use of another person's credit card;
- 10.3.5.** Misrepresenting or exaggerating the efficacy of the products;
- 10.3.6.** Making income representations or intentionally misrepresenting the Compensation Plan other than required by applicable law;
- 10.3.7.** Engaging in any deceptive or unlawful trade practice or other illegal or unlawful activity;
- 10.3.8.** Failing to submit advertisements or proprietary sales material bearing HappyCo's name for approval prior to publication;
- 10.3.9.** The use or misuse of HappyCo's name, likeness or logo in print or electronic media advertising without express written consent of HappyCo;
- 10.3.10.** The use or misuse of HappyCo's logo or trademark in any sponsoring or

recruitment advertising or any financing activity without the express written consent of HappyCo;

- 10.3.11.** The misuse of HappyCo's corporate name;
- 10.3.12.** Any unauthorised duplication of HappyCo literature;
- 10.3.13.** Any violation of the P&P;



- 10.3.14. Intentionally circumventing the Agreement to perform, effectuate or accomplish indirectly what is prohibited directly;
- 10.3.15. Making derogatory remarks regarding HappyCo, other Partners, HappyCo's products, the Compensation Plan, or HappyCo's executives, directors, officers, or employees;
- 10.3.16. Representing or implying that HappyCo's products or Compensation Plan has been reviewed, endorsed or approved by any authority; and
- 10.3.17. In no case shall the name of HappyCo appear in any URL except those owned by the corporation.

10.4. Partner may not sell, offer, barter or facilitate the sale of products or Partner's memberships on websites where an auction is the mode of selling/buying. A Partner may not employ or contract with others to violate this policy.

11. Termination

11.1. Partner's rights under the Agreement are conditioned upon and subject to the Partner's continued performance in accordance with the terms of the Agreement. Upon failure by a Partner to perform his/her/its obligations as set forth in the Agreement, the Partner's rights cease. HappyCo may excuse a Partner's non-performance in whole or in part without waiving its rights and remedies under the Agreement. Furthermore, or in lieu of terminating the Agreement, HappyCo may:

- 11.1.1. Provide verbal and/or written notification to the Partner of HappyCo's concerns and of HappyCo's intent to discontinue the Partner's rights under the Agreement if the Partner's non-performance continues;
- 11.1.2. Closely monitor the Partner's conduct over a specified period of time to ensure performance of the contractual duties by the Partner;
- 11.1.3. Require additional assurances by the Partner that performance shall be in compliance with the Agreement. Further assurances may include requiring the Partner to take certain actions in an effort to mitigate or correct the Partner's non-performance;
- 11.1.4. Deny privileges that are awarded to Partners from time to time by HappyCo or cease performing HappyCo's obligations under the Agreement, including but not limited to, awards, recognition at corporate events or in corporate literature, participation in HappyCo- sponsored events, and placement of product orders;
- 11.1.5. Discontinue or limit payment of Commissions and Bonuses from all or any part of the Partner's and Organisation's sales based on the premise that because of the Partner's noncompliance, the Partner is not entitled to Bonuses and Commissions; and
- 11.1.6. Seek injunctive relief or other remedies available by law and in accordance with the

Agreement.

11.2. The following procedure applies when HappyCo investigates an alleged violation of the Agreement:

11.2.1. HappyCo shall either provide verbal notice or send a written notice of the alleged breach of the Agreement to the Partner.

11.2.2. In a case when written notice is sent, HappyCo shall give the Partner an opportunity to present all his/her/its information relating to the incident for review by HappyCo; HappyCo reserves the right to prohibit activity (e.g. placing orders, sponsoring, modifying Partner information, receiving Bonuses and Commissions, etc.) by the Distributorship in question from the time notice is sent to the Partner until a final HappyCo decision is rendered;

11.2.3. On the basis of any information obtained from collateral sources and from HappyCo's investigation of the statements and facts taken together with information submitted to HappyCo during the response period, HappyCo shall make a final decision regarding the appropriate remedy, which may include the termination of the Agreement. HappyCo reserves the right to impose remedies for similar violations on a case-by-case basis. HappyCo shall promptly notify the Partner of its decision. Any remedies shall be effective as of the date on which notice of HappyCo's decision is dispatched.

