



**Kleo Kolor Corporation**  
**Brand Partner Policies and Procedures**

# Kleo Kolor Corporation

## Brand Partner Policies and Procedures

Effective March 1, 2024

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## SECTION 1 - MISSION STATEMENT



**Our mission is to build a global community  
through innovative products that inspire  
self-expression, confidence, and fun.**

# SECTION 2 - INTRODUCTION

## 2.1 - Purpose of the Brand Partner Agreement and the Brand Partner Policies and Procedures

The purposes of the Brand Partner Agreement and the Brand Partner Policies and Procedures (hereinafter “Policies and Procedures”) include the following:

- ❖ To assist Brand Partners in building and protecting their businesses;
- ❖ To protect Kleo Kolor and its Brand Partners from legal and regulatory risks;
- ❖ To establish standards of acceptable behavior;
- ❖ To set forth the rights, privileges, and obligations of Kleo Kolor and its Brand Partners; and
- ❖ To define the relationship between Kleo Kolor and its Brand Partners.

## 2.2 - Policies and Procedures Incorporated into Brand Partner Agreement

These Policies and Procedures, in their present form and as amended by Kleo Kolor, LLC (hereafter “Kleo Kolor” or the “Company”), are incorporated into, and form an integral part of, the Kleo Kolor Independent Brand Partner Application and Agreement (“Brand Partner Agreement”). It is the responsibility of each Brand Partner to read, understand, adhere to, and insure that he or she is aware of and operating under the most current version of these Policies and Procedures. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Kleo Kolor Brand Partner Application and Agreement (including the Terms and Conditions), these Policies and Procedures, and the Kleo Kolor Business Entity Registration Form (if applicable). These documents are incorporated by reference into the Kleo Kolor Brand Partner Agreement (all in their current form and as amended by Kleo Kolor). In the event that the Business Entity Registration Form is not submitted by an entity that enrolls as a Brand Partner within sixty (60) days of its date of enrollment, Kleo Kolor is authorized to and shall withhold any and all compensation to which the Brand Partner is due from Kleo Kolor until a properly completed Business Entity Registration Form is submitted to it.

## 2.3 - Changes to the Agreement

Kleo Kolor reserves the right to amend the Agreement, the Compensation Plan, and its prices in its sole and absolute discretion. By executing the Brand Partner Agreement, a Brand Partner agrees to abide by all amendments or modifications that Kleo Kolor elects to make. Amendments shall be effective thirty (30) days after publication of notice that any of the foregoing items has been modified. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company’s official web site; (2) electronic mail (e-mail); (3) posting in Brand Partners’ back-offices; (4) inclusion in Company periodicals; (5) inclusion in product orders or bonus checks; or (6) special mailings. The continuation of a Brand Partner’s Kleo Kolor business, the acceptance of any benefits under the Agreement, or a Brand Partner’s acceptance of bonuses or commissions constitutes acceptance of all amendments.

## 2.4 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

## 2.5 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Kleo Kolor to exercise any right or power under the Agreement or to insist upon strict compliance by a Brand Partner with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Kleo Kolor’s right to demand exact compliance with the Agreement. Any waiver by Kleo Kolor of any term of the Agreement or any breach of the Agreement must be in writing and signed by an authorized officer of Kleo Kolor. Waiver by Kleo Kolor of any breach of the Agreement by me shall not operate or be construed as a waiver of any subsequent breach. The existence of any claim or cause of action of a Brand Partner against Kleo Kolor shall not constitute a defense to Kleo Kolor’s enforcement of any term or provision of the Agreement.

## **2.6 - Company Use of Information**

By submitting a Brand Partner Application and Agreement that is accepted by Kleo Kolor, the Brand Partner consents to allow Kleo Kolor, its affiliates, and any related company to: (a) process and utilize the information submitted in the Brand Partner Application and Agreement (as amended from time to time) for business purposes related to the Kleo Kolor business; and (b) disclose, now or in the future, such Brand Partner information to companies which Kleo Kolor may, from time to time, deal with to deliver information to a Brand Partner to improve its marketing, operational, and promotional efforts. A Brand Partner has the right to access his or her personal information via his or her respective back office, and to submit updates thereto.

# SECTION 3 - BECOMING A BRAND PARTNER

## 3.1 - Requirements to Become a Brand Partner

To become a Kleo Kolor Brand Partner, each applicant must:

- ❖ Be at least 18 years of age;
- ❖ Reside in the United States or U.S. Territories or country that Kleo Kolor has officially announced is open for business;
- ❖ Provide Kleo Kolor with his/her valid Social Security or Federal Tax ID number;
- ❖ Pay the Brand Partner enrollment fee of \$19.00 (optional for residents of North Dakota); and
- ❖ Submit a properly completed Brand Partner Application and Agreement to Kleo Kolor online.

Kleo Kolor reserves the right to accept or reject any Brand Partner Application and Agreement for any reason or for no reason.

A person who is recognized as a minor in his or her jurisdiction of residence may not be a Brand Partner. A Brand Partner shall not enroll or recruit minors or anyone unable to legally form a contract to become a Brand Partner. Notwithstanding the foregoing, a minor over the age of 16 who desires to become a Brand Partner must: (a) obtain a parent's or guardian's signature on the Brand Partner Agreement; (b) be sponsored by or added to his or her parent's or guardian's Brand Partner's business if the Parent or guardian of the minor is a Brand Partner; and (c) must not be a signatory in any Brand Partner's business other than a parent's or guardian's Brand Partner's business.

## 3.2 - Enrollment Fee and Starter Boxes

With the exception of the Brand Partner Enrollment Fee, no person is required to purchase Kleo Kolor products or sales aids, or to pay any other charge or fee to become a Brand Partner. In order to familiarize new Brand Partners with Kleo Kolor products, sales techniques, sales aids, and other matters, the Company recommends that they purchase a Starter Box. Kleo Kolor will repurchase resalable products or Starter Boxes from any Brand Partner who terminates his or her Brand Partner Agreement pursuant to the terms of Section 8.3.

## 3.3 - Brand Partner Benefits

Once a Brand Partner Application and Agreement has been accepted by Kleo Kolor, the benefits of the Compensation Plan and the Brand Partner Agreement are available to the new Brand Partner. These benefits include the right to:

- ❖ Sell Kleo Kolor products;
- ❖ Participate in the Kleo Kolor Compensation Plan (receive bonuses and commissions, if eligible);
- ❖ Sponsor other individuals as Customers, Brand Partners, Affiliates or Influencers into the Kleo Kolor business and thereby, build a marketing organization and progress through the Kleo Kolor Compensation Plan;
- ❖ Receive periodic Kleo Kolor literature and other Kleo Kolor communications;
- ❖ Participate in Kleo Kolor-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- ❖ Participate in promotional and incentive contests and programs sponsored by Kleo Kolor for its Brand Partners.

