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# **I-FERN Corporation**

Principles  
Policies &  
Procedures  
**2014**

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TABLE OF CONTENTS			
BOOK 1			
SUBJECT		PAGE	
I	Short Title	5	
II	Declaration of Basic Principles	6	
III	Purpose	7	
IV	Definitions	8	
V	Distributorship Program (DP)	11	
	A	<i>Essential Requirements to become a Distributor</i>	11
	B	<i>Distributor as Independent Contractor of the Company</i>	12
	C	<i>Cancellation of Distributorship</i>	12
	D	<i>Product Return Policy</i>	13
	E	<i>Change in Status of Distributor-Juridical Entity</i>	13
	F	<i>Sponsor Identification</i>	14
	G	<i>Preferred Customers-Distributors</i>	14
	H	<i>Inactive Distributor</i>	14
VI	Distributor's Rights and Obligations	15	
	A	<i>Non-exclusivity</i>	15
	B	<i>Right to Sponsor</i>	15
	C	<i>Right to Purchase at Discounted Prices</i>	15
	D	<i>Distributor Transactions</i>	16
	E	<i>Obligation to Promote Sales</i>	16
	F	<i>Obligation to Develop Sponsored Distributors / Downline</i>	17
	G	<i>Other Rights and Obligations of a Distributor</i>	17
	H	<i>Limitations</i>	18
VII	Transfer of Distributorship	19	

	A	<i>Acquisition of Distributorship</i>	19
	B	<i>Transfer of Distributorship through Laws on Succession</i>	20
	C	<i>Full Payment of Products and Other Conditions</i>	20
	D	<i>Prohibited Transfers</i>	20
	E	<i>Changes in the Data Submitted by the Distributor</i>	21
VIII	Company Products		22
	A	<i>Product Shipping and Handling</i>	22
	B	<i>Back Order Policy</i>	22
IX	Taxes		23
X	Commission and Bonuses		24
	A	<i>Qualifications</i>	24
	B	<i>Commission Period</i>	24
	C	<i>Adjustments to Commissions, Bonuses</i>	25
	D	<i>Payment of Commission</i>	25
XI	Devolution		26
	A	<i>Death</i>	26
	B	<i>Dissolution of a Corporation/Partnership-Distributor</i>	26
	C	<i>Marriage, Divorce, Legal Separation among Distributors</i>	27
XII	Suspension / Termination and their Effects		28
	A	<i>Suspension / Termination Processes</i>	28
	B	<i>Effects of Suspension</i>	29
	C	<i>Effects of Termination</i>	29
XIII	Grievances and Appeals		31
	A	<i>Mediation</i>	31
	B	<i>Grievances Procedure</i>	31
	C	<i>Appeal</i>	32
XIV	Reapplication of Distributorship		33

TABLE OF CONTENTS		
BOOK 2		
	SUBJECT	PAGE
XV	Promotion of Distributor's Business	34
	A Title of Distributor	34
	B Official Company Marketing Collaterals	34
	C Stationery and Business Cards	34
	D Personal Website of Distributor(s)	34
	E Electronic and Digital Applications	35
	F Media Relations	35
XVI	Proprietary Information	36
	A Confidential Information	36
	B Intellectual Property Rights	36
	C Business Relationships of the Company	37
	D Company-Issued Information	37
	E Independent Communication	37
XVII	Guidelines and Related Matters	38
	A Crosslining	38
	B Loyalty to the Program	38
	C Breach of Security	39
	D Legal Compliance	39
	E Other Guidelines	39
XVIII	Legal Conformity	42
XIX	Indemnity Agreement	43
XX	General Provisions	44
	A Company's Employee Prohibition	44
	B Limited Liability	45

	C	<i>Force Majeure</i>	45
	D	<i>Violations</i>	45
	E	<i>Amendments to the Code</i>	46
	F	<i>Non-Waiver Provision</i>	47
	G	<i>Governing Law</i>	47
	H	<i>Entire Agreement</i>	47
	I	<i>Severability</i>	47
	J	<i>Notices and Communications</i>	48
	K	<i>Headings and Table of Contents</i>	48
XXI	Applications		49

**BOOK 1**

**I. SHORT TITLE**

This Code shall be known as the “Principles, Policies and Procedures for Distributors of I-FERN Corporation” (herein referred to as the P&P).

## II. DECLARATION OF BASIC PRINCIPLE

To clearly define the relationship that exists between Distributors and I-FERN Corporation and to explicitly set a standard for an incomparable and principled business conduct, I-FERN Corporation has established this Code.

The I-FERN Corporation Code has for its foundation the principles of prosperity, integrity, hard work, teamwork, and innovation – among others. The Company affirms the fact that the success of the Company and its Distributors is entrenched in these noble principles.

I-FERN Distributors are required to comply with all the Terms and Conditions set forth in this Code in order to maximize the potentials of doing the I-FERN Business.

For the benefit of the Distributors, I-FERN Corporation at its sole discretion, may amend from time to time the contents of this Code.

### III. PURPOSE

The Principles, Policies and Procedures (“P&P”) shall detail the rights and obligations between I-FERN Corporation (“Company”) and its duly approved distributors (“Distributors”). It shall also govern the contractual relations between the Company and the Distributors. Pertinent documents such as the electronic Distributor Application Form (DAF) and the Compensation Plan shall be indispensable tools in the appreciation of the P&P.

**IV. DEFINITIONS**

- A. “**Anniversary Date**” means the anniversary of the date on which a person or a juridical entity was accepted by the Company as its Distributor.
- B. “**Annual Administration Fee**” means the non-refundable fee paid annually to the Company to maintain the Distributor’s replicated website relating to the Distributorship Program.
- C. “**Business Account**” or **BA** means a transaction record maintained by the Company for each Distributor in its system.
- D. “**Business Center**” or “**BC**” means a Distributor authorized to purchase and supply Company’s products to servicing leaders that falls within its defined area of coverage. BCs are also allowed to engage in the supply and distribution of the Company’s Products to other Distributors and customers which includes:
  - a) Location where the trade/business of the Company is conducted;
  - b) Proprietorship of a “Center” or a “Shop” that adhered to all BC requirements; and
  - c) Includes a specific territorial coverage.
- E. “**Company**” means the Corporation or I-FERN Corporation.
- F. “**Compensation Plan**” means the Company Marketing and Compensation Plan.
- G. “**Compensation Summary**” means a system generated statement or report listing the value of commissions and/or bonuses said Distributor has earned within the relevant period.
- H. “**Customer**” means a person that is not a Distributor but a person who purchases Products from a Distributor.
- I. “**Distributor**” means an independent distributor of the Company, whether a person or juridical entity, admitted through the procedure set forth in the P&P. The Distributor may also be classified further as (a) Servicing Leader; (b) Business Center; or, (c) Country Licensee. For purposes of uniformity, the term “Distributor” shall be used in this Code to pertain to both an “individual person” and “juridical entity” unless differentiation is stated otherwise.

- J. “**Distributor Identification Number**” or **DIN** means the unique number assigned by the Company to each Distributor given on the date said Distributor is accepted by the Company into the Distributorship Program.
- K. “**Distributorship**” means the sum of his interests as a participant in the Distributorship Program.
- L. “**Distributorship Agreement**” means the completed Distributors Application Form (DAF), as posted in the Company’s official website, submitted to and thereafter accepted by the Company.
- M. “**Distributorship Kit**” means the basic business tools sold by the Company to a Distributor.
- N. “**Distributorship Package**” means a package purchased by a Distributor upon entering the Company’s Distributorship Program, which includes the Products and business tools of the Company.
- O. “**Distributorship Program**” or “**DP**” means the relevant program instituted by the Company in which a Distributor may apply and thereafter participate in order to do business with the Company.
- P. “**Downline**” means the Customers/Distributors below a specific Distributor in his Genealogy.
- Q. “**Extension Account**” means an additional business account registered under a Distributor’s Primary BA.
- R. “**Genealogy**” refers to the relationship among Distributors or the relative positions of Distributors in the Company’s database.
- S. “**Home Office**” means the registered business address of the Company.
- T. “**Inactive Distributor**” means a Distributor who fails to personally sponsor at least one (1) new distributor and failure to fulfill his minimum Point Value (PV) monthly maintenance within a period of six (6) months.
- U. “**Licensee Program**” means the principal instrument for the wider international participation in the Global Prosperity Program of the Company; likewise, it is the platform for country-based business operations outside the Philippine territory. This is also known as the “Country Licensee Program”.