12. Termination by Partner

12.1. Partner may terminate his/her/its Agreement at any time, and for any reason, by sending a written notice of intent to terminate to HappyCo. Termination becomes effective as of the date HappyCo receives written notice of termination. Certain obligations regarding confidentiality of information and the Partner network survive termination of the Agreement as outlined herein.

12.2. Partner has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to HappyCo at its principal business address or must send an email to info@myhappyco.com.

12.3. Partner shall be eligible to re-apply for a distributorship after the six (6) month period has elapsed that begins from the date the notice of termination is sent to HappyCo.

12.4. Partner who has terminated or cancelled the Agreement, hence has resigned from the participation in HappyCo Sale System has the right to re-sell to HappyCo all saleable products, information, instruction materials, samples, presentations kits which are capable of being resold for at least 90 % of the price at which they were purchased within 6 months preceding the date of notifying to HappyCo the termination or cancellation from the HappyCo Sale System.

13. Pay Period

13.1. Partner agrees that the material benefits obtained from the participation in the HappyCo Sale

System

are obtained only from the funds resulting from the sale of HappyCo's products.

- 13.2. Commission checks/payments are issued once a month. Orders received Monday through Friday shall be processed for payment within forty-eight (48) hours.
- 13.3. If a Partner Organisation believes any errors have been made regarding Commissions, Bonuses, business reports or charges, the organisation must notify HappyCo in writing within thirty (30) days of the date of the purported error or incident in question.

14. Commissions. Bonuses

Partner is to be gratified by HappyCo depending on the total amount of HappyCo's products sold by Partner. The permissible manner of gratifying Partner shall be commissions (herein referred to as "**Commissions**") and bonuses (herein referred to as "**Bonuses**").

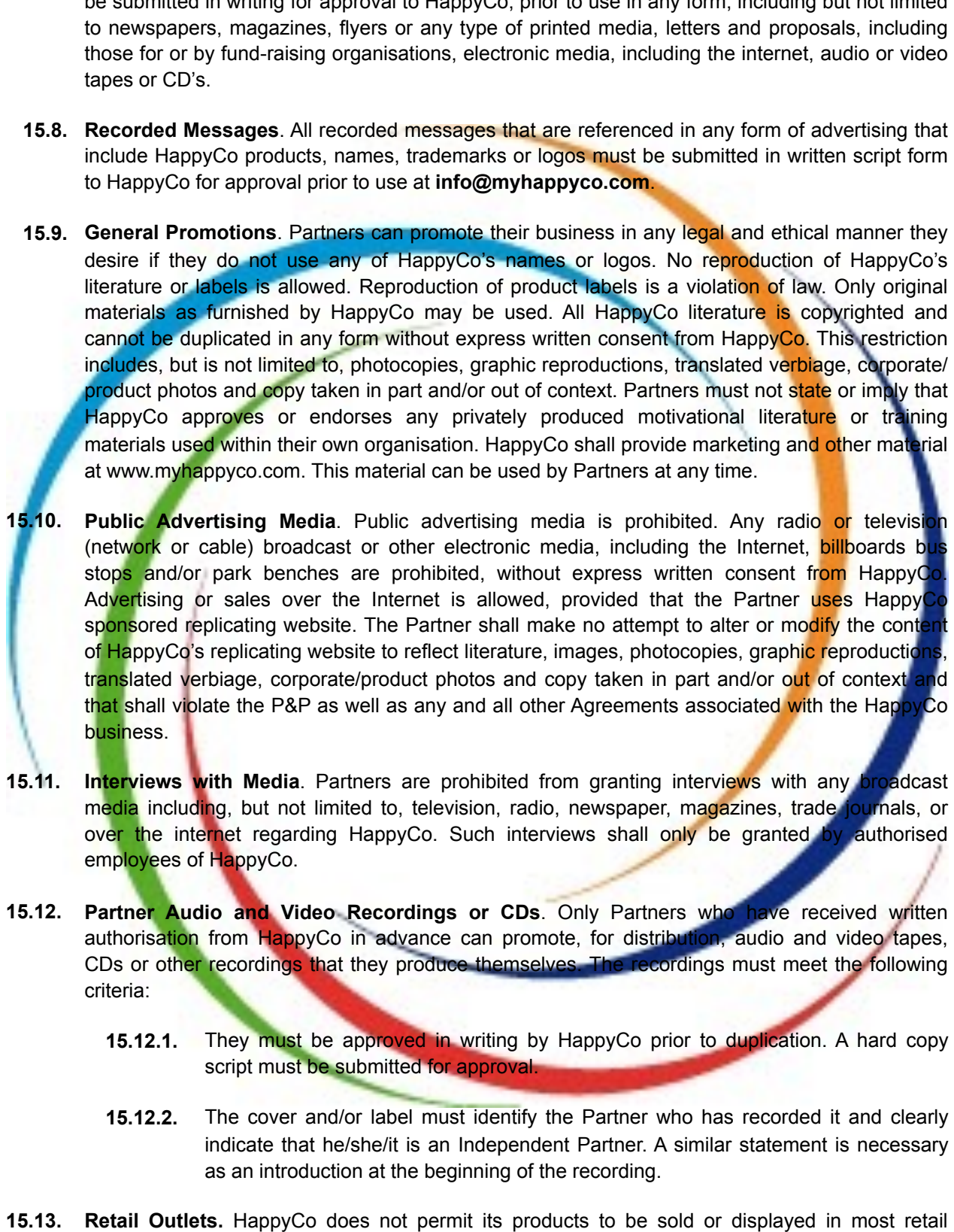
All Commissions and/or Bonuses are established and calculated by HappyCo pursuant to the Compensation Plan.