## 3.4 - Term and Renewal of Your Kleo Kolor Business

The term of the Brand Partner Agreement is one year from the date of its acceptance by Kleo Kolor (subject to reclassification for inactivity pursuant to Section 10.2). Brand Partners must renew their Brand Partner Agreement each year by paying an annual renewal fee of \$29.00 on or before the anniversary date of their Brand Partner Agreement. If the renewal fee is not paid within thirty (30) days after the expiration of the current term of the Brand Partner Agreement, the Brand Partner Agreement will be automatically terminated. Brand Partners may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee will be charged to the Brand Partner's credit card on file with the



Company. Brand Partners without a credit card or bank account must renew by phone or mail. Kleo Kolor shall have the right in its sole and absolute discretion not to accept the Agreement or any renewal of it.

# SECTION 4 - OPERATING A KLEO KOLOR BUSINESS

## 4.1 - Adherence to the Kleo Kolor Compensation Plan

Brand Partners must adhere to the terms of the Kleo Kolor Compensation Plan as set forth in official Kleo Kolor literature. Brand Partners shall not offer the Kleo Kolor opportunity through, or in combination with, any other system, program, sales tools, or method of marketing other than that specifically set forth in official Kleo Kolor literature. Brand Partners shall not require or encourage other current or prospective Customers or Brand Partners to execute any agreement or contract other than official Kleo Kolor agreements and contracts in order to become a Kleo Kolor Brand Partner. Similarly, Brand Partners shall not require or encourage other current or prospective Customers or Brand Partners to make any purchase from, or payment to, any individual or other entity to participate in the Kleo Kolor Compensation Plan other than those purchases or payments identified as recommended or required in official Kleo Kolor documents or literature.

## 4.2 - Advertising

### 4.2.1 - General

All Brand Partners shall safeguard and promote the good reputation of Kleo Kolor and its products. The marketing and promotion of Kleo Kolor, the Kleo Kolor opportunity, the Compensation Plan, and Kleo Kolor products must avoid all discourteous, deceptive, misleading, unethical or immoral, or illegal conduct or practices.

To promote both the products, and the tremendous opportunity Kleo Kolor offers, Brand Partners should use the sales aids, business tools, and support materials produced by Kleo Kolor. The Company has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that they are promoted in a fair and truthful manner, that they are substantiated, and the materials comply with the legal requirements of federal and state laws.

Accordingly, Brand Partners may only advertise or promote their Kleo Kolor business using approved tools, templates or images acquired through Kleo Kolor. No approval is necessary to use these approved tools. If you wish to design your own online or offline marketing materials of any kind, your designs must be submitted to the Kleo Kolor [approval@kleokolor.com](mailto:approval@kleokolor.com) for consideration and inclusion in the template/image library. Unless you receive specific written approval from Kleo Kolor to use such tools, the request shall be deemed denied. Go to the *Template Library* tab in your back office for guidelines and to access the library. Brand Partners are prohibited from translating any Kleo Kolor materials from English into other languages.

Brand Partners may not sell sales aids to other Kleo Kolor Brand Partners. Therefore, Brand Partners who receive authorization from Kleo Kolor to produce their own sales aids may not sell such material to any other Kleo Kolor Brand Partner. Brand Partners may make approved material available to other Brand Partners free of charge if they wish, but may not charge other Kleo Kolor Brand Partners for the material.

Kleo Kolor further reserves the right to rescind approval for any sales tools, promotional materials, advertisements, or other literature, and Brand Partners waive all claims for damages or remuneration arising from or relating to such rescission.

### 4.2.2 - Trademarks and Copyrights

The name of Kleo Kolor and other names as may be adopted by Kleo Kolor are proprietary trade names, trademarks and service marks of Kleo Kolor (collectively "Marks"). As such, these Marks are of great value to Kleo Kolor and are supplied to Brand Partners for their use only in an expressly authorized manner. Kleo Kolor will only allow the limited non-exclusive use of its Marks, designs, or symbols, or any derivatives thereof, solely by a Brand Partner in the furtherance or operation of his or her Kleo Kolor business, consistent with these Policies and Procedures. Kleo Kolor will not allow the use of its Marks, designs, or symbols, or any derivatives thereof, by any person, including Kleo Kolor Brand Partners, in any manner without its prior, written permission.

The content of all Company sponsored events is copyrighted material. Brand Partners may not produce for sale or distribution any recorded Company events and speeches without written permission from Kleo Kolor, nor may Brand Partners reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

As an independent Brand Partner, you may use the Kleo Kolor name in the following manner:

Brand Partner's Name  
Independent Kleo Kolor Brand Partner

*Example:*

Alice Smith  
Independent Kleo Kolor Brand Partner

or

Alice Smith  
Kleo Kolor  
Independent Brand Partner

Brand Partners may not use the name Kleo Kolor in any form in your team name, a tagline, an external website name, your personal website address or extension, in an e-mail address, as a personal name, or as a nickname. Additionally, only use the phrase *Independent Kleo Kolor Brand Partner* in your phone greeting or on your answering machine to clearly separate your independent Kleo Kolor business from Kleo Kolor, LLC. For example, you may not secure the domain name [www.buyKleoKolor.com](http://www.buyKleoKolor.com), nor may you create an email address such as [KleoKolorsales@hotmail.com](mailto:KleoKolorsales@hotmail.com).

#### 4.2.2.1 - Independent Kleo Kolor Brand Partner Logo

If you use a Kleo Kolor logo in any communication, you must use the Independent Brand Partner version of the Kleo Kolor logo. Using any other Kleo Kolor logo requires written approval. Please see examples below:

#### Logos Approved for Brand Partner Use



Minimum screen width: 80px



Minimum print width: 20mm

## Logos NOT Approved for Brand Partner Use



### **4.2.3 - Media and Media Inquiries**

Brand Partners must not attempt to respond to media inquiries regarding Kleo Kolor, its products, or their independent Kleo Kolor business. All inquiries by any type of media must be immediately referred to Kleo Kolor at [approval@kleokolor.com](mailto:approval@kleokolor.com). This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

### **4.2.4 - Unsolicited Email and Text Messages**

Kleo Kolor does not permit Brand Partners to send unsolicited commercial emails or text messages unless such emails and text messages strictly comply with applicable state and federal laws and regulations including, without limitation, the federal CAN SPAM Act. The CAN-SPAM Act regulates the transmission of all commercial e-mail messages, not just unsolicited messages. A commercial e-mail or text message is defined as any e-mail or text message that has a “primary purpose of . . . commercial advertisement or promotion of a commercial product or service.” This includes commercial e-mails or text messages sent to business accounts, as well as those sent to individual consumers.

#### **4.2.4.1 - Requirements for All Commercial Email Messages**

##### The Mailing List

- ❖ The mailing list may include only persons who have affirmatively agreed (opted in) to receive commercial e-mail from you.
- ❖ The mailing list must not include any recipient who has previously asked not to receive commercial e-mail from the business (opted out).
- ❖ You must “scrub” (compare) the mailing list against available “do not e-mail” list at the last possible, commercially reasonable moment before the e-mail is sent and remove any email addresses that are on the “do not e-mail” list.

