

**SUCCESS TRADING AND GENERAL MERCHANDISE, INCORPORATED  
COMPANY POLICIES (TERMS AND CONDITIONS, RULES AND REGULATIONS  
AND CODE OF CONDUCT AND ETHICAL STANDARDS)**

These are The Company policies, rules and regulations of Success Trading And General Merchandise, Incorporated. ("The Company") that would govern the transactions and any business dealings involving the products of The Company, by and among the members, Sales Affiliates, clients of The Company and such other related matters.

This Company Policy, Rules and Regulations (the "Company Policy") form an integral part of the contract of each Sales Affiliate with The Company. As such, each Sales Affiliate is expected to have read and understood the contents of this Company Policy. Further, each Sales Affiliate is required to familiarize himself with The Company Policy as part of his obligations as Sales Affiliate of The Company's products and the products of Official Partner Products and Services Providers.

Sales Affiliates are strictly required to observe the terms and conditions embodied in this Company Policy. Any violation of these rules would be meted with appropriate penalties, including automatic cancellation/termination/deactivation of accounts and/or membership depending on the gravity of the violation committed. Upon deactivation of the account, the Sales Affiliate shall be given a period of three (3) days to clarify in writing the issues pertaining to the ground/s for the cancellation/termination/deactivation. Sales Affiliate's failure to submit the required clarificatory letter shall be construed as waiver of his/her right to be heard that would merit the permanent cancellation/termination/ deactivation of his/her account/s or membership.

This Company Policy may be amended, updated, revised or modified anytime in whole or in part without need of consent of the Sales Affiliates.

## **PART I. COMPANY POLICY**

### **I. DEFINITION OF TERMS**

This definition of terms applies to all contractual arrangements between The Company and the Sales Affiliate as well as in the literature and other product promotional materials, unless the context otherwise requires, the following words or phrases shall have the meaning ascribed to them:

- "PV" – Point Value of the products
- "5th Pair" - Every 5th sales match will entitle a Sales Affiliate to Gift Certificate (GC) usable to purchase selected products from Official Partner Product And Service Providers.
- Official Partner Products And Services Providers – These include sister companies and other partner companies that provide products and services that may be sold or marketed

by the Company's Sales Affiliates. These include partner companies such as but not limited to Genius Creation Trading, Incorporated (doing business under the Trade Name Success Mall), John Calub Training International, Incorporated, et al.

- "Applicant" - A person who has expressed his intention to be a Sales Affiliate of the products and has filled-out and submitted the duly accomplished Online Application Form.
- "Online Application Form" – An online form provided by The Company to be filled out by interested Applicant
- "Business Center" - A venue where the Business Center Owner deals business transactions involving the products, including the holding of seminars, trainings and direct selling of the products
- "The Company" - Means Success Trading And General Merchandise, Incorporated.
- "Confidential Information" - Means all information, written or oral, furnished by The Company to the Sales Affiliate, whether such information is prepared by or obtained from the Parties, their clients, partners, advisors or otherwise, together with business plans, financial statements, analyses, compilations, Product literature, studies or other documents prepared by and/or received from The Company, its partners, agents, employees or representatives (including without limitation attorneys, accountants, analysts and product advisors) which contain or otherwise reflect such information
- "Crossline" – Any Activated/Registered Sales Affiliate of The Company that does not belong to your line of business, not being the Sales Affiliate's upline or downline and belongs to another team or organization other than the Sales Affiliate's original line of business.
- "Directly Sponsored Sales Affiliate" - a person directly invited by a sponsor to avail at least one product Kit offered by The Company to become a Sales Affiliate.
- "Success Community Online Dashboard" - This is the webpage where the Sales Affiliates may view, manage and monitor his account and its history and other account information.
- "Dormancy" – The process by which a Sales Affiliate voluntarily ceased to be active (i.e. no purchase of products; not allowed to conduct or attend company presentations, training and events; not allowed to visit the head office or any of its branches, business/training centers and the like) for a period of 180 days.
- "Downline" - a sponsored Sales Affiliate who eventually formed part of the network of the sponsor or upline, either directly sponsored by the latter or not.
- "Inactive Account(s)" – an account or accounts of a Sales Affiliate which has not been engaged in any sales activity (i.e. sponsoring new downlines or purchasing products) for an aggregate period of 180 days.
- "Joint Account(s)" – an account owned by two or more Sales Affiliates which shall only be eligible for cash incentives.
- "Monthly Sales Participation Point Value Maintenance" – The required monthly sales point value credited to a Sales Affiliate before he or she can be entitled to shared cashback

- "Business Center Owner" - a person contractually authorized by The Company to establish a Business Center for purposes of promoting and selling the products and conducting seminars and trainings thereat.
- "Sales Affiliate(s)" - a person who submitted an Application Form, which has been duly evaluated, determined by The Company to be qualified as a Sales Affiliate and whose application has been approved by The Company (which includes a Business Center Owner), while having the right to non-exclusively sell the products of the Official Partner Products And Services Providers. It is understood that he is not an agent, employee or legal representative of his/her Sponsor or The Company.
- "Sales Opportunity Seminar" - this is a seminar conducted by The Company, which is focused on how to get started. This includes the marketing/compensation plan presentation where the Product Kit, benefits, products and compensation plan are discussed.
- "Price"
  - a. "Sales Affiliate's Price" - Discounted price of products from Official Partner Products And Services Providers for which the Sales Affiliates are entitled to.
  - b. "Suggested Retail Price" - the selling price of products set for retail customers.
- "Product Kit" - this is a set of products from The Company that should be availed to become a Sales Affiliate of The Company. Products included in the Product Kit may vary quarterly or annually as part of promotional activities.
- "Products" - mean the items, merchandise and products produced (both manufactured or sold) and seminars and services under Official Partner Products And Services Providers such as Genius Creation Trading, Incorporated (going by the Trade Name "Success Mall") and such other products as may be introduced or produced by Official Partner Products And Services Providers from time to time.
- "Re-Entry Program" – the process by which a Sales Affiliate of The Company is given the clearance to transfer to any sponsor, group, or organization within The Company other than his original sponsor or line of business bounded by The Company policy. Re-entry program requires a Sales Affiliate to "purchase" a new Product Kit to signify entry and the latter may choose either to join in his previous line of business, sponsor, or upline or to a new sponsor, group or line of business provided that the line he will belong to does not have any waiting accounts or unpaired accounts under his new line of business, and the pending financial obligation from the previous line of business or direct sponsor have been met or satisfied.
- "Safety Net" - the safety measure in the Sales Match System, wherein a Sales Affiliate will only be paid for a maximum of three (3) sales matches per day. This mechanism is followed to balance the methods of earning through membership of new Sales Affiliates.
- "Sales Organization" - this consists of the Sales Affiliates' organization or Sales Group which includes the entirety of the Sales Affiliates' Downlines.
- "Sales Group" - a Sales Affiliate may have two (2) sales groups when he starts his network under one account; the left sales group and the right sales group. For each Sales Group, the Sales Affiliate may have as many Downlines as he can manage.