15. Advertising. Promotion. Trade Shows. Online Auctions

- 15.1. All materials, which are handed to the Partner by HappyCo, contain confidential information. HappyCo Partner is not entitled to use, copy and disclose this information to other purposes than cooperation with HappyCo during the term of the agreement as well as after the termination/dissolving of the agreement.
- 15.2. HappyCo encourages advertising and promotion as a viable method for Partners to build their businesses. However, strict guidelines are necessary to maintain an ethical marketing effort. Therefore, these guidelines are a part of the Agreement between HappyCo and its Partners.
- 15.3. Corporate approved audio recordings and phone message recordings must identify the Partner as a Partner at the BEGINNING of the message.
- 15.4. HappyCo names, trademarks and logos, employee names, corporate names are proprietary and may not be used in any matter, including the reproduction of literature, or in any advertisement. Any approved advertisements must indicate that the Partner is an Independent "Distributor" or "Partner" of HappyCo. HappyCo name and Partner logo and the names and logos of products can only be used in retail product advertising. Advertisements to attract Partners and business opportunity advertising must be run "blind", i.e., without reference to HappyCo or its products. Use of the HappyCo name or logo alone is strictly prohibited. In no case shall the name of HappyCo appear in any URL except those owned by HappyCo.
- 15.5. HappyCo strictly prohibits the use of its corporate name, logo or trademark or any statements with respect to HappyCo business, products or operations in any financing activity by a Partner. HappyCo does not approve or condone any such financing activities and any violation of this policy could lead to the termination of a Partner.
- 15.6. **Websites.** Partners may not, without prior written authorisation by HappyCo, use the name "HappyCo", trade names, products or other intellectual property of HappyCo (or any variations

thereon) in domain names (URLs) or the titles for any pages within websites (including but not limited to home pages). However, the name “HappyCo” and product names may be used by Partners in search engine Meta tags and title tags. In the case of a domain name violating this Rule, HappyCo shall have the right to require the owner to transfer it to other entity immediately and at no cost to it. This shall be in addition to this entity’s other rights and remedies.

