

## Regulation of the Metalubs Career System (Annex to the Members Contract)

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Metalubs SRL (hereinafter Administrator), coordinates the activities of the Metalubs Distribution Network (hereinafter MDN) and the members of the network (hereinafter Members).

Metalubs SRL -as the only distributor of the Metalubs products- aims to provide the MDN Members with the necessary products and coordination to the extent of its possibilities.

### **1. Generalities**

#### **1.1 Terms of the legal relationship:**

Any person over the age of 18, or any legal entity can become an MDN member, with the condition of signing an MDN Member Contract. A person or legal entity can only sign a contract once.

#### **1.2. Collaboration:**

The members work individually (on their own risk and expense), not having obligations regarding the distribution or the organization of networks, but always without damaging MDN interests.

The members do not have geographical limitations in their activities, if MDN does not have exclusive contracts in the countries where it operates. Members have the obligation to respect the laws of the country in which they operate, and are legally responsible for their actions.

#### **1.3. The territories of the network construction:**

Members can construct international distribution networks, and the Administrator – based on invoice will pay the commission for their activity according to the laws of the country. Members have the right to distribute the MDN products in any country in which there is no designated importer, and if there is one he will refer the buyers to them. All the sales will be registered on the code of the member who generated the sale.

#### **1.4. Legal statements, acts and representation:**

Regarding the commercial and transport contracts, the Members do not have the right to issue acts and statements in the name of MDN. Only the Administrator has the right to issue legal acts and statements. By signing the contract the members agree **not** to use MDN for selling other products or other activities. The internal information will be treated with discretion and cannot be shared with competitors or other companies. Members are not allowed to use on their business cards or advertisements the next formats: general representative, territorial representative etc. The title used will be the one achieved within the network (member, junior member, advanced member, leader etc.) If a member wishes to take part in a conference or specialty fair the Administrator must be notified through the Leader. This also applies in case of commercials on TV or radio.

**When promoting the MDN products in any sort of commercial or special offer regardless of the medium the minimum price displayed must be at least the recommended one. Disregarding this will result in the termination of the member's contract.**

#### **1.5 Conditions of the contracts termination:**

Associating with MDN can be done by an individual person or legal entity.

By signing the contract individual persons also accept that they will only buy Metalubs products for their personal use, not for reselling them, however they can develop member networks. Members can only commercialize product respecting the laws of the country they operate in.

The conditions of signing a contract are as follows:

-Filling out a contract with all the data of the new member on [www.metalubs.com](http://www.metalubs.com) or filling out a form;

-Purchasing the Partner set which contains: any combination of products that amount up to 65 points at the recommended price, a MDN member's tax for a year. The code on the contract will be the registration code of the new Member;

-Recommendation from a registered Member, the sponsor, the signature and data of the sponsor on the contract

#### **1.6. Transferring the Member rights:**

In case of selling of a company the right is continued. Membership can not be sold. Member rights can be transmitted to companies founded by a Member. A member can request in writing a change of name. A Member can also assign a representative. The Member rights can be inherited. If a deceased Member does not have a successor the right cease at the end of the month. The network will be merged to the level above.

#### **1.7. Notice period:**

In case of termination of the contract between the parties the notice period is 30 days, the notice must include a written motivation. The Administrator has the right to terminate a contract immediately in the following cases: serious violation of the regulation by the Member, harming of the interest of the MDN in any way, commercializing the products with lower prices then the one set in the Price List and other condition mentioned in 1.8.

#### **1.8. The validity period of the Partners Contract**

The contract expires at the end of year following the one in which the contract was signed. The condition of extension is the accumulation of at least 65 points a year. Personal purchases and new members contract signings count toward the points. The contract is terminated if the Member fails to accumulate 65 points in a one year period. following the termination of a membership the status can be regained only by signing a new contract on the same Sponsor line, with all conditions of point 1.7. In this case the Member will receive a new registration number and can restart the network building process. One year after the termination of the contract it is possible to register on another Sponsor line.