- "Sponsor" - a Sales Affiliate who introduces and registers a person to The Company, who eventually becomes a Sales Affiliate by virtue of The Company's acceptance of the Sales Affiliate's Online Application. Sponsors are commonly known as "Direct Uplines". A sponsor is responsible for training and supporting his Downlines in the conduct of business.
- "Unauthorized Re-sponsoring" - an act by a Sales Affiliate of transferring a person from one Sales Affiliate's Organization to another, which is strictly prohibited under this Policy.
- "Unauthorized Forms" – It is an act by which a Sales Affiliate misleads a potential Sales Affiliate in letting him apply in the Online Application form without clearly explaining the business model of The Company, as well as without clearly indicating the purpose of submission of the Online Application Form thereof. Every Sales Affiliate has the obligation to explain to the potential Sales Affiliate that affixing his submission of the Online Application Form would constitute that he would become the legal sponsored downline of the latter. Failure to do so will merit strict sanctions and penalties.

## **II. APPLICATION AS SALES AFFILIATE**

2.1 WHO MAY APPLY - Any natural person at least eighteen (18) years of age who has not been convicted of any crime involving moral turpitude may become a Sales Affiliate. Applicants below the age of eighteen (18) years old may be accepted provided their application are with the written consent of their parents. Any corporation, partnership or association, duly registered with the Securities and Exchange Commission (SEC) or its equivalent and legally authorized to do business in the Philippines may become a Sales Affiliate. In all instances, the Applicant must have capacity to enter into a contract in the Philippines and must comply with all the legal requirements under the Philippine laws.

2.2 APPLICATION PROCESS. To become a Sales Affiliate, the Applicant must follow the following procedure:

2.2.1 The Applicant must fill out the official Online Application Form of The Company. With respect to application forms of applicants below the age of 18 years old, the same shall be accompanied by a written consent form from their parents which shall be sent via email to The Company;

2.2.2 Once an Application form has been duly accomplished and signed, the applicant shall not be allowed to change his sponsor or choose another upline for a period of thirty (30) days notwithstanding the fact that no purchase of products or services from Official Partner Products And Services Providers has yet been made. After the lapse of said period, applicant may be allowed to change sponsorship provided no purchase has been made yet. The thirty-day-period prohibition shall be reckoned from the date appearing on the online application form as reflected in Success Community Online Dashboard of the Sales Affiliate or any supporting documents signifying the applicant's intention to be the under the sponsorship of the upline concerned, whichever comes first.

2.2.3 The Online Application Form will be evaluated by The Company;

2.2.4 The Applicant shall read in full and familiarize himself with the terms and conditions embodied in the Online Application Form and in this Policy and must put checkmark to signify his approval of this Company Policy together with the terms and conditions stated herein before proceeding with the online submission.

2.2.5 Once the Online Application Form has been accomplished and duly approved, the Applicant signifies his unconditional acceptance of and assent to the terms and conditions contained in the Online Application Form and this Policy. Direct sponsors are obliged to explain to their new downlines or members The Company policy substantially putting more emphasis on the prohibited acts and other salient provisions of the policy.

2.2.6 The Applicant becomes a full-fledged Sales Affiliate upon approval of his Application and completion of the foregoing procedure.

2.2.7 Number Of Sales Affiliates Accounts Allowed - Sales Affiliates shall only be allowed a maximum of one paid account per name without regard to whether the same is a promo or regular account and only after meeting the requirement of Ten (10) Sales Matches can he or she add another account of the same name under one of his or her downline. Using bogus names not similar to the full names reflected in the Sales Affiliate's Government Issued ID is strictly prohibited.

### **III. QUALIFICATIONS OF SALES AFFILIATES**

3.1 Husband and wife may become individual Sales Affiliates. However, they will automatically be considered as one entity and should register under the same group such that the husband or the wife can only be an upline or downline of his or her spouse. Legally married spouses may not engage in different Groups (Crosslining) in conducting the business.

3.2 In instances where the spouses have already been previously registered under different groups, each spouse is required to transfer to the Sales Group where the spouse who either first signed the application form or joined The Company belongs. The spouses shall be given a period of thirty (30) days to transfer. All commissions, benefits or privileges earned by the transferring account should be withdrawn within the said period prior to the approval of the transfer. Once transfer is approved, any commission, benefits or privileges owing to said account will be voided and forfeited in favor of The Company.

3.3 Pending transfer of the transferring spouse, he/she will not be permitted to have any pending downlines. Failure to transfer of one of the spouses within the period allowed shall give The Company the right to exercise its discretion to protect the interest of The Company.

3.4 The transfer contemplated under Section 3.2 above shall be completed upon the transferring spouse's purchase of another Product Kit from a Sponsor in a group where he/she will transfer.

3.5 The spouses shall not be allowed to register under Sponsors from different groups. Any downlines created in violation of this rule shall be forfeited.

3.6 Partnerships, corporations or associations duly organized and recognized under Philippine laws may become a Sales Affiliate. The said entities must submit a letter of intent to become a Sales Affiliate together with the appropriate Secretary's Certificate (for corporations) authorizing the filing of Application, designation of the authorized representative for purposes of such application and authorizing the submission of pertinent documents as may be required by The Company.