- V. **“Placement”** means pertains to the specific Distributor’s position in the MLM hierarchy.
- W. **“P&P”** means this herein instrument, setting forth the policies and procedures governing the relationship between the Company and its Distributors.
- X. **“Preferred Customer”** means one of the Distributor’s customers who is enrolled in I-FERN’s database and entitled to certain product discounts.
- Y. **“Primary BA”** means the first business account a Distributor is given upon his acceptance as a Distributor of the Company.
- Z. **“Product”** or **“Products”** means products and services provided by the Company through its Distributors.
- AA. **“Servicing Leader”** means a Distributor authorized and engaged in the supply, purchase, and distribution of the Company’s Products to other Distributors and customers.
- BB. **“Sponsor”** means a Distributor who has endorsed any person or juridical entity, and who has registered as a distributor.
- CC. **“Upline”** means the Distributors who are above a particular Distributor in the MLM hierarchy.
- DD. **“70% Rule”** means, in essence, it is an agreement by which the Distributor is required by the Company to procure orders for inventory only when they have disgorge themselves of at least 70 percent of previously purchased inventory. Distributors should not reorder unless product, which has been previously purchased, has been passed on to the ultimate users.

**V. DISTRIBUTORSHIP PROGRAM (DP)****A. Essential Requirements to become a Distributor**

**Person.** A person desiring to become a Distributor must meet the following requirements:

1. On the date of application, must be of legal age or the age of majority pursuant to the relevant laws in the state, territory or country of domicile.
2. Must be endorsed or sponsored by a Distributor of good and active standing.
3. A person desiring to become a Distributor shall not use a false or a fictitious /assumed name in the DAF. This rule shall apply during transactions between the Distributor and the Company, with any third person, or other Distributors.
4. Must have submitted with the Company a completed DAF, supplying true and accurate information. Should the Company discover any falsity or deliberate inaccuracy to any information deemed material in the DAF, the Company may invalidate and reject the distributorship application.
5. Must purchase a Membership Package from any of the Membership Packages offered by the Company at the time of the application.

**Juridical Entity.** A corporation, partnership (formal or informal), and other juridical entity may also register as a Distributor by accomplishing the provisions stated in Numbers 2 to 5 of the above mentioned. The juridical entity must state the name authorized to receive commissions, benefits, and/ or bonuses. The Company may modify / revise these requirements in the DAF from time to time and/or from country to country.

Acceptance as Distributor shall be communicated by the Company to the person / juridical entity through an electronic notice (1) welcoming said person / juridical entity as Distributor participating in the DP; and, (2) indicating his / its Distributor Identification Number (DIN).

The DIN shall be non-transferrable and shall be used by the Distributor in all his / its orders and correspondences with the Company.

**B. Distributor as Independent Contractor of the Company**

1. The Distributor is considered an independent contractor of the Company; and shall not, at any time or under any circumstances, be considered an employee, partner or an agent of the Company.
  - 1.1 The Company shall not provide the Distributor any rights, benefits or entitlements accorded I-FERN Corporation employees under relevant labor laws.
  - 1.2 The Company shall not be liable to any claims (based on law or contract) against the Distributor instituted by any person contracted by the latter as his employee, franchisee, partner, agent, or any person contracted by him in his own independent capacity.
2. Any costs incurred by a Distributor pursuant to growing or developing his participation under the DP shall be for his own account and shall not be charged to the Company.

**C. Cancellation of Distributorship**

**General Rule.** A Distributor may withdraw from the DP, subject to the following provisions:

1. Distributorship existence not exceeding thirty (30) days. The Company may, at its own exclusive election, reacquire any Distributorship Package and/or Distributorship Kit from any Distributor desiring to withdraw from the DP. Should the Company decide to do so, the Company shall apply the reacquisition price, minus applicable fees and other deductibles.

The Distributor is required by the Company to perform the following:

- 1.1 The Distributor must submit a duly completed Request Form (in printed form or via electronic mail). The Request Form shall be available through the Company's official website.
- 1.2 After evaluation of the submitted Request Form, the Company may require the Distributor to transmit to the Home Office, at the Distributor's sole cost and risk, the Distributorship Package and/or Distributor Kit sought by the Distributor to be returned. The transmitted item shall be evaluated in order to determine the value of the possible refund being sought.

2. Distributorship exceeds thirty (30) days, counting from the date of its acceptance by the Company. A Distributor may withdraw from the DP; provided, that he issues to the Company prior written notice of his intent to withdraw from the DP at least thirty (30) days from the date the withdrawal should take effect.

The Distributor shall also perform the necessary requirement stated under Article V, Provision C, Section 1, Paragraph 1.1.

3. Any refund being sought shall be subject to applicable dues, Administration Fee, and other charges that may apply pursuant to relevant rules and regulations of I-FERN; such as but not limited to Re-Stocking Fee and Handling Charges.

#### D. Product Return Policy

**Manufacturing Defect of Products.** For purposes of this policy, manufacturing defect pertains to any damages to the product(s) inside the sealed package or container, which cannot be possibly seen upon receipt of the items delivered.

The Distributor may return the item to the Main Office of the Company within twenty (20) days upon receipt of the product, subject to the following mandatory requirements:

1. The Distributor must submit a duly completed Request Form (in printed form or via electronic mail), specifying therein the reason for the return. The Request Form shall be available through the Company's official website.
2. The company shall evaluate the returned items in order to determine the cause of the said defect. Once the Company determines that the return is valid, the Company at its sole discretion may replace the items returned.

#### E. Change in Status of Distributor-Juridical Entity

In the event of any material change in the (a) ownership; or (b) status; (c) or personality of the Corporation/Partnership-Distributor, it should immediately notify the Company in writing of such material change and whatever request it may have, setting forth such details as would enable the Company to reasonably assess the status of the Distributorship.

The material change contemplated in this provision includes the following, but not limited to:

1. Change in ownership affecting at least thirty percent (30%) of the outstanding capital stock; or
2. Dissolution of the partnership or expiration of the corporate term; or
3. State of insolvency; or
4. State of being placed under receivership or suspension of payments

**F. Sponsor Identification**

In the event where a person desiring to become a Distributor, submits more than one DAF with the Company (each DAF providing different Distributors as sponsors) the Company shall only recognize the first DAF submitted by the Distributor.

**G. Preferred Customers-Distributors**

The Company may adopt a program and set the guidelines pertaining to transactions between a Distributor and a Preferred Customer.

As a general rule, a Preferred Customer desiring to become a Distributor may declare in his DAF as sponsor the Distributor with whom he transacted for his latest purchase of Products, unless the Customer's last purchase of Products occurred more than six (6) months from the submission of his DAF with the Company, in which case the Preferred Customer may indicate as sponsor a Distributor of his own choosing.

**H. Inactive Distributor**

The Distributorship will be prima facie treated as continuously active; the Company will continuously credit the commissions/bonuses and new distributorship entries in his downline to his account.

In order to be considered an active distributor, he must have been personally sponsoring at least one (1) new distributor or purchase of at least 20 PV (Point Value) per account within a period of six (6) months.