#### **1.9. Professional training and other events provided by MDN:**

For the members: all the events and training organized by MDN, free or paid.

Invitation only:

-Special training and events

Expenses of travel, special solicitation (food, drinks etc.) and other services not included in the program will be covered by the Members.

## **2. Career**

### **2.1 Positioning and remuneration:**

Positioning is done exclusively based on the Members realizations, taking in consideration the accomplishments of the Members introduced in the system. Achievements of the member are expressed in accumulated point.

Method of calculation: the points accumulated by the direct members of the personal network added to the personal points. The points are contained in the Pricelist released by the Administrator. The values from the the Pricelist are valid instantly.

Until and including Senior Member status at every start of a month the points are added to the ones of the previous one, realizing a continual accumulation without the possibility of cancellation. Starting from the Leader level the existing points are added from the network and the personal realizations calculating from zero each month.

In case of termination of the Contract, the members of the personal network are connected to the upper level of the respective network. Changes in the level cannot be made in the course of the month, the qualifications being made at the end of the previous one. The commission of the members will be calculated based on the available Career table.

## 2.2 Promotion possibilities:

The Career Table contains 9 categories. The conditions for each one are as follows:

Level 1-5:

- become Junior Member -automatically all individual persons and legal entities as soon as they enter legal relation as a MDN member
- become Advanced Member -accumulate 500 points
- become Senior Member -accumulate 1.000 points
- obtaining Leader status -over 3.500 points/month and 3 Senior Members/month from the private network, these from the same or different Sponsor line. Leaders can use their title officially (business cards, stamp etc.)
- Bronze Leader -5.000 points are necessary/month and 3 Leaders/month from personal network, these can be from different or the same Sponsor lines. Bronze Leaders have the right to use their title officially (business cards, stamps etc.)
- Silver Leader -15.000 points are necessary/month and 3 Bronze Leaders from personal network, these can be from different or the same Sponsor lines. Silver Leaders have the right to use their title officially (business cards, stamps etc.)
- Gold Leader -50.000 points are necessary/month and at least 9 members of at least Bronze Leader rank/month from personal network, these can be from different or the same Sponsor lines. Gold Leaders have the right to use their title officially (business cards, stamps etc.)
- Platinum Leader -150.000 points are necessary/month and at least 15 members of at least Bronze Leader rank + one Gold Leader rank/month from personal network, these can be from different or the same Sponsor lines. Platinum Leaders have the right to use their title officially (business cards, stamps etc.)
- Diamond Leader -500.000 points are necessary/month and at least 21 members of at least Bronze Leader rank + 3 Gold Leader rank/month from personal network, these can be from different or the same Sponsor lines. Diamond Leaders have the right to use their title officially (business cards, stamps etc.)

For the ranks that require owning of specific structures (Leaders), the qualified Members don't necessarily have to be in direct contact with their sponsors, they can be on the same or different lines.

Advancing from one rank to another happens at the end of month closing. Qualification of the Members starting from the Leader rank are done depending on the realization of the respective month and is not influenced by the realization of the previous months.

## 2.3 The members have the following rights:

Procurement of the Metalubs products at a reduced price, addition of new Members, receiving payments according to their rank achieved, in conformity with the legislation referring to the natural persons and legal entities; and benefiting from seminars and training.

In case of termination of Members Contract of a direct contact the network part can be annexed to the personal network. Active members have a right and interest to support the members of their own network by forwarding any information promptly and accurately.

Members will work on their own initiative, on their own expense and risk. By signing the Members Contract they agree to abide to the legislation and regulation of the country in which they operate and assume all responsibility (financial and legal) for their activity within the MDN.

## 2.4. The income of a member has the following components:

a. In the case of direct purchase: the difference between the recommended price and the members price and the commission for direct sale, corresponding to the category;

b. The income after turnover introduced into the system by the member, earning from the difference from the categories between Members and their partners (if there is any) according to the Table of Career.

c. Commission after the new Members introduced by the sponsor Members, meaning the difference of level between their own rank and the Junior + the difference of recommended price and the partner price.