3.7 A Sales Affiliate who has been found guilty for violating Company Rules or Code of Ethical Standards and has been sanctioned by a penalty of "Termination of Account" will likewise be applied to his or her spouse, children and parents who are also Sales Affiliates.

#### **IV. PRIVILEGES OF SALES AFFILIATES**

4.1 As a Sales Affiliate of The Company products, the Sales Affiliate shall be authorized to engage into direct selling of the products of Official Partner Product And Service Providers.

4.2 As direct seller of the products, the Sales Affiliate shall be entitled to receive corresponding compensation, shared cashback, commissions and such other privileges as may be determined by The Company from time to time.

4.3 Privileges granted under this Section IV shall automatically cease to exist at the precise moment of the Sales Affiliate's termination or revocation of affiliation with The Company.

#### **V. SPONSORING**

5.1 Sponsors shall be responsible for their Direct Sales Affiliates. They shall ensure that their downlines are properly trained and familiar with The Company and its products, the terms and conditions of this Company Policy, The Company's Compensation Plan and his or her obligations, duties and responsibilities as Sales Affiliate, which includes, but not limited to the following:

- a. Ensuring that the downline attends the required trainings and seminars;
- b. Entertaining product inquiries and clarifications from the downline;
- c. Advising and guiding the downline in respect of the marketing and sales strategies;
- d. Updating and informing their downlines of new Company issuances and policies.

5.2 The Sponsor may extend his sponsoring activities to any country where The Company has presence subject to the approval of The Company. Sales Affiliates are allowed to purchase products from any Business Center.

## **VI. EXCLUSIVITY**

6.1 Sales Affiliates are prohibited from joining any other direct selling company, multi-level network marketing company, multi-level affiliate marketing company or engage in selling products that are similar to or in competition with the products and services of The Company's Official Product Provider Partners. This also applies to posting affiliate links, sign-up/registration links, event registration links of those companies selling products that are similar to or in competition with the products and services of The Company's Official Partner Products And Services Providers.

6.2 In the event that a Sales Affiliate is actively involved in a similar competing company, direct selling, or multi-level in nature, prior to the registration, he must show proof that he has nullified his involvement with these competing companies and is prohibited to entice or sponsor people from the latter. Failure to do so will merit applicable sanctions to protect The Company and its Sales Affiliates.

6.3 Commission or violation of any of the prohibited acts enumerated above shall merit proper sanctions, which may include, among others, outright termination of account.

## **VII. RELATIONSHIP AND REPRESENTATION**

7.1 The Sales Affiliates are considered independent contractor for all intents and purposes. It is understood that he is not an agent, employee or legal representative of his/her Sponsor or The Company. The Sales Affiliates shall not, in any manner, represent himself as such.

7.2 Has no power to bind The Company to any obligation and he shall be solely responsible for all applicable income, sales, social security or other applicable taxes, licenses and fees arising out of his activities as a Sales Affiliate.

## **VIII. MANAGEMENT OF ACCOUNT**

8.1 The Sales Affiliate shall be responsible for keeping the information in his accounts accurate. The Company has the right to terminate any account that is determined to contain inaccurate information.

8.2 The Sales Affiliate shall not employ any machination or manipulation, including but not limited to the use of dummies, in order to defeat the limitation set forth in Section 8.1 above.

Any violation of this provision shall give The Company the right to automatically cancel and terminate the Sales Affiliate's account.

8.3 Sales Affiliates whose accounts have been inactive for an aggregate period of six months (180 days) shall be temporarily put on “hold” by The Company’s computer system. To activate the said account, the Sales Affiliate will need to make a personal purchase from Official Partner Products And Services Providers that will earn at least 25 Monthly Sales Participation Point Value Maintenance.

8.4 Reselling of existing accounts to any person is strictly prohibited regardless of whether the transferee belongs to the same group, crossline, upline, downline, relative or a complete stranger.

8.5 Transferring and renaming of account may be accomplished under the following conditions: If the account holder requests to have his account transferred and renamed, either only to his or her Upline, Directly Sponsored Sales Affiliate or Direct Sponsor. A written letter of consent must be presented and submitted to The Company. This is subject to the approval of The Company and accompanying administration fees apply.

8.5.1 If the account holder is found to have committed violations in The Company policy, which prompted cancellation/termination of the account, The Company reserves the right either to transfer the account to the direct sponsor or account ownership of The Company.

8.6. Any account renamed and transferred to another Sales Affiliate will void all incentives (i.e. sales match points, gift incentives, cash incentives, shared cashback, commissions, privileges, and the like).

8.7 The Company may allow the transfer of registration by reason of the Sales Affiliate's death. The transfer shall take effect upon the request of the legal heirs of the Sales Affiliate subject to the application of Philippine law on succession. The following transfer procedure shall be observed in case of death of the Sales Affiliate:

8.7.1 The legal surviving spouse, any legitimate child, or illegitimate child in the absence of legitimate children, parent or sibling in that order, shall have one year from the date of the Sales Affiliate’s Death to notify The Company of such death;

8.7.2 The legal surviving spouse, any legitimate child, or illegitimate child in the absence of legitimate children, parent or sibling in that order, shall write a letter request for the transfer of registration of account of the deceased Sales Affiliate;



8.7.3 The letter-request shall be accompanied by certified true copy of death certificate, judicial or extra-judicial settlement of estate of the deceased Premiere Sales Affiliate, last will and testament (if the account is adjudicated in the will) and proof of relationship between the deceased Premiere Sales Affiliate and the legal heir;

8.7.4 The letter-request shall state in whose favor the account should be transferred;

8.7.5 The Company shall evaluate the request and may request for additional supporting documents to aid in processing the request;

8.7.6 The transferee shall step-in the rights of the deceased Sales Affiliate and assumes all his obligations as a Sales Affiliate. Any account transferred by reason of the Sales Affiliate's death shall not void the account's current income and incentives.