## VI. DISTRIBUTOR'S RIGHTS AND OBLIGATIONS

At all times, the Distributor must conduct himself in an ethical manner and must adhere to sound business practices that are not detrimental to the I-FERN Business. The Distributor shall:

1. Ensure acquiescence with the P&P and carry out the I-FERN Business lawfully, with courtesy and integrity, and in accordance with this Code.
2. Ensure compliance to Company's rules and regulations regarding distribution of Company products and the performance of his duties under the DP.
3. Ensure that all information provided by the Company or learned by him as a Distributor remains confidential and used only as authorized by the Company.
4. Ensure compliance to the highest possible standards in protecting the Company's good will when conducting the I-FERN Business.
5. Observe and adhere to the provisions of this Code, the DP, and other relevant rules and regulations promulgated by the Company
6. Ensure Loyalty, Respect and Candor to the Company and not engage in espionage, theft, fraud, defamation, sabotage, competition and blackmail against the Company and any of its directors, officers and employees.

### A. Non-exclusivity

Nothing in this P&P precludes the Company from accepting Distributors desiring to market, promote, and distribute Products within the same geographical area or to the same target customers.

The Company reserves the right to prohibit or to limit the marketing, promotion, distribution and sale of Products in any specific geographical area or market segment. It shall notify the Distributors of any such prohibition or limitation in a reasonable manner given the circumstances.

### B. Right to Sponsor

A Distributor shall have the exclusive right (1) to sponsor any Customer or any person desiring to become a Distributor; and, (2) to enjoy any benefits for such sponsorship accruing under the Compensation Plan.

### C. Right to Purchase at Discounted Prices

A Distributor shall have the exclusive right to purchase Products at a price discounted from the catalogue price of the Products, as may from time to time be set by the Company.

**D. Distributor's Transactions**

1. The Distributor, in all his transactions pursuant to his participation under the DP, shall safeguard, defend and promote the reputation of the Company and the Products.
2. A Distributor shall only purchase Products for resale to Customers, or for personal consumption, or to provide prompt Product delivery to any of his Downline Distributors. A Distributor is highly discouraged from maintaining an inventory of Products in excess of what is required by the demand of Customers and/or of his Downline or his personal consumption. Prior to reordering of any Product, a Distributor should have sold a minimum of seventy percent (70%) of all his previous orders for the same Product ("70% Rule").
3. Company Products shall only be marketed by the Distributor through the approved channels as provided in the DP. The Company prohibits the sale of all Company Products through retail channels.
4. All Distributors are required to keep an accurate record of all their sales transactions. The Company may, at any time, ask a Distributor to produce all transaction documents, as the case may be.

**E. Obligation to Promote Sales**

A Distributor presenting, selling, or supplying any I-FERN products shall:

1. Not falsely represent any official information regarding the financial rewards related to any I-FERN products or Company programs.
2. Not falsely represent or mislead any person regarding the features of any I-FERN products/programs, including levels of performance, quality, value, characteristics, accessories, capability, suitability for a particular purpose, merchantability, benefits, or manufacturing processes.
3. Not falsely represent the price of any Product.
4. Not falsely represent his business relationship with the Company.
5. Make it thoroughly clear that any financial reward in the DP is based on the Distributor's performance.
6. Use official literature, as approved and provided for by the Company, including but not limited to forms, scripts, and other marketing tools.
7. The Distributor shall NOT:
  - i. Take advantage of another person's disabilities or weaknesses, such as illness, age, infirmity, lack of education or unfamiliarity with the language and/or Product.
  - ii. Solicit or demand orders of any Company product in any manner contrary to the DP and this Code.

**F. Obligation to Develop Sponsored Distributors/Downline**

A Distributor is responsible to the welfare of any customer he introduces to the I-FERN Business. This obligation shall continue even if the introduced customer to the I-FERN Business becomes a Distributor. Therefore, the former must provide bona fide assistance and training, and maintain contact and communication with his Downlines to ensure quality service and optimized business relations.

A Distributor who recruits a third person or a Customer to the DP shall truthfully and fairly describe the Compensation Plan.

**G. Other Rights and Obligations of a Distributor**

The Company may provide a Distributor with literature and/or communication, through the course of the latter's participation in the DP. The Company may invite and encourage a Distributor to participate in any Company-sponsored functions, trainings, motivational and recognition events and affairs.

**1. Proprietary Rights and Obligations**

- i. The Distributor acknowledges and agrees that all know-how, documents, reports, plans, proposals, marketing and sales plans, client lists, client files, trade secrets and any materials or Intellectual Property (as defined below) made or developed by the Distributor or by the Company (collectively, "Proprietary Information") are the property of the Company and shall not be used by the Distributor in any way adverse to the Company's interests. The Distributor shall not deliver, reproduce or in any way allow such Proprietary Information to be delivered or used by any third party without the specific direction or consent of the Company. The Distributor hereby assigns to the Company any rights that the Distributor may have in any such Proprietary Information. At the Company's request (which request the Company can make at any time, in its sole and absolute discretion), the Distributor shall return to the Company all of its material property in the Distributor's possession, including any Proprietary Information. The Distributor shall also have no right or interest in the goodwill of the Company arising from its dealings with clients and affiliates. For the purposes of this Agreement, "Intellectual Property" shall mean all domestic and foreign patents, patent applications, trademarks, service marks and other indicia of origin, trademark and service mark registrations and applications for registrations thereof, copyrights, copyright registrations and applications for registration thereof, Internet domain names and universal resource locators, trade secrets, inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and inventors (however denominated), technical data, client lists, corporate and business names, trade

names, trade dress, brand names, know-how, show-how, maskworks, formulae, methods (whether or not patentable), designs, processes, procedures, technology, source codes, object codes, computer software programs, databases, data collectors and other proprietary information or material of any type, whether written or unwritten (and all goodwill associated with, and all derivatives, improvements and refinements of, any of the foregoing).

## 2. Distributor Loyalty

- i. At no time from date of being a Distributor up to one (1) year from date of termination as Distributor for any cause shall the Distributor (i) make any statements, or take any other actions whatsoever, to disparage, defame, sully, gossip or compromise the goodwill, name, brand or reputation of the Company, its products and/or any of its affiliates, Directors, Officers or Employees whether directly or indirectly (collectively, the "Company Goodwill"), (ii) commit any other action that could likely injure, hinder or interfere with the Business, business relationships or Company Goodwill of the Company or its affiliates Directors, Officers or Employees or (iii) engage in any form of conduct, or make any form of statements, representations, whether in writing or orally, that disparage or otherwise impair the the reputation, goodwill or commercial interests of COMPANY, its products and/or any of its affiliates, Directors, Officers or Employees. The Distributor hereby represents and warrants that, prior to the Effective Date, the Distributor has not committed any of the foregoing actions.

The Distributor further agrees that at all times following the date hereof, the Distributor shall not in any capacity, either separately or in association with others: (i) employ, engage or solicit for employment or engagement, or endeavor in any way to entice away from employment or engagement with the Company or its affiliates, any employee or contractor of the Company or its affiliates, nor (ii) solicit, induce or influence any supplier, customer, agent, client, consultant or other person or entity that has a business relationship with the Company to discontinue, reduce or modify such relationship with the Company.

### H. Limitations

The scope of rights and powers granted to any distributor shall be limited to those set forth in the P&P, DP, and other rules and regulations the Company deems necessary or desirable to adopt and promulgate.

## VII. TRANSFER OF DISTRIBUTORSHIP

### A. Acquisition of Distributorship

**Assignment, Transfer, or Merger.** The Company shall have the right of first refusal with respect to any assignment, transfer or merger of any Distributorship.