##### The E-mail Message

- ❖ The message must include complete and accurate transmission and header information.
- ❖ The “From” line must identify your business as the sender. This does not have to include your business’s formal name, if any. For example, it may contain your business’s name, trade name, or product or service name. The key requirement is that the “From” line provide the recipient with enough information to understand who is sending the message.
- ❖ The “Subject” line must accurately describe the message’s content.
- ❖ The message must clearly include the business’s valid, current physical postal address. This address can be a:
  - street address;
  - post office box that the business has accurately registered with the US Postal Service; or

- private mailbox that the business has accurately registered with a commercial mail receiving agency established pursuant to US Postal Service regulations.
- ❖ The message must disclose that it is an advertisement or solicitation unless the e-mail message is sent only to recipients who have affirmatively agreed (opted in) to receive these messages from the business.
- ❖ There must be a functioning return email address to the sender.
- ❖ The use of deceptive subject lines and/or false header information is prohibited.

### The Opt-out Mechanism

- ❖ The message must clearly explain that the recipient may opt out of receiving future commercial messages from the business.
- ❖ The message must include either an e-mail address or other online mechanism that the recipient may use for this opt out. The mechanism must not require the recipient to:
  - do anything more than reply to the e-mail or visit a single web page to opt out;
  - make any payment or submit any personal information, including account information (other than e-mail address), to opt out; and
  - the opt-out mechanism must work for at least 30 days after the e-mail is sent.
- ❖ You must ensure that the explanation of how a recipient can opt out is easy to read and understand.
- ❖ You may include a menu of opt-out options that permit the recipient to select the types of commercial messages the recipient would like to continue receiving. However, one option must permit opting out of all commercial messages from you.
- ❖ You must honor all opt-out requests within ten business days.
- ❖ Opt-out requests do not expire. An opt-out is overridden only by the recipient's subsequent express (opt in) request to receive commercial e-mail.
- ❖ All opt-out requests, whether received by email or regular mail, must be honored. If you receive an opt-out request from a recipient of an email, you must forward the opt-out request to the Company.
- ❖ You may not sell, share or use a business's opt-out list for any reason other than to comply with the law.

Monitoring Opt-out Capabilities – If you use a third-party service provider you must implement procedures to ensure that your opt-out capabilities actually work. An example of a basic procedure to test the opt-out procedure is as follows:

- ❖ Establish e-mail accounts with several major private e-mail account providers (for example, Gmail, Yahoo, Hotmail, AOL, and so on) and add these e-mail addresses to the business's mailing list. For each e-mail address created for monitoring purposes, use the business's opt-out mechanism to remove the e-mail address from the mailing list.
- ❖ Repeat this procedure on a regular basis (for example, at least every two weeks).
- ❖ Examine the e-mail received by the monitoring e-mail account to confirm that the: the opt-out mechanism works; the opt-out request is honored within 10 business days; and the monitoring e-mail account no longer receives commercial messages from the business.
- ❖ If the monitoring and testing process reveals problems, the business should immediately fix the issues.

Third-party Marketing Affiliates or Service Providers - When using third-party service providers, including affiliate marketers you should ensure that the written contract with the service provider clearly sets out each party's responsibilities for compliance with the CAN-SPAM Act and includes appropriate and adequate remedies for noncompliance.

#### 4.2.4.2 - Additional Requirements for Email Messages Sent to Mobile or Wireless Devices

When sending commercial messages to wireless devices, you must insure your compliance, or a third-party's compliance with, the following requirements.

### The Recipient List

- ❖ You are prohibited from using any type of software or autodialer to send unsolicited text messages without

- the recipient's consent.
- ❖ The list of text message recipients may include only persons who have affirmatively agreed (opted in) to receive commercial e-mail from you.
- ❖ You must receive the recipient's *prior, affirmative consent* (opt in) to send the commercial text messages. The consent can be oral, written or electronic.
- ❖ Ask for consent in a way that involves no cost to the recipient, for example:
  - do not send the request to the wireless device; and
  - allow the recipient to respond in a way that involves no cost (such as an online, e-mail or postal mail sign-up).
- ❖ When seeking consent, make it clear that the recipient:
  - is agreeing to receive commercial e-mail on his wireless device;
  - may be charged to receive the e-mail; and
  - can revoke his consent at any time.
- ❖ The mailing list must not include any recipient who has previously asked not to receive commercial e-mail from the business (opted out).
- ❖ You must "scrub" (compare) the mailing list against available "do not e-mail" list at the last possible, commercially reasonable moment before the e-mail is sent and remove any email addresses that are on the "do not e-mail" list.
- ❖ Text messages cannot be sent between 9 p.m. and 8 a.m. local time.

#### The Text Message

- ❖ Provide a clear and conspicuous disclosure that the recipient will receive future text messages.
- ❖ The message must disclose that it is an advertisement or solicitation unless the e-mail message is sent only to recipients who have affirmatively agreed (opted in) to receive these messages from the business.
- ❖ The message must clearly include the business's valid, current physical postal address. This address can be a:
  - street address;
  - post office box that the business has accurately registered with the US Postal Service; or
  - private mailbox that the business has accurately registered with a commercial mail receiving agency established pursuant to US Postal Service regulations.
- ❖ Include an easy-to-use opt-out mechanism in every text message.
- ❖ There must be a functioning return number to the sender to which the recipient can send a text message.

#### 4.2.4.3 - Commercial Email Messages Sent on Behalf of Brand Partners

The Kleo Kolor may periodically send commercial emails on behalf of Brand Partners. By entering into the Brand Partner Agreement, Brand Partner agrees that the Company may send such emails and that the Brand Partners email addresses will be included in such emails as outlined above. Brand Partners shall honor opt-out requests generated as a result of such emails sent by the Company.

#### 4.2.5 - Unsolicited Faxes

Except as provided in this section, Brand Partners may not use or transmit unsolicited faxes in connection with their Kleo Kolor business. The term "unsolicited faxes" means the transmission via telephone facsimile or computer of any material or information advertising or promoting Kleo Kolor, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Brand Partner has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between a Brand Partner and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Brand Partner; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

#### 4.2.6 - Telephone or Online Directory Listings

Brand Partners may list themselves as an “Independent Kleo Kolor Brand Partner” in a telephone directory or online directories, under their own name. No Brand Partner may place telephone or online directory display ads using Kleo Kolor's name or logo. Brand Partners may not answer the telephone by saying “Kleo Kolor”, “Kleo Kolor Incorporated”, or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Kleo Kolor. If a Brand Partner wishes to post his/her name in a telephone or online directory, it must be listed in the following format:

Brand Partner's Name  
Independent Kleo Kolor Brand Partner

#### **4.2.7 - Television and Radio Advertising**

Brand Partners may not advertise on television and radio except with Kleo Kolor’s express written approval. All requests for such advertising must be sent to [approval@kleokolor.com](mailto:approval@kleokolor.com).