- 15.6.1.** Partners may not use third parties’ trademarks, trade names, or product names (or any variations thereon) in domain names (URLs), the titles for any pages within websites (including, but not limited to home pages), email addresses or Meta tags, unless they have sought and obtained prior written consent from the owner.
- 15.6.2.** Partners operating websites related to their business may feature only the HappyCo independent logo and product images on their websites with prior written consent of HappyCo.
- 15.6.3.** Partners may not use any misleading or deceptive tactics in order to improve their index preference with search engines.
- 15.6.4.** Partners may link their websites to HappyCo’s official home page or any other website produced or maintained by HappyCo and any other websites maintained by that same Partner to promote HappyCo’s product line and income opportunity with prior written consent of HappyCo.
- 15.6.5.** Partners conducting or seeking to conduct business in international markets via their own or other websites must comply with P&P as well as the applicable law and regulations, including, but not limited to, rules, laws and regulations pertaining to the confidentiality of consumer data, privacy rights, restrictions on telemarketing and restrictions on marketing over the Internet.
- 15.6.6.** Partner websites that promote HappyCo’s products or income opportunity, or any other relationship with HappyCo, must maintain the confidentiality of consumers and site users by complying with the privacy laws. Partners must post in a prominent location a “Privacy Statement” that informs consumers whether or not personal information is being collected about them and how such information shall be used.
- 15.6.7.** Partners may not sell, trade or use consumer or site user information, except in connection with HappyCo’s products or HappyCo’s income opportunity. If any person or entity requests that their information not be used, the Partner must immediately honour such request.
- 15.6.8.** Partners may not publish, post or distribute any materials on or via the internet, whether or not in connection with HappyCo that are defamatory, libellous, disparaging, threatening, offensive, harassing, abusive, obscene or pornographic.
- 15.6.9.** Partners may not interfere or take any action that results in interference with or disruption of websites maintained by HappyCo or its Partners, nor may they gain or attempt to gain access to computer systems or networks connected to those sites or any other sites without prior written permission or authorisation from HappyCo.

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- 15.7. Advertising Approval.** Any uses of HappyCo names, trademarks or logos of its products must be submitted in writing for approval to HappyCo, prior to use in any form, including but not limited to newspapers, magazines, flyers or any type of printed media, letters and proposals, including those for or by fund-raising organisations, electronic media, including the internet, audio or video tapes or CD's.
- 15.8. Recorded Messages.** All recorded messages that are referenced in any form of advertising that include HappyCo products, names, trademarks or logos must be submitted in written script form to HappyCo for approval prior to use at info@myhappyco.com.
- 15.9. General Promotions.** Partners can promote their business in any legal and ethical manner they desire if they do not use any of HappyCo's names or logos. No reproduction of HappyCo's literature or labels is allowed. Reproduction of product labels is a violation of law. Only original materials as furnished by HappyCo may be used. All HappyCo literature is copyrighted and cannot be duplicated in any form without express written consent from HappyCo. This restriction includes, but is not limited to, photocopies, graphic reproductions, translated verbiage, corporate/product photos and copy taken in part and/or out of context. Partners must not state or imply that HappyCo approves or endorses any privately produced motivational literature or training materials used within their own organisation. HappyCo shall provide marketing and other material at www.myhappyco.com. This material can be used by Partners at any time.
- 15.10. Public Advertising Media.** Public advertising media is prohibited. Any radio or television (network or cable) broadcast or other electronic media, including the Internet, billboards bus stops and/or park benches are prohibited, without express written consent from HappyCo. Advertising or sales over the Internet is allowed, provided that the Partner uses HappyCo sponsored replicating website. The Partner shall make no attempt to alter or modify the content of HappyCo's replicating website to reflect literature, images, photocopies, graphic reproductions, translated verbiage, corporate/product photos and copy taken in part and/or out of context and that shall violate the P&P as well as any and all other Agreements associated with the HappyCo business.
- 15.11. Interviews with Media.** Partners are prohibited from granting interviews with any broadcast media including, but not limited to, television, radio, newspaper, magazines, trade journals, or over the internet regarding HappyCo. Such interviews shall only be granted by authorised employees of HappyCo.
- 15.12. Partner Audio and Video Recordings or CDs.** Only Partners who have received written authorisation from HappyCo in advance can promote, for distribution, audio and video tapes, CDs or other recordings that they produce themselves. The recordings must meet the following criteria:
- 15.12.1.** They must be approved in writing by HappyCo prior to duplication. A hard copy script must be submitted for approval.
 - 15.12.2.** The cover and/or label must identify the Partner who has recorded it and clearly indicate that he/she/it is an Independent Partner. A similar statement is necessary as an introduction at the beginning of the recording.
- 15.13. Retail Outlets.** HappyCo does not permit its products to be sold or displayed in most retail outlets. However, there are exceptions to this policy. Those retail exceptions are businesses that

operate “by appointment only” (i.e. beauty salons, tanning salons, doctors’ or chiropractors’ offices) and private clubs (i.e., figure salons and health clubs).