1. A Distributor shall offer the assignment or transfer of his Distributorship to the Company in writing on the same terms and conditions as he may have or intends to offer to third persons.
2. The Company shall respond to the Distributor in writing within fifteen (15) business days from receipt of such written notice; failure of which may be interpreted as cause to offer the Distributorship for assignment or transfer to third persons under the same terms and conditions.
3. In the event that the Company learns that the Distributor made an offer to a third person after the lapse of the said fifteen (15) day period at terms different from those offered to it, the Company shall, in its exclusive discretion, consider such terms and conditions offered to the third person as a new offer in which the Company's right of first refusal may be invoked.
4. The Distributor and/or the Distributor-Transferee shall provide the Company with a copy of the assignment/transfer documents, setting forth the name and the circumstances of the Distributor-Transferee and the consideration and other terms and conditions of the assignment/transfer.
5. The Company shall collect a transfer fee, payable by the Distributor, upon submission of the assignment/transfer documents.
6. The assignment/transfer documents shall contain a mandatory prohibition on the Distributor from engaging in any business in competition, either directly or indirectly, with the Distributorship acquired by the Distributor-Transferee. The Distributor is also prohibited from acting as a Sponsor within a period of one (1) year from the date of such assignment/transfer.
7. Upon submission of the assignment/transfer documents and payment of the transfer fee, the Distributor shall no longer be considered as the owner of the Distributorship.
8. However, the Distributor-Transferee shall only be considered by the Company as a distributor under its DP after the Distributor-Transferee executes and submits to the Company a DAF, which shall be subject to the approval of the Company in the same manner as a new application to the DP had been submitted.
9. Despite the completion of the assignment/transfer of the Distributorship in the Distributor-Transferee's favor, the Company may in its sole discretion disapprove the DAF submitted by the Distributor-Transferee. The disapproval may be based on inconsistency in the DAF or any other irregularity in the assignment/transfer discovered by the Company after the said assignment/transfer.
10. If approved by the Company, the Distributor-Transferee shall assume ownership and rights to the transferred Distributorship, without any movement in the established tree or genealogy of the former owner.

**B. Transfer of Distributorship through Laws on Succession**

The transfer may be through the following modes:

1. Donation Mortis Causa – a mode of ownership transfer wherein a gift/donation (in this case the distributorship of the Donor) made during the life of the Donor which is conditional upon, and takes effect upon the Donor's death.
2. Donation Inter Vivos – ownership transfer under which the title passes immediately to the transferee.
3. Testamentary gift – takes effect under the provisions of a legally valid and properly executed will.

Any of the above mentioned modes of transfer shall result in the transmission of ownership to the acquiring Donee.

In considering transfers through Donation Mortis Causa and Testamentary Gift, the provisions under Article XI on Devolution may apply. On matters pertaining to Donation Inter Vivos, the provisions under Article VII on Transfer of Distributorship (specifically on Assignment, Transfer, or Merger) may govern. The Company in the appreciation of said transfers may also consider other pertinent rules and regulations.

**C. Full Payment of Products and other Conditions**

No assignment or transfer of a Distributorship shall be allowed unless the Distributor has completely paid for all Products he has purchased with the Company. Payment of any other outstanding obligations the Distributor may have with the Company not pertaining to unpaid purchases of Products shall expressly be set forth in the assignment/transfer documents.

**D. Prohibited Transfers**

1. A Distributor shall not transfer his Distributorship to any member of his Downline.
2. Transfers that shall deliberately cause crosslining, pirating, change in the structure of the tree of the original Distributorship, or intentionally violates this Code or similar rules and regulations of the Company shall be prohibited.
3. Any assignment or transfer determined by the Company, to have been pursued with the intent of circumventing the terms and conditions of the P&P, the DAF and/or the Compensation Plan shall be disallowed and declared void. The Company may invoke any remedy available to it under the relevant agreements and/or the law against the Distributor and/or the Distributor-Transferee to protect its interests.

**E. Changes in the Data submitted by the Distributor**

The Distributor is highly discouraged in requesting material changes in the data previously submitted by him through the DAF. This is to secure the integrity of the systems.

Nonetheless, the Company in special cases, subject to the Company's sole discretion, may entertain legitimate requests. If in the event that a Distributor's request was permitted, said Distributor must strictly comply with whatever conditions the Company shall imposed, to include but not limited to the payment of pertinent administration fees and similar charges.

## VIII. COMPANY PRODUCTS

The Company shall maintain the quality and integrity of the Products which are the subject of the Distributorship Packages. The Distributor is also expected to uphold these precepts.

The Product mix and/or the pricing schedule of the Distributorship Packages may be adjusted by the Company, without need of prior notice to any person.

The Company reserves the right to calibrate the selling price and payouts to be used by the Company regarding Products and commissions. This includes the right to apply the foreign exchange rates that shall apply to its Products and commissions.

### A. Product Shipping and Handling

1. The Company shall accept orders in its Head Office, in designated Business Centers, and through online order through a duly completed Product Order Form from the Company website.
2. Payments shall be accepted in legal tender of the country wherein the transaction was made. The Distributor may pay through the Company's online payment facility using available merchants to facilitate the payment.
3. A Product Order upon full payment shall be processed for shipment upon fourteen (14) days. Movement of product delivery can be monitored through the tracking system of the courier contracted by company. The liability of the Company as to the product shall be terminated once the Distributor has duly received the item(s).
4. If a Product ordered by the Distributor is unavailable at the time of the initial ordering, the Company shall notify the Distributor of the said fact through the system.
5. Shipping Charges shall be based on the existing rates being charged by the contracted courier of the Company. Handling fees, on the other hand, shall be based on the relevant Company policies.

### B. Back Order policy

The Company shall expeditiously ship to Distributors all Products ordered and in stock. Any out-of-stock Product (unless discontinued) shall be noted as a back order and shall be shipped to the ordering Distributor immediately upon availability. Back orders may be cancelled upon the request of the ordering Distributor or Customer in writing prior to shipment.

**IX. TAXES**

A Distributor shall be personally responsible for any local, provincial and national tax that may be assessed on any income he generates or on any transaction he pursues under the DP. However, the Company shall apply the pertinent tax laws applicable as to the country wherein the Distributorship was registered.

## X. COMMISSION AND BONUSES

### A. Qualifications

To qualify for any commission or bonus offered by the Company, a Distributor must possess the following minimum qualifications:

1. He must be an active participant in the DP. The Distributor must have been personally sponsoring at least one (1) new distributor or purchase of at least 20 PV (Point Value) per account within a period of six (6) months during the period covered by the commission and/or bonus.
2. He must be a Distributor in good standing. The Distributor must not have been suspended from participating in the DP at any time during the period covered by the commission and/or bonus due to any violation or breach of the Distributorship Agreement, the P&P, or the Compensation Plan.
3. For a Distributor new to the DP, his DAF must have been received and accepted by the Company during the commission period for which his purchase/s of Product/s had been computed.
4. Details of any benefit, commission or bonus the Company may award in favor of a Distributor shall be set forth in the Compensation Plan.
5. Any commission or bonus the Company may offer under the Compensation Plan shall be based on purchases by the Distributor of the products and shall exclude purchases of sales materials, literature, distributor kit, promotional materials, and other such merchandise. Said commission or bonus shall be calculated for each individual BA owned by the Distributor, pursuant to the Compensation Plan.

### B. Commission Period

A commission period shall pertain to the time period (GMT+8) for which commissions are calculated and paid, particularly for the following:

1. Fast Start Commission (FSC), Team Sales Commission (TSC) and TSC Matching Bonus.
2. For Group Sales Rebate (GSR) and GSR Matching Bonus.