#### **4.2.8 - Advertised Prices**

Brand Partners may not create their own marketing or advertising material offering any Kleo Kolor products at a price less than the current price on kleokolor.com. Similarly, Brand Partners may not sell any Kleo Kolor products at a price less than the current price on kleokolor.com.

#### **4.2.9 - Recordings**

Brand Partners are prohibited from producing, either for personal use, distribution or for sale, any reproduction, rebroadcast, or recording of any Company literature, audio or visual material, presentations, events or speeches (including conference calls). Video and/or audio taping of any Company meeting, conference, event, call, or any other Company material is strictly prohibited. Still photography is allowable at the discretion of the meeting host.

### **4.3 - Online Conduct**

#### **4.3.1 - Brand Partner Web Sites**

Brand Partners are provided with a replicated website by Kleo Kolor, from which they can take orders, enroll new Customers and Brand Partners, Affiliates or Influencers, place Customers on the Autoship Program, as well as manage their Kleo Kolor business. Brand Partners may use only replicated websites provided by Kleo Kolor to promote their Kleo Kolor business, and may not create their own websites to directly or indirectly promote Kleo Kolor’s products, services, or the Kleo Kolor opportunity.

#### **4.3.2 - Domain Names, email Addresses and Online Aliases**

You are not allowed to use or register Kleo Kolor or any of Kleo Kolor’s trademarks, product names, or any derivatives, for any Internet domain name, email address, social media website, blog website, online handles or online aliases. Additionally, you cannot use or register domain names, email addresses, social media websites, blog websites, online handles and/or online aliases that could cause confusion, or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from, or is the property of Kleo Kolor. Examples of the improper use of Kleo Kolor include, but are not limited to any form of Kleo Kolor showing up as the sender of an email or examples such as:

[www.MyKleoKolorBiz.com](http://www.MyKleoKolorBiz.com)  
[www.ISellKleoKolor.com](http://www.ISellKleoKolor.com)  
[www.KleoKolorMoney.net](http://www.KleoKolorMoney.net)

[www.KleoKolorDreamTeam.com](http://www.KleoKolorDreamTeam.com)  
[www.KleoKolorbyJaneDoe.com](http://www.KleoKolorbyJaneDoe.com)  
[www.JanesKleoKolorOpportunity.net](http://www.JanesKleoKolorOpportunity.net)

#### **4.3.3 - Online Classifieds**

You may not use online classifieds (including Craigslist) to list, sell or retail specific Kleo Kolor products or product bundles, or for prospecting, recruiting, sponsoring and informing the public about the Kleo Kolor income opportunity.

#### **4.3.4 - eBay / Online Auctions**

Kleo Kolor’s products may not be listed on eBay or other online auctions, nor may Brand Partners enlist or knowingly allow a third party to sell Kleo Kolor products on eBay, other online auction site, or ecommerce sites, such as Amazon.com, MercadoLibre.com, AliBaba.com, TowBow.com, etc.. A Brand Partner who becomes aware, or should have

reasonably become aware, that a third party to whom he or she sells Kleo Kolor products on eBay or any other online auctions must immediately discontinue all sales to the third party.

#### **4.3.5 - Online Retailing**

Brand Partners may not list or sell Kleo Kolor products on any online retail store or ecommerce site (such as Amazon or Facebook Marketplace), nor may you enlist or knowingly allow a third party to sell Kleo Kolor products on any online retail store or ecommerce site. A Brand Partner who becomes aware, or should have reasonably become aware, that a third party to whom he or she sells Kleo Kolor products on any online retail store or ecommerce site must immediately discontinue all sales to the third party.

#### **4.3.6 - Spam Linking**

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spamdexing. Any comments you make on blogs, forums, guest books, etc., must be unique, informative and relevant.

#### **4.3.7 - Digital Media Submission (YouTube, iTunes, PhotoBucket etc.)**

Brand Partners may upload, submit or publish Kleo Kolor-related video, audio or photo content that they develop and create so long as it aligns with Kleo Kolor's values, contributes to the Kleo Kolor community greater good, and is in compliance with Kleo Kolor's Policies and Procedures. All submissions must clearly identify you as an Independent Kleo Kolor Brand Partner in the content itself and in the content description tag, must comply with all copyright/legal requirements, and must state that you are solely responsible for this content. Brand Partners may not upload, submit or publish any content (video, audio, presentations or any computer files) received from Kleo Kolor or captured at official Kleo Kolor events or in buildings owned, leased, or operated by Kleo Kolor without prior written permission from Kleo Kolor.

#### **4.3.8 - Domain Names and Email Addresses**

Except as set forth in the Brand Partner Website Application and Agreement, Brand Partners may not use or attempt to register any of Kleo Kolor's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative of the foregoing, for any Internet domain name, email address, or social media name or address.

#### **4.3.9 - Social Media**

In addition to meeting all other requirements specified in these Policies and Procedures, should you utilize any form of social media, including but not limited to Facebook, Instagram, Snapchat, Twitter, LinkedIn, YouTube, Tik Tok, Snapchat or Pinterest, you agree to each of the following:

- ❖ No product sales or enrollments may occur on any social media site. To generate sales, a social media site must link only to your Kleo Kolor Replicated Website.
- ❖ It is your responsibility to follow the social media site's Terms of Use. If the social media site does not allow its site to be used for commercial activity, you must abide by the site's Terms of Use.
- ❖ During the term of this Agreement and for a period of 12 calendar months thereafter, a Brand Partner may not use any social media site on which they discuss or promote, or have discussed or promoted, the Kleo Kolor business or Kleo Kolor's products to directly or indirectly solicit Kleo Kolor Brand Partners for another direct selling, multilevel marketing or network marketing program (collectively, "Direct Selling"). In furtherance of this provision, a Brand Partner shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Brand Partners relating to the Brand Partner's other direct selling business activities. Violation of this provision shall constitute a violation of the non-solicitation provision in Section 4.11 (Conflicts of Interest) below.
- ❖ A Brand Partner may post or "pin" photographs of Kleo Kolor products on a social media site. However, only photos that are provided by Kleo Kolor and downloaded from the Brand Partner's Back-Office or photos of the posting or pinning Brand Partner may be used.



If your Brand Partner Agreement is terminated for any reason, you must remove references to Kleo Kolor (including but not limited to, its name, products and income opportunity) from any social media account(s) or profile(s) used by you within ten (10) days of the date of the termination of your Brand Partner Agreement.

#### **4.3.10 - Prohibited Postings**

A Brand Partner may not make any postings, or link to any postings or other material that are:

- a. Sexually explicit, obscene, or pornographic;
- b. Offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- c. Graphically violent, including any violent video game images;
- d. Solicitous of any unlawful behavior;
- e. Engaged in personal attacks on any individual, group, or entity; or
- f. In violation of any intellectual property rights of the Company or any third party.

#### **4.3.11 - Responding to Negative Posts**

A Brand Partner is prohibited from conversing with others who place a negative post against them, other Brand Partners or the Company. The Brand Partner must report negative posts to Kleo Kolor's Compliance Department at [Compliance@KleoKolor.com](mailto:Compliance@KleoKolor.com).