The commission from the network is calculated monthly according to the groups turnover. The commission is paid according to the rank difference within the members of a network. If the ranks are equal there is no commission (ex. Silver Leaders commission after a Silver Leader in the structure is 0%).

The commission earned from a network developed in a foreign country is calculated based on the Career Table in the respective country and to the currency exchange value at the moment of the data processing.

### **2.5 Condition of calculation of the Partners bonus:**

Every partner has the right to receive a monthly commission displayed on [www.metalubs.com](http://www.metalubs.com).

At the Leader levels the commission is calculated based on the Career Table of the respective months:

Depending on the results achieved the Members benefit from the following monetary rewards:

-Advanced Members: 5% after the personal sales and 5% if there is a difference of level between the networks members;

-Senior Members: 10% after personal sales and the difference of level between network members;

-Leader level: 15% from personal sales and the level difference between the personal network members;

-Bronze Leader level: 20% from personal sales and the difference between the personal network members level;

-Silver Leader level: 25% from personal sales and the difference between the personal network members level;

-Gold Leader level: 30% from personal sales and the difference between the personal network members level;

-Platinum Leader level: 35% from personal sales and the difference between the personal network members level;

-Diamond Leader level: 40% from personal sales and the difference between the personal network members level;

The earnings are not affected by inflation. The Administrator has the right to give additional rewards not specified in the contract. Paying the taxes after the commission is the Members responsibility; the Administrator pays the commission for the invoices issued by the Members.

### **3. Evaluation and discount:**

Every month the members can check on [www.metalubs.com](http://www.metalubs.com) the commission to be received for their turnover generated from previous closed months, and for the current month (informative) which can be received from the 6th of the next month.

The payments are done according to the invoices of the Member, respecting the financial and accounting laws.

Individual persons can choose to use the commission as discount from their personal orders. In this case the discount can't be more than 50% of the total price with VAT. The points from the discounted products will be counted the same as for the ones without discount. The products eligible for discount are all that are on the recent price list.

Any complaint regarding the discounts can be submitted in writing to the Administrator. The Administrator will have a written response to all complaints.

In the case in which a Partner quits his/her network is connected the his/her sponsor.

#### **4. Liabilities:**

Metalubs SRL. guaranties the quality of METALUBS products. The condition of this is the precise information of the consumer about the correct use and the addition of instructions with the products in the official language. If this condition is not met Metalubs SRL. does not assume responsibility for any damages resulted from improper use. In such a case the Member is responsible.

The Regulation of the Metalubs Career system is an integral part of the Members Contract. The Administrator reserves the right to change the Regulation of the Metalubs Career system to improve the MDN in the case of changes in administrative laws and regulations.

Covasna, 01.06.2016.

Metalubs Distribution Network

#### Ethical Code of the Metalubs Distribution Network

The ethical code is an addition to the Collaboration regulation, but does not contain the laws referring to the functioning of the Distribution Network.

1. The ethical code is a guide to be followed by Members in every activity and conduct to assure the long term results and benefit of the Network.
2. The offers of the network can only be promoted by Partners who have an adequate understanding of it.
3. The Partners are responsible for preparing for the business discussions and setting their goals, and presenting the exact condition of purchase and partnership.
4. The Partners strive to improve the image of the company and abstain from making any promises that do not fit the regulations and annexed conditions.
5. The partners act in their and the networks best interest.
6. The partner strives to obtain all information and guides available.
7. The partner strives to transmit all information to his buyers and colleagues.
8. The partner behaves and dresses respectably when conducting business.
9. The partner strives for efficiency and stability according to the achieved level.
10. Through his activity the partner strives to be confident and prepares his colleagues for the same.
11. The partner is knowledgeable and has understanding of the products and their effects.
12. The partners acknowledge that they can only be effective as part of a single MLM system.