**C. Adjustments to Commissions and/or Bonuses**

Distributors under the Compensation Plan shall be based on the actual sale of Products to Customers. When a sales transaction is in anyway not successfully completed, any commission, bonus and/or benefit attributable to said Product or unsuccessful sales transaction shall be withdrawn or deducted from commissions/bonuses/benefits that may be awarded the concerned Distributor for the relevant commission period. In the event that the commission/bonus/benefit pertaining to said Product or unsuccessful sales transaction has already been paid by the Company to the Distributor, the Company shall have the right to demand from the Distributor the return of such sums.

In case of over payout, the Company shall make the necessary communications with the concerned Distributor(s). This is to give the required notice to the Distributor who received the over payout and to facilitate the necessary arrangements on how the situation may be resolved.

**D. Payment of Commission**

All commissions, bonuses and benefits a Distributor earns under the Compensation Plan shall be credited to his I-FERN Account. The Distributor may give instructions to the Company for the payment, out of his I-FERN Account by way of product purchase, or through checks, or to the Distributors' bank account with the Company's partner merchant bank.

**XI. DEVOLUTION****A. Death**

1. A Distributor shall have the right to nominate a person who shall act as Distributor in his stead in the event of his death ("Beneficiary"). The Distributor may change his Beneficiary at any time during his participation in the DP. However, the Company shall not automatically transfer the Distributorship in favor of the Beneficiary unless the latter submits to the Company supporting documents, such as but not limited to the following:
  - i. The duly executed DAF of the deceased;
  - ii. Certified true copies of the death certificate of the Distributor; and,
  - iii. Other evidentiary documents to support the claim.
2. The transfer of the Distributorship to the Beneficiary shall include the right to receive commissions, bonuses or other benefits that may be awarded by the Company to its Distributors. However, the Company in accordance with law shall release any commissions, bonuses or benefits that may have accrued in favor of the Distributorship prior to the transfer to the Beneficiary. In the exercise of his rights under the Distributorship and in full participation in the DP, the Beneficiary shall abide by the terms of the P&P.
3. In the event that a Distributor dies without a Beneficiary, the Distributorship may be reassigned to the Company's account ("Devolution") or, upon the Company's discretion and prerogative, reassign the relevant BA to other Distributors.
4. In case there is an appointed Beneficiary and the former failed to inform the Company of the death of the Distributor, the setup of the Distributorship will remain as it is; meaning, no automatic reassignment will be made.

**B. Dissolution of a Corporation/Partnership-Distributor**

The incorporators/members of the dissolved corporation/partnership shall have thirty (30) days from the said dissolution to submit to the Company a resolution signed by all incorporators/members setting forth the conditions in which the Distributorship shall either be continued or be terminated.

Absence of the Company's knowledge and validation plus the said petition from the incorporators/members shall result to the retention the Distributorship, even though the corporation/partnership has been dissolved (status quo).

**C. Marriage, Divorce, Legal Separation Among Distributors**

1. **Marriage.** In the event that two (2) Distributors belonging to separate lines of sponsorship, pursuant to the Genealogy in the records of the Company, marry each other, said Distributors may maintain the separation of their respective Distributorships. They shall not transfer or change the position of their respective BA in the Genealogy.

Any crosslining that may result from said marriage shall not be considered a breach of the P&P.

2. **Divorce/Legal Separation.** The Company shall continue to pay any earned commissions, bonuses or benefits in the same manner prevailing before said divorce or separation until the Company receives either a written notice duly executed by both Distributors and validly notarized or a court order specifying how future commissions are to be paid.

## XII. SUSPENSION AND TERMINATION

### A. Suspension / Termination Processes

A Distributor may be suspended from participating in the DP for violating any of his undertakings under the DAF, the P&P, the Compensation Plan and/or any other agreements executed with the Company.

1. Upon receipt of a complaint or knowledge of any violation of Distributor obligations or breach as set out in this Code, the P&P, the DAF and other rules and regulations of the Company by a Distributor, the Company shall notify the Distributor concerned and shall request an explanation within five (5) calendar days from notice. The Company shall thereafter commence an investigation to validate the truth of said breach and to determine any liability on the part of the concerned Distributor, employing reasonable means to protect the reputation of the Distributor and the Company. While the investigation is on-going, the Company under its sole discretion shall preventively suspend for sixty (60) days the Distributor from participating in the DP by suspension of all accounts and/or transactions.
2. Any submitted answer of the Distributor shall be considered by the Company in deciding the merits of the case. The Company may promulgate its decision based on whatever documents presented.
3. Failure of the Distributor to provide the requested explanation within the given period may be used in the evaluation of the Distributor's case. After the lapse of the five (5) calendar day period, the Company shall notify yet again the Distributor. This shall serve as second notice to the Distributor to provide an explanation before the conclusion of the investigation. The Distributor is given another five (5) calendar days to act upon the second notice.
4. After the lapse of the second five (5) calendar day period and no answer was made by the Distributor, the Company shall conclude its investigation and shall notify the Distributor in writing of the Company's decision.
5. If the decision is to suspend the participation of the Distributor in the DP, the Company shall provide in its written notice the effective date of the suspension, the reason(s) for the decision, and the steps necessary to remove such suspension (when applicable) not-inclusive of the preventive suspension period.

**B. Effects of Suspension**

During the period of suspension from the DP, the Company shall:

1. Prohibit the Distributor from holding himself out as a Distributor or from using any of the Company's proprietary marks and/or materials;
2. Forfeit all commissions, bonuses and/or benefits under the Compensation Plan available or coinciding with the suspension period;
3. Prohibit the Distributor from purchasing any Product from the Company, whether or not for personal use;
4. Prohibit the Distributor from sponsoring new Distributors or from attending meetings of Distributors; or
5. Undertake such acts as the Company may deem necessary under the circumstances, in the exercise of its exclusive discretion.

During the period of suspension, a Distributor shall be allowed to retain his BA(s). But the Distributor shall have no access to any of his/her own accounts or accounts of his/her downline during the periods of preventive and disciplinary suspension.

**C. Effects of Termination**

If the Company determines, at its sole discretion, that the violation which caused the suspension is continuing and has not satisfactorily been resolved by the Distributor, or that a new violation or breach involving the suspended Distributor has occurred, or the violation is so serious or grave that there is already a hostile environment or the relationship of the Company, its Directors, Officers or employees has become so strained that no reinstatement is possible or the violation is so grave or serious that there is already a breach of trust, the Company may immediately terminate the participation of the said Distributor in the DP through a written notice (including electronic notice), without prejudice to other remedies the Company may invoke under the law, the P&P, the Compensation Plan, the DAF, or any other relevant agreement executed by the Company and the Distributor concerned.

After receipt from the Company of the written notice of termination, the Distributor shall no longer represent himself as a Distributor of the Company and shall cease to use any merchandise bearing any Company trademark, service mark, or trade name, or any sign, label, stationary or advertising material issued by the Company or referring to or relating to any Product, plan or program of the Company. The Distributor shall also be disqualified from further participation and enjoying the benefits of the P&P and the Compensation Plan. The termination shall be treated as effective counting from the effectivity date of the suspension.

Immediately upon termination, the concerned Distributor shall:

1. Remove from his possession and permanently discontinue the use of any Company trademark, service mark or trade name or any Company sign, label, stationary or advertising merchandise referring or relating to any Product, plan or program of the Company.
2. Cease representing himself, either through positive acts or through inaction when otherwise required by circumstances, as a Distributor of the Company.
3. Extend full cooperation with the Company in the protection of the Company's confidential information and in any action the Company employs, pursuant to this Code and other relevant Company procedures, in concluding the participation of the Distributor in the DP.
4. Vacate the Company's premises and remove all personal property therefrom and shall not be entitled to further access to the Company's premises, documents and accounts.
5. Return within five (5) working days all of the Company's property, including (without limitation) all products, equipment, documents, memos, keys, disks, drives, vehicle and proprietary files, and that the Distributor shall not retain copies or duplicates of same.