### **4.4 - Business Entities**

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a Kleo Kolor Brand Partner by submitting a Brand Partner Application and Agreement along with a properly completed Business Entity Registration Form and a properly completed IRS Form W-9. The Business Entity, as well as all shareholders, members, managers, partners, trustees, or other parties with any ownership (legal or equitable) interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties") are individually, jointly and severally liable for any indebtedness to Kleo Kolor, compliance with the Kleo Kolor Policies and Procedures, the Kleo Kolor Brand Partner Agreement, and other obligations to Kleo Kolor.

#### **4.4.1 - Addition or Removal of an Affiliated Party**

When adding an Affiliated Party to an existing Kleo Kolor distributorship, the Company requires a signed written request as well as a properly completed Brand Partner Agreement containing the original Applicant's/Applicants' and new Affiliated Party's/Parties/ information, tax identification numbers and signatures. Kleo Kolor may, at its discretion, require notarized documents before adding an Affiliated party to a Kleo Kolor business.

To prevent the circumvention of Sections 4.23 (Sale, Transfer or Assignment of Kleo Kolor Business) and 4.5, (Change of Sponsor), if any Affiliated Party wants to terminate his or her relationship with the Business Entity or Kleo Kolor, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify Kleo Kolor in writing that he or she has terminated his/her affiliation with the Business Entity, and must comply with the provisions of Section 4.23 (Sale, Transfer or Assignment of Kleo Kolor Business). When removing a co-applicant from an existing Kleo Kolor account, the Company requires a written and notarized request from the departing Affiliated Party/Parties, as well as a properly completed Brand Partner Agreement containing only the remaining Affiliate Party's/Parties' federal tax identification number and signature(s). In addition, the Affiliated Party terminating his/her/its/their interest in the Business Entity may not participate in any other Kleo Kolor business for six consecutive calendar months in accordance with Section 4.5.3 (Termination and Re-application). If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 4.23 (Sale, Transfer or Assignment of Kleo Kolor Business).

The modifications permitted within the scope of this paragraph *do not* include a change of sponsorship. Changes of sponsorship are addressed in Section 4.5 (Change of Sponsor), below.

#### **4.4.2 - Changes to a Business Entity**

Each Brand Partner must immediately notify Kleo Kolor of all changes to type of business entity they utilize in

operating their businesses and the addition or removal of business Affiliated Parties.

#### **4.5 - Change of Sponsor**

Kleo Kolor strongly discourages changes in sponsorship. In order to protect all Sponsors, no Brand Partner may interfere with the relationship between another Brand Partner and his or her Sponsor in any way. A Brand Partner may not offer, entice, encourage, solicit, recruit, or otherwise influence or attempt to persuade another Brand Partner to change his or her Sponsor or line of sponsorship, either directly or indirectly. Accordingly, the transfer of a Kleo Kolor business from one sponsor to another is rarely permitted. Requests for change of sponsorship must be submitted in writing to the Field Services Department, and must include the reason for the transfer. Transfers will only be considered in the following three circumstances:

##### **4.5.1 - Misplacement**

In cases in which the new Brand Partner is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, a Brand Partner may request that he or she be transferred to another organization with his or her entire marketing organization intact. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made within two (2) business days from the date of enrollment. The Brand Partner requesting the change has the burden of proving that he or she was placed beneath the incorrect sponsor. It is up to Kleo Kolor's discretion whether the requested change will be implemented.

##### **4.5.2 - Upline Approval**

The Brand Partner seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of his or her immediate six (6) upline Brand Partners in his or her marketing organization. Photocopied or facsimile signatures are not acceptable. All Brand Partner signatures must be notarized. Transferring Brand Partners must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by Kleo Kolor for processing and **verifying** change requests.

##### **4.5.3 - Termination and Re-application**

A Brand Partner may legitimately change organizations by voluntarily canceling his or her Kleo Kolor business and remaining inactive (*i.e.*, no purchases of Kleo Kolor products for resale, no sales of Kleo Kolor products, no sponsoring, no attendance at any Kleo Kolor functions, participation in any other form of Brand Partner activity, or operation of any other Kleo Kolor business, no income from the Kleo Kolor business) for six (6) full calendar months. Following the six month period of inactivity, the former Brand Partner may reapply under a new sponsor, however, the former Brand Partner's downline will remain in their original line of sponsorship. Kleo Kolor will consider waiving the six month waiting period under exceptional circumstances. Such requests for waiver must be submitted to Kleo Kolor in writing.

Any change in sponsorship in accordance with this Policy at any rank is limited to one time in the Brand Partner's life. Kleo Kolor will not accept a Brand Partner Agreement for a Brand Partner wishing to change sponsors beyond the first sponsor change made in accordance with this Policy.

##### **4.5.4 - Waiver of Claims**

In cases in which the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business developed by a Brand Partner, Kleo Kolor reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, **BRAND PARTNERS WAIVE ANY AND ALL CLAIMS AGAINST KLEO KOLOR, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM KLEO KOLOR'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

#### **4.6 - Unauthorized Claims and Actions**

##### **4.6.1 - Indemnification**

A Brand Partner is fully responsible for all of his or her verbal and written statements made regarding Kleo Kolor

products, services, and the Compensation Plan that are not expressly contained in official Kleo Kolor materials. This includes statements and representations made through all sources of communication media, whether person-to-person, in meetings, online, through Social Media, in print, or any other means of communication. Brand Partners agree to indemnify Kleo Kolor and Kleo Kolor’s directors, officers, employees, and agents (collectively referred to herein as “Affiliates”), and hold them harmless from all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Kleo Kolor as a result of the Brand Partner’s unauthorized representations or actions. This provision shall survive the termination of the Brand Partner Agreement.

#### **4.6.2 - Compensation Plan Claims**

When presenting or discussing the Kleo Kolor Compensation Plan, you must make it clear to prospects that financial success with Kleo Kolor requires commitment, effort, and sales skill. Conversely, you must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- ❖ It’s a turnkey system;
- ❖ The system will do the work for you;
- ❖ Just get in and your downline will build through spillover;
- ❖ Just join and I’ll build your downline for you;
- ❖ The company does all the work for you;
- ❖ You don’t have to sell anything; or
- ❖ All you have to do is buy your products every month.

The above are merely examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospect to believe that they can be successful as a Kleo Kolor Brand Partner without commitment, effort, and sales skill.

#### **4.6.3 - Income Claims**

Because Kleo Kolor Brand Partners do not have the data necessary to comply with the legal requirements for making income claims, a Brand Partner, when presenting or discussing the Kleo Kolor opportunity or Compensation Plan to a prospective Brand Partner, may not make income projections, income claims, or disclose his or her Kleo Kolor income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records), unless he or she provides a Kleo Kolor Income Disclosure Statement to each prospective Brand Partner.