15.13.1. The following retail outlets are examples of those retail outlets that definitely cannot sell HappyCo’s products or display literature: health food stores, mall booths, and drug stores.

15.13.2. This policy does not prohibit any retail store owner from being a Partner for HappyCo.

15.13.3. The purpose of this policy is to protect both Partners and customers.

15.14. Fair & Trade Shows. Partners can promote HappyCo’s products at fairs and trade shows with conditions that the products are not shown or displayed with any other products that are sold via Network Marketing.

15.15. Partners may not sell, offer, barter or facilitate the sale of products or HappyCo Partner’s memberships on websites where an auction is the mode of selling/buying (including auction websites like Ebay or Amazon). A Partner may not employ or contract with others to violate this policy.

15.16. Telemarketing. Partners are individually responsible for understanding and following the applicable laws and regulations relating to telemarketing practices.

16. Legal relationship between HappyCo and the Partner

16.1. Partner agrees and confirms that he/she/it is a “independent distributor” of HappyCo and the Agreement does not create a franchise or an employer/employee relationship, any other kind of cooperation than the distribution agreement, power of attorney (or any other kind of legal representation), any agent agreement or cooperation (joint venture) agreement, any articles of association (in particular any contract of the civil partnership) and any consortium agreement.

16.2. Partner shall have no legal right or authority to bind HappyCo to any obligation or to make representations or warranties on behalf of HappyCo.

16.3. Partner shall be responsible for the filing of all necessary tax returns and paying all applicable taxes due in relation to the Partner’s business.

16.4. Partner has no authority to take any steps in any country or other political jurisdiction to introduce or further HappyCo’s business.

16.5. The provision of this Section survives the termination of the Agreement.

17. General provision

17.1. Substantial Law. This Agreement shall be governed by and construed in accordance with Swiss law. The topical headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of P&P relating to any topics are to be found in any particular Section.

If and for so long as any provision of this P&P shall be deemed to be judged invalid for any

reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of the Agreement, and any such invalid provision shall be deemed severed from the Agreement without affecting the validity of the balance of the Agreement.

- 17.2. Privacy Policy.** Information provided by a Partner shall be used for the purposes set out herein. No other use of the information shall be made.
- 17.3. Personal data:** HappyCo NET SAGL with headquarters in Lugano (Switzerland) is the Administrator of personal data, which is gathered by the application form. Gathering and processing personal data is done in order to supply services online, as well as for Partner's membership in HappyCo Program and settlements. Personal data is processed in accordance with legal rules and with the approval of a HappyCo Partner accordingly to the legal rules. HappyCo Partner gives his personal data to HappyCo voluntarily provided that he would not register in HappyCo and not get the gratification, such as commission or prize. 1. There is a possibility to delete personal data provided by HappyCo, especially in case of deleting the account of HappyCo's Partner. HappyCo can refuse deleting data if the Partner did not pay all the receivables to HappyCo or violated the rules, which means that keeping personal data is necessary to explain the circumstances and determine Partner's responsibility in that case.
- 17.4. Force Majeure.** HappyCo shall not be responsible for delays or failures in its performance of its obligations when performance is made impracticable due to circumstance beyond HappyCo's reasonable control, such as war, strikes, riots, fire, earthquake and natural disasters, curtailment of party's source of supply, or government decrees or orders.
- 17.5. Arbitration.** Any dispute, controversy or claim arising out of or in relation to this P&P, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The seat of the arbitration shall be in Lugano. The substantive law of Switzerland shall be applicable. The language to be used in the arbitral proceedings shall be English.