### XIII. GRIEVANCES AND APPEALS

<b>A. Mediation</b>
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Mediation shall be offered to Distributors as a voluntary, informal, and confidential process that may be beneficial in assisting disputing parties reach a workable and mutually agreed resolution (this does not cover internal conflicts arising within partnerships/corporations or personal agreements between distributors). The mediation process is not designed to limit or replace established grievance or complaint procedures, but only serves as a supplement to the formal process. This program shall allow members the opportunity to discuss issues and clear up misunderstandings, determine the underlying causes of concerns, find areas of agreement, and ultimately formalize a resolution to issues and concerns in a written agreement.

Requesting party may craft a formal request or complaint to management for mediation proceedings, but with the understanding that all involved parties must voluntarily agree to mediate. Should the Parties fail to reach an amicable settlement, either party may thereafter bring the matter before the proper judicial courts or mediation/arbitration body (if applicable).

<b>B. Grievance Procedure</b>
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It is the policy of the Company to ensure that distributors receive fair and equitable treatment. The Company supports upline-downline relations by encouraging communication and reconciliation of network-related problems. The grievance procedure is available for expressing legitimate dissatisfaction without fear of criticism.

If a distributor has been aggrieved by an action that relates to network conditions and relations, or policies and procedures, and is unable to resolve the situation through informal discussions with his upline or co-distributor, the distributor may file a written grievance.

Grievance must be filed within thirty (30) days from the date wherein said grievance originated or when the member becomes aware of the problem. The specified period to resolve a grievance may be extended if both parties mutually enter into a written agreement under the prescribed form.

When a grievance is submitted to the Company Management, an informal conference shall take place to determine proper disposition, specifically handled by the Office of the Chief Operations Officer (COO).

**C. Appeal**

The Distributor may appeal in writing the decision of the Company (with regard to suspension or termination) within fifteen (15) days from date of receipt of said written notice, setting forth compelling reasons for the Company to reconsider its decision. The Company shall respond in writing within thirty (30) days from receipt of said written appeal, which shall be the Company's final decision on the matter. Failure of the Distributor to appeal within the fifteen (15)-day period shall render the decision final.

**XIV. REAPPLICATION OF DISTRIBUTORSHIP**

A Distributor who assigns/transfers from the DP may subsequently reapply to the Company as a new Distributor after the lapse of the period of twelve (12) months from the effective date of the said assignment/transfer of his former distributorship. Acceptance to the DP shall be at the sole discretion of the Company.

## BOOK 2

### XV. PROMOTION OF DISTRIBUTORS' BUSINESS

#### A. Title of Distributor

A Distributor shall only present himself as "Independent Distributor for I-FERN Corporation". Reference may be made to the relative rank a Distributor achieved at any one time, for example, a Field Manager.

#### B. Official Company Marketing Collaterals

Only promotional, advertising and marketing materials (print, electronic, and other related materials) produced or approved by the Company may be used to promote, advertise or market any Product, the Distributor's business or the DP.

Said materials that bear the Company's name or logo must be purchased solely from the Company; unless prior written consent to produce the same had been obtained by the Distributor from the Company.

A Distributor may affix his name, title/salutation, contact information or Distributor's Identification Number to any promotional material that the Company has approved or sold to him.

#### C. Stationery and Business Cards

A Distributor shall only use Company-approved graphics and wordings in any stationery and/or business card he may use as a participant in the DP.

#### D. Personal Website of Distributor(s)

In the event that a Distributor publishes his own website to facilitate the conduct of his participation in the DP, he shall clearly cite in the applicable web pages and in accordance with law, all sources of content and permissions used in his website, such as but not limited to any graphics, quotes, and excerpts. At no event shall the Company be liable for any failure by the Distributor to fully comply with applicable intellectual property laws. If Company tradenames, trademarks, logos are used, the Distributor must first obtain permission from the Company; otherwise, said utilization must be stopped.

Moreover, this shall not preclude the Company from seeking any other legal remedies provided by law.

**E. Electronic and Digital Applications**

1. No hyperlinks to any website promoting competing network / products may be used on any Distributor's website.
2. Only Company Products shall be mentioned, sold or promoted in the Distributor's website. In relation thereto, no product comparisons may be presented in or linked to said web site.
3. Any use of the Internet to promote the Compensation Plan internationally is prohibited until the Company authorizes the same, after customizing and approving the Compensation Plan for a particular country.
4. A Distributor who uses a website to fulfill an order shall transact business using a secure server in order to protect the personal information of the Customer. Official transactions must be made utilizing the sanctioned Company website.
5. A Distributor shall be solely responsible for abiding by all local, state and federal laws (if applicable) concerning all aspects of using the Internet to promote, sell or transact any Products and/or any business opportunity related to the DP and the Company.
6. The Company shall have the right to require a Distributor to immediately remedy, modify or erase any content in a Distributor's website that may be in breach of the P&P, the DAF and/or the Compensation Plan or may reasonably undermine the Compensation Plan, the goodwill, and business of the Company, including its Products or the DP.
7. Email advertising by a Distributor shall comply with the relevant provisions of the P&P and shall be subject to the prior approval of the Company. The Company may modify the content and/or the format of such email advertising. Moreover, Email advertising by a Distributor must comply with all prevailing local, state and federal laws concerning unwanted, unsolicited email (also referred to as "spam"). In the absence of any applicable laws on the matter, the Company shall consider spamming illegal. Any occasion of spamming by a Distributor shall constitute a breach of the P&P. Unwanted, unsolicited transmissions through facsimile shall also constitute spamming prohibited in the P&P.

**F. Media Relations**

A Distributor must first obtain the Company's permission when contemplating doing the following:

1. Granting radio, television, newspaper, magazine or website interviews with regard to the Company, its Products, the Compensation Plan, the DP, and other related matter;
2. Making any type of statement to the public media that may expose the Company to any unwanted publicity or liability.

All media inquiries should be referred to the Company's Home Office.

**XVI. PROPRIETARY INFORMATION****A. Confidential Information**

The Company may, in its sole discretion, provide its Distributors with business information which the Company may designate as confidential.

All confidential information, regardless of medium or form, shall be proprietary and confidential to the Company and is transmitted to a Distributor in the strictest confidence, shared only to the extent deemed necessary by the Company, and in the exercise of its exclusive discretion. Hence, the Distributor shall use such information only in pursuit of its participation in the DP.

The Distributor shall use his best efforts, reasonable under the circumstances, to keep such information confidential and shall not disclose said information to any third party without prior consent or authorization from the Company. The Distributor shall not use, directly or indirectly, any confidential information for any activity not organized by or related to the business of the Company or the DP. He shall not use the information to compete with the Company or for any purpose inconsistent with or unrelated to the promotion of the DP.

The duties related to confidential information shall be binding upon the Distributor not only during the term of his participation under the DP but also thereafter, upon the termination of his Distributorship for whatever reason.

Upon termination of his distributorship, the Distributor shall immediately discontinue the use of any confidential information and shall promptly return to the Company any confidential information in his possession.

**B. Intellectual Property Rights**

1. The Company name and logo and any trade name, trademark, Product name, brochure, catalog, sales material, contract and sales training session, literature, audio or video material, presentation or event are intellectual property of the Company duly protected by law.

As intellectual property owner thereof, only the Company shall have the exclusive right to reproduce, utilize or distribute the same, in accordance with law. Participation in the DP does not entitle the Distributor to utilize such intellectual property except in the manner expressly prescribed and authorized by the Company.