#### **4.7 - Repackaging and Re-labeling Prohibited**

Kleo Kolor products must be sold in their original packaging. Brand Partners may not repackage, re-label, or alter the labels on Kleo Kolor products. Tampering with labels/packaging could be a violation of federal and state laws, and may result in civil or criminal liability. Brand Partners may affix a personalized sticker with your personal/contact information to each product or product container, as long as you do so without removing existing labels or covering any text, graphics, or other material on the product label.

#### **4.8 - Commercial Outlets**

Except as set forth in this section, Brand Partners may not sell Kleo Kolor products from a commercial outlet, nor may Brand Partners display or sell Kleo Kolor products or literature in any retail or service establishment (“Commercial Outlet”). Brand Partners may sell Kleo Kolor products in local specialty boutiques and/or service establishments, provided that: (1) the boutique or service establishment does not sell competing products; and (2) the owner must be a Kleo Kolor Brand Partner. Online auction and/or sales facilitation websites, including but not limited to eBay and Craig’s List constitute Commercial Outlets, and may not be used to sell Kleo Kolor products.

#### **4.9 - Military Installations**

The offer, promotion, or sale of the goods, or the offer and promotion of the Kleo Kolor opportunity on a military installation is not a right – it is a privilege. Even if a Brand Partner *lives* on a military installation, he or she does not have the right to offer our products or opportunity to anyone on that installation without the permission of the installation Commander. For the purposes of the U.S. Navy personnel and Navy Regulations, the definition of an “installation” also includes U.S. Navy vessels.

Any Brand Partner who wants to offer, promote, or sell Kleo Kolor products, or offer and promote the Kleo Kolor opportunity (these activities will be collectively referred to as “commercial solicitation activities”) on a military installation must make an inquiry to the office of the installation Commander to determine whether the Commander has granted permission for Kleo Kolor Brand Partners to engage in such activities on the installation. If the Commander has not done so, the Brand Partner must contact Kleo Kolor’s offices to ask the Company to obtain the Commander’s permission. Brand Partners are prohibited from seeking such permission from any installation Commander. If obtained, the permission to engage in commercial solicitation activities on a military installation is granted only for one particular installation.

Any Brand Partner who intends to engage in commercial solicitation activities on a military installation must be aware of and become completely familiar with the applicable military Regulation or Instruction. There are many activities that are permissible in a civilian environment that are not permissible on a military installation. Some of these activities include, but are not limited to:

- ❖ Solicitation during enlistment or induction processing or during basic combat training, and within the first half of the one station unit training cycle.
- ❖ Solicitation of “mass,” “group,” or “captive” audiences.
- ❖ Making appointments with or soliciting military personnel during their normally-scheduled duty hours.
- ❖ Soliciting without an appointment in areas used for housing or processing transient personnel, or soliciting in barracks areas used as quarters.
- ❖ Use of official military identification cards or vehicle decals by active duty, retired, or reserve members of the military services to gain access to Army installations for the purpose of soliciting. (When entering the installation for the purpose of solicitation, Brand Partners with military identification cards and/or installation vehicle decals must present documentation issued by the installation authorizing solicitations.)
- ❖ Offering rebates to promote transaction or to eliminate competition.
- ❖ Any oral or written representations which suggest or appear that the military branch sponsors or endorses the Company or its Brand Partners, or the goods, services, and commodities offered for sale.
- ❖ The designation of any agent or the use by any agent of titles (for example, “Battalion Insurance Counselor,” “Unit Insurance Advisor,” “Servicemen’s Group Life Insurance Conversion Brand Partner”) that in any manner states or implies any type of endorsement from the U.S. Government, the Armed Forces, or any State or Federal agency or Government entity.
- ❖ Entry into any unauthorized or restricted area.
- ❖ Distribution of literature other than to the person being interviewed.
- ❖ Contacting military personnel by calling a Government telephone, faxing to a Government fax machine, or sending e-mail to a Government computer, unless a pre-existing relation (that is, the military member is a current client or requested to be contacted) exists between the parties and the military member has not asked for the contact to be terminated.
- ❖ Soliciting door to door or without an appointment.

The foregoing items are not an all-inclusive list. There are many more prohibited activities that are addressed in the applicable military Regulation or Instruction. The violation of military Regulations or Instructions by one Brand Partner could jeopardize the ability of all Kleo Kolor Brand Partners to engage in commercial solicitation activities on a particular military installation or even the entire branch of the military involved (e.g., Army, Air Force, Navy, Marines, or Coast Guard).

#### **4.10 - Trade Shows, Expositions and Other Sales Forums**

Brand Partners may display and/or sell Kleo Kolor products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Brand Partners must contact [approval@kleokolor.com](mailto:approval@kleokolor.com) for conditional approval as Kleo Kolor’s policy is to authorize only one Kleo Kolor business per event. Final approval will be granted to the first Brand Partner who submits an official advertisement of the event, a copy of the contract signed by both the Brand Partner and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Field Support Department. Kleo Kolor further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum

for the promotion of its products, services, or the Kleo Kolor opportunity. Approval will not be given for swap meets, garage sales or flea markets as these events are not conducive to the professional image Kleo Kolor wishes to portray.

#### **4.11 - Conflicts of Interest**

##### **4.11.1 - Crossline Recruiting and Communication**

Brand Partners are prohibited from crossline recruiting. The use of a spouse or relative's name, trade names, DBAs, assumed names, entities, federal identification numbers, or fictitious identification numbers, or any other device or contrivance to circumvent this policy is prohibited. A Brand Partner shall not demean, discredit, or defame other Kleo Kolor Brand Partners in an attempt to entice another customer, Brand Partner or prospective Brand Partner to become part of his or her organization.

For the purposes of this Section 4.11.1, the term "crossline recruiting" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way, either directly, indirectly, or through a third party, of another Kleo Kolor Brand Partner or Customer to enroll, join, or otherwise participate in another Kleo Kolor marketing organization, downline, or line of sponsorship other than the one in which he, she, or it originally enrolled.

Brand Partners are strictly prohibited from meeting privately with crossline Brand Partners without the presence of one or more common upline Brand Partner(s), in person, telephonically, online or via any other method of communication. For the purposes of these Policies and Procedures:

- ❖ "Crossline Brand Partner" means any Brand Partner who is not in the Inviting Brand Partner's enrollment tree upline or downline.
- ❖ "Meeting" includes, but is not limited to, the act of coming together and/or an occasion in which two or more people come together to discuss or decide something, via any means including in-person, telephonically, online or via any other method of communication.

The "Inviting Brand Partner" is strictly prohibited from inviting or allowing into any social media group any Crossline Brand Partners.

##### **4.11.2 - Nonsolicitation**

Kleo Kolor Brand Partners are free to participate in other direct selling, multilevel marketing or network marketing entities, businesses, organizations, opportunities, or ventures (collectively referred to as a "Direct Selling Business"). As a Brand Partner, you recognize Kleo Kolor's legitimate interests in protecting, during the term of your Brand Partner Agreement and for a reasonable period of time following its termination, Kleo Kolor's relationships with its Customers and Brand Partners. Accordingly, you understand and agree that during the term of this Agreement, any renewal or extension hereof, and for a period of one (1) year following the termination of your Independent Brand Partner Agreement for any reason whatsoever, with the exception of a Brand Partner who is personally sponsored by the Brand Partner (or former Brand Partner, as may be applicable), you may not and will not recruit (as defined below) any Kleo Kolor Brand Partner or Customer for another Direct Selling Business.