## **VII - A. JOINT ACCOUNTS**

Sales Affiliates are given the privilege and may opt to register a joint account with fellow Sales Affiliates to maximize their earning capacity which shall be subject to the following terms and conditions:

1. Account holders shall be required to submit a Memorandum of Agreement outlining the following;
  - a. Division of commission points earned
  - b. Provision for equal distribution of cash incentive
  - c. Other provisions they may deem appropriate
2. Joint accounts will only qualify for cash incentives.

## **IX. PROHIBITED ACTS**

9.1 CHANGE OF SPONSOR. Any Sales Affiliate is not allowed to change Sponsor under any circumstances. In such instances, The Company has no obligation to honor subsequent registrations and will consider only the first registration as a valid registration.

In the event that the potential Sales Affiliate is invited and has already signed an online application, even though that potential Sales Affiliate has not purchased a Product Kit that will satisfy completion of the online registration process, the online application form will be honored for a period of three (3) months, provided it does not fall under fraudulent acts whose aim is to let the potential Sales Affiliate sign the said application form known as "Unauthorized Online Registration", whereby a Sales Affiliate accomplished an online application without the consent of the actual person.

9.2 INVITATION TO TRANSFER. It is strictly prohibited to engage in any activity that involves the solicitation or invitation of, or otherwise motivating or encouraging any existing Sales Affiliates to transfer from one sales group to another in consideration of any kind of offer such as, but not limited to free slots, marketing support, financial support and others.

9.3 CROSSLINING. It is an act by which a registered Sales Affiliate of The Company engages in any business transaction or Sales Affiliate application with other sponsors or upline not from his original line of business or organization (i.e. registration of account under another upline or different line of business). In case of violation, the errant Sales Affiliate is required to terminate the subsequent account under the different line of business. He shall not be entitled to carry over any cash earnings, privileges or incentives earned from the account to be terminated.

SPONSORING ACTIVE MEMBERS. Sponsoring active Sales Affiliates from his own sales group or from other groups or crosslines constitutes "Unauthorized Re-sponsoring" and is strictly prohibited.

9.5 BONUS BUYING. Bonus buying is strictly prohibited. The following acts constitute bonus buying:

- a. Registration of certain individuals without his/or knowledge and/or accomplishment of Online Application Form without his/or consent.
- b. Fraudulent registration of any individual as a Sales Affiliate without purchasing any Product Kit and without the knowledge and consent of such individual.
- c. Registration or attempted registration of fictitious or non-existing individual(s) as Sales Affiliate for purposes of qualifying for bonus, commissions or to avail of any privileges or promotions.
- d. Any other ways or machinations by which strategic purchases are made to maximize commissions or bonuses when a Sales Affiliate does not have a bona-fide use for the products or product kits purchased.

9.6 Commission of any of the prohibited acts enumerated above shall merit proper sanctions, which may include, among others, outright termination of account.

## **X. INTELLECTUAL PROPERTY AND CONFIDENTIALITY AGREEMENT**

10.1 The Sales Affiliate recognizes that The Company is the exclusive owner of all The Company's Intellectual Property in the products and services. The Sales Affiliate shall not challenge Company's ownership of such Intellectual Property and shall not do any act that may have detrimental effect to The Company's Intellectual Property.

10.2 The Sales Affiliate undertakes not to use or disclose to any other person or entities any of The Company's Confidential Information and will use only such Confidential Information (as

defined in Section 1 hereof) in good faith and subject to any restrictions imposed by The Company as herein contained.

10.3 The Sales Affiliate's confidentiality undertaking under this Section shall survive the termination of the Sales Affiliate's account with The Company and shall remain in full force and effect perpetually.

## **XI. TERMINATION OF ACCOUNT**

11.1 The Sales Affiliate's authorization to sell the products and services of The Company's Official Partner Products And Services Providers and the Product Kits are granted perpetually unless terminated voluntarily or involuntarily.

11.2 The Sales Affiliate may voluntarily terminate his or her Sales Affiliateship upon his submission of written request withdrawing or pulling out his account from The Company. Termination under this clause is effective upon receipt of the written request or on the date stated in such written request.

11.3 The Company shall have the right to terminate the Sales Affiliate's account with The Company on the ground of violation of any provisions in this Company Policy, the terms and conditions embodied and posted in the official company website, global offices and official Online Application Form and The Company's Compensation Plan. Termination under this clause is effective upon the sending of the termination email of the Sales Affiliate from The Company or via posting on The Company's official social media account; and retroacts to the day of the commission of the offense;

11.4 Sales Affiliates, whose account has been terminated, whether voluntarily or involuntarily, are prohibited to engage into multi-level marketing, multi-level affiliate marketing or direct selling activities that offer products and services that are similar to or in competition with The Company's products within a period of one (1) year from the date of termination.

11.5 The Sales Affiliate may voluntarily terminate his account(s). In the event that the Sales Affiliate desires to become active again either from the same line of business, group, or upline or transfer to another sponsor, group, or line of business, the latter may do so provided that the conditions mentioned on the Re-Entry process are met.

## **XII. RE-ENTRY**

It is the process by which a Sales Affiliate of The Company is given the clearance to transfer to any sponsor, group, or organization within The Company other than his original sponsor or line of business bounded by The Company policy. Re-entry program requires a Sales Affiliate to "purchase" a new Product Kit to signify entry and the Sales Affiliate may choose either to join in his previous line of business, sponsor, or upline or to a new sponsor, group or line of business

provided that the line he will belong to does not have any waiting accounts or unpaired accounts under his new line of business, and the pending financial obligation from the previous line of business or direct sponsor have been met or satisfied.

The following is the process necessary to effect Re-Entry:

- The Sales Affiliate must submit a “voluntary termination of account for the purpose of Re-Entry” letter with intent stating the reasons for the said decision.
- The Company representative will explain the Re-Entry process to the Sales Affiliate, thereafter his direct sponsor will counsel the Sales Affiliate about the pros and cons of his decision.
- The Sales Affiliate concerned must secure the written consent of his direct sponsor.
- 100% of the outstanding debts on privileges and incentives accruing if any, which are supported by documents, must be fully paid.
- When reasons for voluntary termination of account is deemed valid, The Company will issue a clearance for termination of account indicating that the account(s) is immediately terminated and access to the said account is no longer possible.
- Once the period of Dormancy is properly observed, the said the Sales Affiliate shall observe a period of Dormancy (180 days) reckoned from the time The Company officially acknowledges termination of his/her account. The acknowledgement form shall indicate the start date and termination date of the dormancy period.
- Sales Affiliate can now apply for the “Re-entry” process.