2. No Distributor may use, whether or not such use is related to his participation in the DP, any of the following name reserved by the Company in the pursuit of its business:

**I-FERN Corporation**

3. No Distributor may record or create a copy in any form of media any Company meeting, conference, event, training session, speech, call, discussion, conversation, dialogue and the like without prior written approval from the Company.
4. In the event that a Distributor gains knowledge of any unauthorized use, display, distribution, sale or reproduction of any Product or Company intellectual property, the Distributor shall inform the Company of such fact as soon as may reasonably be possible given the circumstances.

#### **C. Business Relationships of the Company**

The Company maintains a policy of confidentiality regarding the business relationship it has with its respective vendors, manufacturers, suppliers and such other business partners. A Distributor is prohibited from contacting or communicating with, directly or indirectly, any Company vendor, manufacturer, supplier or business partner except during Company-sponsored events in which said vendor, manufacturer, supplier or business partner is present at the request of Company.

Moreover, the Distributor shall not include the contact information of any office of the Company or of any of its vendors / manufacturers / suppliers / business partners in any of his business cards, stationeries, letterheads or similar paraphernalia, including websites.

#### **D. Company-Issued Information**

Distributor lists, including downline sales organization information, are proprietary and confidential to the Company and are not required to be disclosed by the Company to any Distributor, except for information regarding participants in the Distributorship Program personally sponsored by the Distributor requesting such information.

Any violation of this provision shall result in the immediate suspension and/or termination of the Distributorship of the erring Distributor, without prejudice to any legal remedy the Company may employ.

#### **E. Independent Communication**

Any communication provided by a Distributor to his Downline shall bear a clear indication that such communication originated from the Distributor, and not from the Company.

**XVII. Guidelines and Related Matters****A. Cross-Lining**

No Distributor may sponsor or attempt to sponsor another Distributor, who already has a registered sponsor, to "switch" to his Downline or to another Sponsor ("cross-lining"). Examples of crosslining are:

1. Placing any BA of any of his sponsored Distributor/s in a different position in the Genealogy other than below his Primary BA.
2. Placement of a new Distributor using another name, and placing it in another line not below his Primary BA while intending to profit from the proceeds of the said new Distributor.
3. Owning an interest in a juridical entity accepted as a Distributor and placing it in a position not below his Primary BA in the Genealogy.

Cross-lining shall be considered by the Company as a grave breach of the DAF and the P&P and may result in the termination of the respective Distributorships of the participants, regardless of level of participation in the breach.

**B. Loyalty to the Program**

A Distributor shall not: (a) recruit, sponsor or attempt to recruit/sponsor; or

- (b) knowingly assist another person to sponsor another Distributor, a Customer, or any other person -into another network marketing company or similar organizational business structure; and
- (c) not participate in any act or event knowing that participation in such act or event may lead to a breach of this provision.

During functions and events organized/sponsored by the Company, especially those done inside Company's property/premises, no Distributor shall sell or market other unauthorized products.

A Distributor found guilty shall immediately be suspended or terminated in the Distributorship Program.

**C. Breach of Security**

A Distributor should respect and maintain the computer network integrity of the Company. A Distributor who is found to have successfully or attempted to breach, interfere with, or tamper with the computer network integrity and security of the Company (known as “hacking”), including but not limited to the Company’s database, computer hardware or computer software, shall immediately be disqualified from participation in the DP, without prejudice to any legal action the Company deems necessary in light of the circumstances.

**D. Legal Compliance**

A Distributor, being an independent distributor, must comply with all laws, statutes, regulations and ordinances relevant to the operation of his Distributorship business and to his participation in the DP. At no time shall the Company be held liable for any illegal acts or omissions by a Distributor in breach of this provision.

**E. Other Guidelines**

In the performance of the DP, no Distributor shall:

1. Utilize any Company intellectual property without prior authorization from the Company, especially when utilizing one’s personal website, blog site, other electronic media or transmissions, or any similar medium. Spamming email accounts and telemarketing through automatic telephone dialing systems are also prohibited.
2. State, declare or imply that his website is an official, sanctioned, authorized, or licensed website of or by the Company. Only the I-FERN Corporate Website <www.i-fern.com> and any such website the Company may thereafter publish or cause to be published shall be the official website of the Company.

Ownership (proprietary or otherwise) to all Company trademarks, trade names, and logos – shall belong to the Company. A Distributor may design, produce, print or create his own stationery, business card or letterhead using the whole or a part of the Company’s trade name or any Company trademark in a limited capacity. Again, prior written approval thereof must be secured with the Company.

3. Misrepresent Product attributes and qualities to any Customer or third person through
  - (1) omission of any detail that is reasonably important to the Customer/third person to fully appreciate the Product or the truth of the situation,
  - (2) exaggerated claims,
  - (3) unauthorized or unfounded promises or
  - (4) fabricated anecdotes.

4. Assert to any Customer or third person or claim any endorsement coming from any Company officer or administrator, except those officially provided by the Company.
5. Declare or claim any unofficial endorsement from any national government office/officer, local government unit or regulatory agency regarding any Company's program or Product.
6. Make any unofficial claims, representations or warranties concerning any Company Product.
7. Repackage or re-label any Product. No Product shall be sold or transacted without its original packaging. Moreover, no Distributor shall possess any tampered products of the Company.
8. Misrepresent the qualities and attributes of the DP, the Compensation Plan or the Company's name and goodwill.
9. Make income projections, including those derived mathematically by the Distributor through any figure or information provided by the Company, or overstated claims or anecdotes to any prospective Distributor.

In the event that a Distributor wishes to present income examples, extrapolations or geometric progressions pursuant to his efforts at recruiting or sponsoring any Customer or third person into the DP, said Distributor shall only use figures representing his actual typical income and shall specify that such figures are merely examples and are not presented in anticipation of or to guarantee success. No Distributor shall show or display a copy of his earned commissions or bonus check to entice any prospective Distributor.
10. Engage in unlawful or unethical practices, or acts involving moral turpitude in the performance of his rights and duties under the DAF, the P&P, and the Compensation Plan or in pursuance of his business under the DP.
11. Use the Company's name in advertising, listing or registering his contact information, whether or not in furtherance of his participation in the Distributorship Program, without the prior written approval of the Company.
12. Exert any undue influence or any similar acts to any Company employee, regardless of rank, status, or position -that would undermine the integrity and independence of the employee's position/office. Colluding or attempting to collude with any employee in doing or in planning to do any acts not allowed by this Code or in violation of the Company's Code of Ethics is strictly prohibited. The Company Management shall have the power to unilaterally terminate the distributorship or any business relations of the Distributor with the Company, without prejudice to whatever legal actions that the Company may pursue against the transgressing Distributor.

In the appreciation of the enumerated guidelines and other similar provisions of this Code, the Company shall be entitled without prejudice to the right to seek compensation for breach of any of its provisions, to the remedies of injunction or other equitable relief for any threatened or actual breach of the Code's provisions by the Distributor and/or its employee(s) who colludes with the erring Distributor. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Code but shall be in addition to all other remedies available at law or equity.

**XVIII. LEGAL CONFORMITY**

Any tool or act employed by the Distributor in furtherance of his participation in the DP and/or in the promotion of the Company's goodwill, business and/or Products shall comply with the relevant laws, whether in the Philippines or abroad. The Distributor shall defend the Company against any liability arising from the Distributor's failure to comply with any law pursuant to this provision

**XIX. INDEMNITY AGREEMENT**

Again, it is reiterated that a Distributor shall indemnify and hold harmless the Company, its shareholders, officers, directors, employees, and agents from and against any claim, demand, liability, loss, cost or expense including but not limited to court costs and attorney's fees, asserted against or suffered or incurred by any of them, directly or indirectly, arising out of or in any way related to or connected with any act or omission of the Distributor in breach of the P&P, the DAF and/or the Compensation Plan and/or in violation of any law, regulation, rule or ordinance.