Brand Partners and the Company recognize that because direct selling is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Brand Partners and Kleo Kolor agree that this non-solicitation provision shall apply nationwide throughout the United States and to all international markets in which Kleo Kolor Brand Partners are located. This provision shall survive the termination or expiration of the Brand Partner Agreement for a period of one (1) year.

The Brand Partner recognizes Kleo Kolor's legitimate interest in protecting, for a reasonable period of time following the termination of the Brand Partner's Agreement, those Brand Partners and Customers with which the Brand Partner will be, is or was associated during the term of his, her or its Brand Partner Agreement, and any renewals or extensions thereof. Accordingly, the Brand Partner understands and agrees that during the term of his, her or its Affiliate Agreement, any renewals or extensions thereof, and for a period one (1) year following the termination of his, her or its

Brand Partner Agreement for any reason whatsoever, he, she or it will not, directly or indirectly, recruit any Kleo Kolor Brand Partner or Customer to another network marketing business.

For the purposes of this Section 4.11.2, the term “recruit” means the actual or attempted, sponsorship, solicitation, enrollment, encouragement, counsel, aid, consultation or effort to influence in any way (either directly, indirectly, or through a third party) another Kleo Kolor Brand Partner or Customer to: (1) enroll, join, or otherwise participate in another Direct Selling Business; (2) to purchase the products or services of another network marketing business; or (3) terminate or alter his or her business or contractual relationship with the Kleo Kolor. The term “recruit” also includes the above activities in the event that the Brand Partner’s actions are in response to an inquiry made by another Brand Partner or Customer.

#### **4.11.3 - Brand Partner Participation in Other Network Marketing Programs**

If a Brand Partner is engaged in another non-Kleo Kolor Direct Selling Business, it is the responsibility of the Brand Partner to ensure that his or her Kleo Kolor business is operated entirely separate and apart from any other Direct Selling Business. To this end, the following must be adhered to:

- ❖ Brand Partners must not offer, present, display, market, promote or sell (collectively referred to herein as “promote”) or attempt to promote any non-Kleo Kolor programs, products or services to Kleo Kolor Customers or Brand Partners. This provision does not apply where professional services are the primary source of revenues and the product sales are secondary to the provision of such services (e.g., physician’s offices, health clinics, health clubs, gyms, spas or beauty salons). However, a Brand Partner may promote non-Kleo Kolor products or services to Kleo Kolor Customers or Brand Partners who are personally-sponsored.
- ❖ Brand Partners shall not promote Kleo Kolor promotional material, sales aids, products or services with or in the same location as, any non-Kleo Kolor promotional material or sales aids, products or services.
- ❖ Brand Partners shall not promote the Kleo Kolor opportunity or products in any venue, location or media (collectively referred to herein as “Venues”), including, but not limited to, physical, electronic, virtual, telephonic, video or any form of social media Venue, to prospective or existing Kleo Kolor Customers or Brand Partners in conjunction with any non-Kleo Kolor program, opportunity, product or service.
- ❖ Brand Partners may not promote any non-Kleo Kolor products, services or opportunity at any Kleo Kolor-related meeting, seminar, convention, webinar, teleconference, or other function.
- ❖ Brand Partners may not produce any literature, audio or video recording or promotional material of any nature (including but not limited to social media postings and emails) which is used by the Brand Partner or any third person to recruit Brand Partners or customers to participate in any other Direct Selling Business;
- ❖ Brand Partners may not engage or participate in any activity that may reasonably be foreseen to draw an inquiry from Kleo Kolor’s Brand Partners or customers relating to the Brand Partner’s other Direct Selling Business activities, products or services.

All of these provisions as outlined in this Section 4.11.3 shall survive the termination or expiration of the Brand Partner Agreement for a period of one (1) year-after such termination or expiration.

#### **4.11.4 - Confidential Information**

“Confidential Information” includes, but is not limited to, Downline Genealogy Reports, the identities of Kleo Kolor customers and Brand Partners, contact information of Kleo Kolor customers and Brand Partners, Brand Partners’ personal and group sales volumes, Brand Partner rank and/or achievement levels, and other financial and business information. All Confidential Information (whether oral or in written or electronic form) is proprietary information of Kleo Kolor and constitutes a business trade secret belonging to Kleo Kolor. Confidential Information is, or may be available, to Brand Partners in their respective back-offices. Brand Partner access to such Confidential Information is password protected, and is confidential and constitutes proprietary information and business trade secrets belonging to Kleo Kolor. Such Confidential Information is provided to Brand Partners in strictest confidence and is made available to Brand Partners for the sole purpose of assisting Brand Partners in working with their respective downline organizations in the development of their Kleo Kolor business. Brand Partners may not use the reports for any purpose other than for developing, managing, or operating their Kleo Kolor business. Brand Partners should use the Confidential Information to assist, motivate, and train

their downline Brand Partners. The Brand Partner and Kleo Kolor agree that, but for this agreement of confidentiality and nondisclosure, Kleo Kolor would not provide Confidential Information to the Brand Partner.

To protect the Confidential Information, Brand Partners shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- ❖ Directly or indirectly disclose any Confidential Information to any third party;
- ❖ Directly or indirectly disclose the password or other access code to his or her back-office;
- ❖ Use any Confidential Information to compete with Kleo Kolor or for any purpose other than promoting his or her Kleo Kolor business;
- ❖ Recruit or solicit any Brand Partner or Customer of Kleo Kolor listed on any report or in the Brand Partner's back-office, or in any manner attempt to influence or induce any Brand Partner or Customer of Kleo Kolor, to alter their business relationship with Kleo Kolor; or
- ❖ Use or disclose to any person, partnership, association, corporation, or other entity any Confidential Information.

The obligation not to disclose Confidential Information shall survive cancellation or termination of the Agreement, and shall remain effective and binding irrespective of whether a Brand Partner's Agreement has been terminated, or whether the Brand Partner is or is not otherwise affiliated with the Kleo Kolor. Upon nonrenewal or termination of the Agreement, Brand Partners must immediately discontinue all use of the Confidential Information and if requested by the Kleo Kolor promptly return all materials in their possession to the Kleo Kolor within five (5) business days of request at their own expense. If a Brand Partner participates in any other Direct Selling Business, he or she shall not be eligible to have access to Downline Genealogy Reports.

#### **4.12 - Targeting Other Direct Sellers**

Kleo Kolor does not condone Brand Partners specifically or consciously targeting the sales force of another direct sales company to sell Kleo Kolor products or to become Brand Partners for Kleo Kolor, nor does Kleo Kolor condone Brand Partners solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Brand Partners engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Brand Partner alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Kleo Kolor will not pay any of the Brand Partner's defense costs or legal fees, nor will Kleo Kolor indemnify the Brand Partner for any judgment, award, or settlement.