### **XIII. FAITHFUL COMPLIANCE AND INDEMNITY UNDERTAKING**

13.1 The Sales Affiliate shall faithfully comply with The Company Policy, Compensation Plan, Terms and Conditions (i.e. embodied in the Online Application Form or posted in the global offices) and The Company's Code of Conduct and Ethical Standards. Any violation of any of such rules and regulations and terms and conditions shall be meted with appropriate sanctions at the sole discretion of The Company depending on the gravity of the violation.

13.2 The Sales Affiliate holds The Company free and harmless against any and all claims, demand, liability, loss, cost or expense including but not limited to legal fees, cost of suit that may arise from, relating to or in connection with the Sales Affiliate's conduct of business or transactions.

13.3 Any transaction entered into by the Sales Affiliate in violation of The Company Policy, Compensation Plan, Terms and Conditions embodied in the Online Application Form, Company's Code of Conduct and Ethical Standards, the Revised Penal Code of the Philippines, or any other existing Philippine laws, or as may be enacted hereafter, or laws of other territories where the Sales Affiliate transacted shall not bind The Company and shall be the sole obligation of the Sales Affiliate.

## **PART II. CODE OF CONDUCT AND ETHICAL STANDARDS**

**CANON 1. A Sales Affiliate shall remain Loyal to The Company.**

Being a Sales Affiliate with The Company goes with it the unbridled loyalty of its members not only to The Company but to its products and shall faithfully abide by this Company Policy and Code of Conduct and Ethical Standards, as may be revised or updated from time to time.

The Sales Affiliates shall not join, represent, associate, sponsor, recruit or conspire in any manner to the benefit of any company, group or association who are in competition with The Company, or commit any act that would be disadvantageous to The Company or any of the products and services provided by Official Partners.

The Company greatly values the loyalty and good faith of the Sales Affiliates to The Company's products and services provided by Official Partner Product And Service Providers. To protect and prevent The Company from any issues that will arise in the future that would be disadvantageous on The Company's part, the commission of any act mentioned above shall constitute unfaithfulness and disloyalty against The Company. This shall therefore be considered as GRAVE OFFENSES and is strictly prohibited by this Policy. In addition to the remedies provided by law, The Company shall have the right to automatically deactivate, cancel or terminate the account(s) or membership of any Sales Affiliate who violates this provision without need of notice.

**CANON 2. A Sales Affiliate shall protect The Company.**

It shall be the duty of the Sales Affiliate to protect The Company, its own Products and Services, Products and Services of Official Partner Products And Services Providers and Goodwill. As such, the Sales Affiliate shall not make any written statement or oral remarks that may discredit or disrepute The Company, its owners, its officers, directors and employees as well as its Official Partner Product And Service Providers. In addition to the remedies provided by law, The Company shall have the right to automatically deactivate, cancel or terminate the account/s or membership of any Sales Affiliate who violates this provision without need of notice.

Company reputation and goodwill are essential part of its business. To protect The Company's reputation and goodwill, issuing any statement, written or oral, especially those made in multi-media (including but not limited to television, radio, print, social media) that tends to defame, malign, discredit or disparage the products, The Company and its directors, stockholders, officers, employees, agents and other Sales Affiliates is strictly prohibited. This shall be considered as GRAVE OFFENSES to its extent and shall always be observed in good faith for the protection of The Company's reputation and goodwill.

In addition to the remedies provided by law, The Company shall have the right to automatically deactivate, cancel or terminate the account/s or membership of any Sales Affiliate who violates this provision without need of notice.

### CANON 3. A Sales Affiliate shall be Honest in All its Dealings

Sales Affiliates shall, at all times, observe decency and uphold high moral standards in its business dealings within The Company premises and in all its dealings relative to the products. Sales Affiliates/members are expected to conduct its business dealings with utmost professionalism. They shall not make any false statements, misrepresentation, exaggeration, disinformation, unrealistic and vain promises, or introduce products or services that are not among the offerings of The Company. Thus, this shall be considered as LIGHT OFFENSES but shall always be observed with utmost sincerity.

### CANON 4. A Sales Affiliate shall Treat Fellow Sales Affiliates with Respect, Fairness, Candor and Sincerity.

The Sales Affiliates/members shall, at all times, treat their fellow Sales Affiliates with highest degree of respect. The following acts, which are not mutually exclusive, shall be considered as GRAVE OFFENSES but shall always be observed with great integrity and are considered disrespectful act which are strictly prohibited:

1. Forging signature of another Sales Affiliate or making it appear that other Sales Affiliate has signed or drawn any document;
2. Claiming, reporting or representing that his fellow Sales Affiliate has participated or committed an act when he knew that the same is not true;
3. Attributing acts to his fellow Sales Affiliate when he knows the same to be untrue.
4. Making false statements in any written documents such as affidavits, contracts, letters, advertisement materials, etc.
5. Altering, modifying, changing or revising any document relative to the The Company or its Official Partners without the written consent of the author thereof.
6. Issuing any certification or document that contains false or inaccurate information.
7. Commission of any dishonest act in its dealings concerning the Product or The Company.

A Sales Affiliate shall not interfere with any business dealings of his fellow Sales Affiliates regardless of the relationship between him and the potential Sales Affiliate. Sales Affiliates shall not convince or encourage any person to change sponsorship when they have been previously recruited or invited or in the process of invitation, whether or not the potential Sales Affiliate has not signed the Online Application Form yet, nor purchase a Product Kit by other Sales Affiliates.

In the event that a potential Sales Affiliate has submitted an Online Application Form under a Direct Sponsor, the said Online Application Form shall only be valid for (30) thirty days, after which, he or she must submit another online application form and may be invited by a different Sales Affiliate.