**XX. GENERAL PROVISIONS****A. Company's Employee Prohibitions**Company Employee

An employee of the Company and his child(ren) below the age of majority - are prohibited from participating in the DP and consequently from qualifying under the Compensation Plan. Breach of this policy may result in the dismissal of the employee from the Company and in the forfeiture of the entire Distributorship network of the employee, as reflected in the Genealogy in the Company records, in favor of the Company.

An employee, regardless of rank, status, or position in the Company shall comply unconditionally with the below mentioned rules and regulations, such as but not limited to the following:

1. He/she shall not use Company's resources and time to do unauthorized work for personal gain.
2. He/she shall not give away or disclose Company trade secrets or trade practices and processes or any valuable information, in advance, to his/her spouse, or any family members or to any third persons, or release such information in advance of its authorized release date to the prejudice of the Company.
3. He/she shall not collude with any members, distributors, or customers violating Company policies and ethical rules, to include acts involving moral turpitude.

The Company has the right to monitor and verify employees' actions and the account of his/her spouse in order to establish its integrity. If in the course of its monitoring it was discovered that the employee extended undue influence to the advantage of his/her spouse's and/or family members' accounts or to any third party, the employee shall abide unconditionally to whatever disciplinary actions the Company shall impose upon him/her.

Distributor who becomes an employee

A Distributor who shall thereafter become a salaried employee of the Company must, prior to the commencement of his employment, file an Ownership Transfer Notice with the Company, which notice shall result in the abandonment of said Distributor-employee's ownership rights and privileges over his BA(s), in favor of another person elected by the Distributor-employee or by the Company, as the case may be.

**B. Limited Liability**

To the extent permitted by law, the Company shall not be liable for any damage to any third person arising from (1) a breach by a Distributor of the DAF, the P&P and/or the Compensation Plan, (2) the operation of a Distributorship, (3) any incorrect data or information provided by the Company to any Distributor, absent any gross negligence on the part of the Company in preparing or providing such data or information, (4) any failure by the Company to provide any information or data that may be necessary for a Distributor to operate his business, such as marketing and promotional information, or (5) any sponsorship by a Distributor of a prospective Distributor.

In relation thereto, the Distributor undertakes through the P&P to release the Company from any claims for any loss of profits or damages of any kind suffered by the Distributor or any third person as a result of such acts enumerated in this provision.

**C. Force Majeure**

The Company shall not be responsible for any delays or failure in the performance of its obligations under the P&P, the DAF and/or the Compensation Plan due to circumstances beyond the Company's control, such as labor strikes and labor conflicts, fire, war, earthquakes, unusual floods, excessive rains, government decrees or orders, or unusual supply shortages.

**D. Violations**

It is the obligation of every Distributor to abide by and to maintain the integrity of the P&P. In the event that a Distributor learns of circumstances that may amount to a breach by another Distributor of the terms of the P&P, the former shall discuss such circumstances with the latter. The Distributor who learns of such alleged breach may report the same directly to the Company in writing or through a duly accomplished Company's Complaint Form posted in the Company's official website. Said report or complaint form shall be transmitted to the Company through a courier service or through email.

**E. Amendments to the Code**

The Company shall have the right to amend and/or to change the price and/or to determine the supply of any Product at any time at its exclusive discretion without need of prior notice to its Distributors.

The Company shall have the right to amend the provisions of the P&P and/or the Compensation Plan, to include but not limited to the Product Distribution System, without need of prior notice to its Distributors due to any of the following factors:

1. Changes in the business environment – Changes detrimental to the financial health of the Company and/or its Distributors, or that to the determination of the Company require new policies, marketing plans and/or strategies.
2. Operational factors – Unanticipated operational expenses or efforts at streamlining procedures that may be requested by any of the Distributors.
3. Strategic direction – Determination by the Company that the Compensation Plan or the P&P is unsustainable if left unchanged, in keeping with the going concern and the profitability targets of the Company.
4. Financial targets – Determination by the Company that changes to the P&P and/or the Compensation Plan are necessary to enhance the compensation payout, for the benefit of the Distributors.
5. Legal compliance – Changes in legislation or new knowledge, necessitating changes in the P&P and/or the Compensation Plan to comply with law.

In amending the P&P and/or the Compensation Plan, the Company shall strive to balance the interests of the Company and the Distributors, and shall not introduce any provision or change unreasonable under the circumstances. Only in extraordinary instances solely determined by the Company shall any amendment have retroactive effect.

Any amendment to the P&P and/or the Compensation Plan shall be effective immediately upon publication in the Company official website. The Company may also communicate such amendment through literature circulated among the Distributors.

**F. Non-Waiver Provision**

At no time shall any failure or delay by the Company to exercise any of its prerogatives under the P&P, the DAF and/or the Compensation Plan, or to insist upon strict compliance by Distributor of any provision contained in any of said instruments, be construed as a waiver of the Company's right to demand compliance with the DAF, the P&P and/or the Compensation Plan or to invoke any remedy available to the Company under any of the said instruments or the law. Likewise, no custom or practice between the Company and any of the Distributors, whether or not inconsistent with any of the said instruments, shall be construed as a waiver of Company's right to demand compliance with the DAF, the P&P and/or the Compensation Plan or to invoke any remedy available to the Company under any of the said instruments or the law.

Any waiver by the Company covering a specific default or breach by a Distributor of any provision of the DAF, the P&P and/or the Compensation Plan shall not affect or impair the Company's right to enforce all the other terms of the said instruments, to seek relief in relation to any subsequent default by the said Distributor or to enforce any claim against any other Distributor.

The Company may waive any of its rights under the DAF, the P&P, the Compensation Plan only through a written waiver executed by a person expressly and validly authorized.

**G. Governing Law**

The legal construction and interpretation of the provisions of this Code, the DAF, and the Compensation Plan shall be governed by the laws of the Republic of the Philippines. Any litigation arising from and/or in connection with the DAF, the P&P and/or the Compensation Plan shall be brought solely before the competent courts of Pasig City.

**H. Entire Agreement**

The DAF, the P&P and the Compensation Plan together constitute the entire agreement between a Distributor and the Company.

**I. Severability**

Any illegality, invalidity or unenforceability of any provision of the DAF, the P&P and/or the Compensation Plan shall not in any way affect the legality, validity or enforceability of the remaining provisions of any of the said instruments.

**J. Notices and Communications**

Any notice or communication between the Distributor and the Company pursuant to the DAF, P&P and/or the Compensation Plan shall be made in writing and through electronic notification. The Company shall deliver or send such notice or communication to the Distributor in his last known address (also at his electronic address), as set forth in the records of the Company. The Distributor shall deliver or send such notice or communication to the Company at its Head Office.

Any notice or other communication made and delivered in accordance with this provision shall be deemed to have been received by the correct party after the lapse of fifteen (15) days from mailing through private courier services, registered mail or air mail. If the fifteenth (15th) day is not a working day, said notice or communication shall be deemed to have been received by the correct party on the next following working day.

Should such notice or communication shall have been sent through email, it shall be deemed to have been received by the correct party upon receipt by the sender of an email confirmation by the recipient.

**K. Headings and Table of Contents**

The Headings and the Table of Contents of the P&P are provided for convenience only and shall at no time be construed to limit or to define the terms of the relevant document, to serve as a basis for the interpretation or the construction of the relevant document or to provide evidence of the intention of the parties thereto.

Unless the context otherwise requires, words importing the singular number shall include the plural number and words importing the masculine gender shall include the feminine gender and vice versa, and references to persons shall include companies and bodies, corporate or unincorporated.

**XXI. Applications**

I-FERN Distributors shall accept all the provisions contained in this Code in their entirety without reservations, conditions, or qualifications.

The Company and its Distributors shall maintain their dealings between each other, including their customers, in a manner that is conducive to the conduct of acquiescence to this P&P.