In the event that the potential Sales Affiliate has an immediate family member (parents or siblings) other than a spouse that is a current Sales Affiliate of The Company, the person who invited the latter may opt to suggest where the potential Sales Affiliate may choose to register either from him or from his immediate family member (parents or siblings) giving the potential Sales Affiliate absolute initial right to choose a sponsor. In this way, future conflicts and fraudulent form or acts maybe minimized or eliminated.

The Company, in the exercise of its discretion, reserves its right to terminate/deactivate/cancel the membership and/or accounts of the Sales Affiliate for a violation of any provisions of this Company Policy.

The following penalties shall be imposed for every act committed by the Sales Affiliate that constitutes disrespect or dishonesty:

#### CANON 5. No Fraudulent Activities

The Company strictly prohibits any commission of fraudulent acts or false pretenses towards The Company itself, its products, fellow Sales Affiliates and the public in general. In addition to those provided by the Revised Penal Code, the following acts constitute fraudulent activities and shall be considered GRAVE OFFENSES unless otherwise stated:

1. Using fictitious name or dummy, or employing other means for purposes of advancing personal gains or benefit;

The fraudulent registration of accounts through the use of dummies is condemned to the highest extent possible and The Company greatly abhors resort to such, thus in order to prevent Sales Affiliates from committing the same, the following penalties shall be meted out to erring Sales Affiliates:

- a. Payment of damages in the standard amount of Two Hundred Fifty Thousand Pesos (Php250,000.00)
- b. Damages in the amount representing the number of accounts the erring Sales Affiliate was able to register under his sponsorship in breach of The Company policy against dummy accounts multiplied by 2,500 representing the commission earned per successful registration of new accounts (no. of accounts x 2,500).
- c. All accounts registered in violation of this prohibition under the sponsorship of the erring Sales Affiliate shall be transferred to the original line where said accounts should have been registered.

The damages mentioned above shall be payable in the following manner:

- d. The abovementioned amounts shall be deducted from the commissions he will be earning.
- e. Fifty (50%) from each commission earned will be deducted every encashment and credited as payment for the damages.
- f. These amounts shall be payable to the direct upline from the original line where said accounts should have been registered.

Notwithstanding the aforementioned penalties provided, the management shall have the sole and exclusive discretion to impose sanctions and other penalties it may deem appropriate with due regard to the peculiar circumstances of each case.

2. Issuing a worthless or bouncing check;
3. Incurring obligations, monetary or otherwise, and refusing to honor the same;
4. Failure to perform any of his obligations as Sales Affiliate to the prejudice of another person, The Company or his fellow Sales Affiliate;
5. Soliciting funds and/or investments from fellow Sales Affiliates or other persons not authorized by The Company;
6. Failure to remit any legitimate sales due to The Company;
7. Failure to deliver any product or service to any person;
8. Unauthorized re-sponsoring or transferring to other group except as may be authorized by The Company;
9. Giving gifts to any officer or employees of The Company with an aim of receiving a favor or benefit therefrom;
10. Altering, changing, modifying or changing the contents, size or composition of the Product Kit;
11. Direct selling any of the products of Official Partner Products And Services Providers in any medium (including but not limited to social media, kiosk, stores, market stand, bazaars, other online stores and the likes) at a price different from the one fixed by The Company, which is the SRP or below SRP (Suggested Retail Price); For those selling especially in social media, all Sales Affiliates of The Company who create and promote/sell products from this medium are required to post their Sales Affiliate I.D. number, and their complete name in their social media page, and for every post thereafter.

These shall be considered as GRAVE OFFENSES as this threatens not only the earning capacity of every Sales Affiliate but more importantly, poses a serious threat to the sustainability of the business endeavors of The Company. This shall always be observed in good faith for the protection and control of every Sales Affiliate and The Company. To dissuade the commission of this offense, the following penalties shall be meted out to Sales Affiliates who shall be found guilty of selling below the suggested retail price:

- a. First Offense – Suspension of account of erring Sales Affiliate for three (3) months
- b. Second Offense – Suspension for six months, resetting of account and zeroing out of sales match points and product point values already earned.
- c. Third Offense – Termination

Selling below Sales Affiliate's discounted price will be meted out with the following penalties:



- d. First Offense – Suspension of account for six months and zeroing of account
- e. Second Offense - Termination

A Sales Affiliate may give discounts to its customers, provided it is done discreetly through personal calls and private messages and not posting them publicly on social media or in any other means that may trigger unfair pricing.

12. Unauthorized Application Forms. It is an act by which a Sales Affiliate misleads a collection of payment using unofficial written or online forms;

13. Using of any funds duly issued by The Company for any other purpose other than for the purpose allotted, intended, and dictated by The Company. A Sales Affiliate must present proof that the amount was properly utilized. This shall be considered grave to its extent and is strictly prohibited by this Policy and will serve as the protection of The Company against dishonest utilization of its financial resources.

#### CANON 6. Penalties

The Company, in the exercise of its discretion, reserves its right to impose additional penalty against a Sales Affiliate for violation of any provisions of The Company Policy.

GRAVE OFFENSES are those in violation of The Company Policy, Terms and Conditions and Code of Conduct and Ethical Standards and shall therefore be merited the perpetual deactivation of ALL accounts of the errant Sales Affiliate with forfeiture of all remaining and future earnings, benefits and privileges in favor of The Company accruing from the date of commission of an act or violation.

### **PART III. MARKETING OR COMPENSATION PLAN**

#### Section 1. The Company Business

#### Section 2. How to Earn

2.1. Retailing - Sales Affiliates have the privilege of earning retail selling profit of the products to the customers through various channels such as person to person, agents, websites or social media sites, or by any other means as may be permitted in this Company Policy.

2.2. Direct Sales Commission - For every Product Kit sold to a sponsored Sales Affiliate, the Sponsor is entitled to receive Direct Sales Referral Commission points and Indirect Sales Commission points. For every Initiate Product Kit sold, the Sales Affiliate is entitled to Php 400.00 (Four Hundred Pesos) Direct Sales Referral Commission and Php 50.00 (Fifty Pesos) Indirect Sales Referral Commission up to 12 tiers/levels.

2.3. Sales Match Commission (Lower Cycle) - For every sale of Product Kit by the Sales Affiliate, he or she is entitled to 2,000 points. Every 2000 points from the Left Sales Group and the Right Sales Group is considered one (1) sales match. For every sale of a Product Kits by the Left Sales Group and Right Sales Group, he/she will be entitled to an equivalent of Php1,250.00 (One Thousand Two Hundred Fifty Pesos) Sales Match Commission plus a P750 Auto-Upgrade Privilege on the lower cycle (which cannot be withdrawn in cash but has a redeemable set of digital products and special Sales Affiliate privileges). Once the Auto-Upgrade totals to P15,000.00, the Sales Affiliate is automatically upgraded to the higher cycle which has corresponding increases in sales match commission. Also, every cycle upgrade (lower or higher cycle) registers 6,000 sales match points to the line of sponsorship. Once this cycle is completed, the cycle count goes back to zero.

2.4. Sales Match Commission (Higher Cycle) – Once the Sales Affiliate reaches 20 sales matches, he or she is automatically upgraded to the Higher Cycle privilege. In this cycle, the Sales Match Commission is upgraded to Php1,500.00 (One thousand five hundred pesos) per sales match plus an Auto-Upgrade Privilege of Php500.00 (five hundred pesos) per sales match for the first 20 Sales Matches achieved (which cannot be withdrawn in cash but has a redeemable set of digital products and special Sales Affiliate privileges). Under the Higher Cycle privilege, the 21<sup>st</sup> to 30<sup>th</sup> Sales Match Commission is now Php3,000.00 plus P500.00 Auto-Upgrade Privilege (which cannot be withdrawn in cash but has a redeemable set of digital products and special Sales Affiliate privileges). After the 30<sup>th</sup> Sales Match, the cycle count goes back to zero.

2.5. Unilevel Shared Cashback – A Sales Affiliate is entitled unilevel shared cashback whenever a downline purchases a product or service from the e-commerce website ([www.successsmall.shopping](http://www.successsmall.shopping)) of the Official Partner Product Provider Genius Creation Trading, Incorporated. Shared cashback is spread to 12 tiers/levels starting from the purchaser of the product or service. To be entitled to inilevel shared cashback, the Sales Affiliate must maintain a Monthly Sales Participation Point Value Maintenance equivalent to fifty (50) PV. Should there be a PV qualification promo announced by The Company for a certain period of the time, that will take effect only during the duration of the promo period. If the minimum Monthly Sales Participation Point Value Maintenance is not reached within the qualification month, the computer system of The Company will automatically apply compression to all unilevel shared cashback and only those in the line who passed the Monthly Sales Participation Point Value Maintenance will receive the unilevel shared cashback.

Cut-off for Unilevel Shared Cashback is 11:59 PM at the last day of the qualification month. Physical products ordered online must already be received and acknowledged by the purchaser without any complaints filed to be credited for Unilevel Cashback for the qualification month.

2.6 Gift Certificate (GC) – For every 5<sup>th</sup> Sales Match, a Sales Affiliate is entitled to a non-cash incentive in the form of a Gift Certificate (GC) credits. These GC credits can be redeemed for selected products and services from Official Partner Product And Service Providers. As an

added Safety Net of The Company, GC's have a total maximum redeemable amount every month of P3,000.00.

### Section 3. Schedule of Payment

Any earnings accruing to Sales Affiliates may be claimed in accordance with the following schedule:

Cut-Off Time for Sales Match Commission, Direct Referral Commission and Indirect Referral Commission: Every Wednesday, 11:59 Pm (Philippine Day and Time) and will be released Wednesday of the following week.

Unilevel Shared Cashback will be credited and available for withdrawal by Sales Affiliates at the 3rd Wednesday of the succeeding month after the cut-off month.

### Section 4. Promotions

All marketing promotions initiated by The Company are strictly non-transferrable and non-convertible into cash.

### Section 5. Cyber Policy

#### **I. Identify & Control:**

Sales Affiliates who create their own social media page for the purpose of marketing product and service of Official Partners or The Company's Compensation plan are required to indicate their "Primary account/ ID Number" on their page profile under the "About" category.

The "About" Category should always start with this statement:

**Official Sales Affiliate ID Number or Slot Code \_\_\_\_\_**

By Mandatory implementation and Posting of the Sales Affiliate's official ID no., it will be convenient for the management to track down Sales Affiliates activities and immediate actions can be taken once a valid complaint has been filed.

Sales Affiliates who failed to indicate their official Sales Affiliates ID Numbers in their respective social media page will be sanctioned accordingly and in accordance with the following procedural process imposed by the management:

1. The management will inform the errant Sales Affiliate, thru messenger or any other means of communications that their social media page needs to comply with the above mentioned requirement within twenty four (24) hours from notice.

2. In the event that the subject social media page would still not comply with the management's directives and remains to be active in social media, The Company, will send a final warning to the admin/ owner of that page informing them that will "Publicly" comment on their page the following statement:

THIS IS YOUR FINAL WARNING, YOU ARE REQUESTED TO SHOW/ DISPLAY YOUR OFFICIAL SALES AFFILIATE ID NUMBER UNDER YOUR PAGE PROFILE ON THE ABOUT SEGMENT" WITHIN THE NEXT 24 HOURS FROM POSTING, FAILURE TO DO SO WILL COMPEL THE COMPANY TO WARN YOUR CLIENTS FOR NOT IMPLEMENTING BASIC SOCIAL MEDIA GUIDELINES, AND MAY WARRANT FURTHER SANCTIONS RELATING TO ARTICLES VIOLATING COMPANY POLICIES."

3. After two consecutive warnings and with failure to comply, The Company will respond replying to comments with the following statement:

"WARNING! PLEASE BE ADVISED THAT THIS PAGE (name of page) HAS FAILED TO DISPLAY AN OFFICIAL SALES AFFILIATE ID NUMBER. A SALES AFFILIATE ID NUMBER INSURES THE PUBLIC THEIR SAFETY IN ONLINE DEALINGS WITH REGARDS TO SALES AFFILIATE'S ACTIVITIES. FOR YOUR SAFETY, WE ADVISE EVERYONE TO BE CAREFUL IN DEALING WITH CERTAIN FB PAGE THAT BEARS OUR OFFICIAL PARTNER'S PRODUCT OR SERVICES. SUCCESS TRADING AND GENERAL MERCHANDISE, INCORPORATED WILL NOT BE LIABLE IN ANY FRAUDULENT ACTIVITIES ENTERED BY INDIVIDUALS WHOSE PAGE DOES NOT INDICATE AN OFFICIAL SALES AFFILIATE ID NUMBER."

4. Once the admin/ owner of the page complies, The Company will remove the said comments from its queries.

## **II. First Reply Policy**

In order to prevent conflict among Sales Affiliates on whose prospect that inquired to whom belongs to, the one rule that must be observed at all times in Social Media platforms dealings is always the "First Reply Policy".

This means that the "First person" who the prospect inquired to and has "entertained or replied to the query" of that prospect, has the right to gain ownership in the dispute arising from the matter.

For safety, It is recommended for initial client contacts to provide immediately their official Sales Affiliate ID number, their name and mobile number and contact them directly to their provided Mobile Number or Private message chat box.

The conflicting parties must present digital (text/ live chat/ message format) or call logs to the ethics committee to validate the timeline for the First contact policy. Screen shots may be manipulated and will not be favored as evidence.

### **III. Applicable Company Policy Sanctions attributed to the dispute will be strictly enforced.**

#### **1. Fraudulent activities**

If it is proven that the disputed party has manipulated the prospect in any way resulting in the “Sudden change of mind” affecting the original transaction or engagement. Fraudulent activities include:

##### **a. Barging**

This refers to any Sales Affiliate who entertains or comments freely to somebody’s Social media page without consent or approval from the owner/ admin of the said page with the purpose of robbing the owner of the page of a possible prospect of future business client.

##### **b. Contact stealing/ Phishing**

This refers to an act committed by the disputed Sales Affiliate where he contacts the client thru private message with the purpose of stealing that client to transfer to the other party without the knowledge of the page owner/admin.

##### **c. Failure to Respect Fellow Sales Affiliate**

If it is proven that the disputed Sales Affiliate has exhibited acts damaging the credibility of the other party resulting in the change of mind of the prospect to shift to the disputed party.

If it is proven that the disputed Sales Affiliate has undermine the original dealings resulting in the willingness to transfer of the disputed prospect to the other party, either thru financial or network beneficial gain offers.

If it is proven that there is threat, blackmail or fear of any nature from the disputed party resulting in the sudden change of mind from the prospect.

The Company’s Social Media/ Cyber Policy may be edited at all times without the consent of its existing Sales Affiliates for the benefit of The Company, the Management and the welfare of its Sales Affiliates.

It is understood that Sales Affiliates are not employees, franchisees, parties to a joint-venture or business partners of The Company with regard to the application of existing taxation laws, rules, ordinances or regulations. Sales Affiliates shall strictly comply with existing national and local statutes, rules, ordinances or regulations relating to their business transactions and operations in their respective countries. Sales Affiliates shall be solely responsible for their own managerial decisions and expenditures as the timely payment of applicable taxes on their earnings.

Furthermore, all income presented in Part III (Marketing/Compensation Plan) hereof constitutes gross income and exclusive of tax. On each and every payment period, appropriate withholding taxes shall be deducted from any amount the Sales Affiliates is due to receive from The Company.

## **PART IV. THE PRODUCTS AND SERVICES**

### **Section 1. No Misrepresentation of Business**

The Sales Affiliates fully understand that The Company is NOT ENGAGED in an investment scheme. They shall not misrepresent to people that they will earn as INVESTORS just by investing their fund with The Company and earn an interest without need of doing anything other than placing their money as investment with The Company.

Any person who shall commit an act in the immediately preceding paragraph, directly or indirectly, will be dealt with severely, which, but not limited to outright cancellation of ALL accounts of the errant Sales Affiliates with forfeiture of any monetary entitlements already earned and damages.

The Company shall not be liable for any transaction entered into by any person in violation of this Section.

### **Section 2. Product Sales**

Monthly Sales Participation Point Value Maintenance Maintenance – Sales Affiliates shall at least maintain monthly fifty (50) Monthly Sales Participation Point Value Maintenance

### **Section3. Product And Services Purchases Policy**

- All Sales Affiliate shall be covered by the separate Terms And Conditions of The Company's Official Partner Products And Services Providers.

### **Section 4. Advertising and Use of Intellectual Property Rights**

4.1 The Company's name, logos, trademarks and copyrights are exclusively owned by Success Trading and General Merchandise, Incorporated (the "Company"). Sales Affiliates shall not use in advertising, promoting or describing the products or Marketing/Compensation Plan of The Company any written, printed, recorded or any other material bearing the intellectual properties of The Company, without the prior written consent of The Company.

4.2 The Sales Affiliates shall not make any claim or representation, verbal or otherwise, as to the products and services of the Official Products and Services Providers as well as any therapeutic or curative properties, unless otherwise provided in the official literature of the products and services.

4.3 Sales Affiliates shall not use any media (radio, television, print, billboard, and social media) advertising that are not approved by The Company or without the prior written approval of The Company.

4.4 Creating a website or social media page with the intention of making it appear that the same is the official website or social media page(s) of The Company is strictly prohibited and Sales Affiliate may be subject to immediate termination of Sales Affiliate account and zeroing of all commissions and incentives.

#### Section 5. Fairs and Trade Shows

Sales Affiliates may join fairs and trade shows showcasing the Official Partners products and services, provided that the products are not be mixed, sold and displayed together with any other products, specifically those products that are also sold through other multi-level marketing or direct-selling companies.

#### Section 6. General Provisions

6.1 The Company reserves the right to make waivers and exceptions to the application of this Policy as it may deem proper. Failure or delay by The Company in enforcing any of the provisions in this Policy shall not constitute a waiver of the Sales Affiliates rights as to those provisions or any other provisions hereof.

6.3 Laws of the Republic of the Philippines shall govern this Policy.

Should any part of this Policy be considered in contradiction with any existing laws, it shall not render the rest of this Policy null and void.