#### **4.13 - Errors or Questions**

If a Brand Partner has questions about or believes any errors have been made regarding commissions, bonuses, genealogy lists, or charges, the Brand Partner must notify Kleo Kolor in writing within 60 days of the date of the purported error or incident in question. Kleo Kolor will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

#### **4.14 - Governmental Approval or Endorsement**

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Brand Partners shall not represent or imply that Kleo Kolor or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

#### **4.15 - Income Taxes**

Each Brand Partner is responsible for paying local, state, and federal taxes on any income generated as an Independent Brand Partner. Unfortunately, we cannot provide you with any personal tax advice. Please consult your own tax accountant, tax attorney, or other tax professional. If a Brand Partner's Kleo Kolor business is tax exempt, the Federal tax identification number must be provided to Kleo Kolor. Every year, Kleo Kolor will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: (1) had earnings of over \$600 in the previous calendar year; or (2) made purchases during the previous calendar year in excess of \$5,000.

#### **4.16 - Independent Contractor Status**

Brand Partners are independent contractors. The agreement between Kleo Kolor and its Brand Partners does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Brand Partner. Brand Partners shall not be treated as an employee for his or her services or for Federal or State tax purposes. All Brand Partners are responsible for paying local, state, and federal taxes due from all compensation earned as a Brand Partner of the Company. The Brand Partner has no authority (expressed or implied), to bind the Company to any obligation. Each Brand Partner shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Brand Partner Agreement, these Policies and Procedures, and applicable laws. Brand Partners may not advertise under the "help wanted" section of any newspaper or other directory, nor may any advertisement state or imply that the Brand Partner is seeking to employ or hire an individual or that the Brand Partner is an agent or recruiter for the Company.

#### **4.17 - International Marketing**

Brand Partners are authorized to promote and/or sell Kleo Kolor products and enroll Customers or Brand Partners only in the countries in which Kleo Kolor is authorized to conduct business, as announced in official Company literature (an "Official Country"). Kleo Kolor products or sales aids may not be given, transferred, distributed, shipped into or sold in any Unauthorized Country (see definition below). Brand Partners may not sell, give, transfer, or distribute Kleo Kolor products or sales aids from one Official Country into another Official Country.

Brand Partners have no authority to take any steps in any country toward the introduction or furtherance of the Company. This includes, but is not limited to, any attempt to register, reserve or otherwise secure any Company names, trademarks, trade names, copyright, patent, other intellectual property, to secure approval for products or business practices, or to establish business or governmental contacts. You agree to indemnify the Company for all costs incurred by it for any remedial action needed to exonerate the Company in the event you improperly act purportedly on behalf of the Company.

Only after the Company has announced that a country is officially open for business (an "Official Country") may Brand Partners conduct business in that Official Country by promoting the Company (or related entity) and/or promoting, marketing or selling Products, and enrolling other Brand Partners or Customers. Brand Partners are required to follow all laws, rules and regulations of the Official Country. Brand Partner may use only promotional materials approved by the Company for use in an Official Country and sell only products approved for sale in that country.

In addition, no Brand Partner may, in any Unauthorized Country:

- advertise the Company, the Compensation Plan or its products;
- offer Company products for sale or distribution
- conduct sales, enrollment or training meetings;
- enroll or attempt to enroll potential Customers or Brand Partners;
- Accept payment for enrollment or recruitment from citizens of countries where Kleo Kolor does not conduct business;
- promote international expansion via the Internet or in promotional literature; or
- conduct any other activity for the purpose of selling Kleo Kolor products, establishing a marketing organization, or promoting the Kleo Kolor opportunity.

A Brand Partner is solely responsible for compliance with all laws, tax requirements, immigration customs laws, rules and regulations of any country in which he or she conducts business. Brand Partners accept the sole responsibility to conduct their independent businesses lawfully within each country in which he or she conducts business.



A Brand Partner's right to receive commissions in a country may be revoked at any time if the Company determines that he or she has not conducted business in particular country in accordance with the terms and conditions contained herein or the governing operations within such country.

The Company reserves the right to establish additional policies and procedures that are applicable to a specific country. A Brand Partner who conducts business internationally agrees to abide by all special policies established by the Company for the specific country or countries in which he or she conducts business.

#### **4.18 - Excess Inventory and Bonus Buying**

Brand Partners must never purchase more products than they can reasonably use or sell to retail customers in a month, and must not influence or attempt to influence any other Brand Partner to buy more products than they can reasonably use or sell to retail customers in a month. In addition, bonus buying is strictly prohibited. Bonus buying includes any mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product or service purchases by end user consumers. Bonus buying includes, but is not limited to, purchasing products through a straw man or other artifice.

#### **4.19 - Adherence to Laws, Regulations and the Agreement**

Brand Partners must comply with all federal, state, and local laws, regulations, ordinances, codes, and the terms of the Agreement in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Brand Partners because of the nature of their business. However, Brand Partners must obey those laws that do apply to them. If a city or county official tells a Brand Partner that an ordinance applies to him or her, the Brand Partner shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Kleo Kolor. In addition, Brand Partners must not recommend, encourage or teach other Brand Partners to violate federal, state, or local laws, regulations, ordinances, codes, or the terms of the Agreement in the operation of their Kleo Kolor business.

#### **4.20 - One Kleo Kolor Business Per Brand Partner**

Except as provided in this section, a Brand Partner may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Kleo Kolor business. No individual may have, operate or receive compensation from more than one Kleo Kolor business.

Individuals of the same Household may maintain, own, and operate their own Kleo Kolor Business. A "Household" is defined as spouses and dependent adult children living at or doing business at the same address. In the event that two members of the same Household elect to become Brand Partners at the same time, one must be enrolled by the other. In the event that more than two members of the same Household elect to become Brand Partners at the same time, they must elect one Household member to enroll the others. In the event that members of the same Household elect to become Brand Partners at different times, the Household member who joined Kleo Kolor first must be the Sponsor for all other Household members.

#### **4.21 - Actions of Household Members or Affiliated Parties**

If any member of a Brand Partner's Household or any member of an Affiliated Party's Household, engages in any activity which, if performed by the Brand Partner, would violate any provision of the Agreement, such activity will be deemed a violation by the Brand Partner and Kleo Kolor may take disciplinary action pursuant to these Policies and Procedures against the Brand Partner. Similarly, if any individual associated in any way with a corporation, partnership, limited liability company, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and Kleo Kolor may take disciplinary action against the Business Entity. Likewise, if a Brand Partner enrolls in Kleo Kolor as a Business Entity, each Affiliated Party of the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

#### **4.22 - Roll-up of Marketing Organization**

When a vacancy occurs in a Marketing Organization due to the termination of a Kleo Kolor business, each Brand

Partner in the first level immediately below the terminated Brand Partner on the date of the termination will be moved to the first level (“front line”) of the terminated Brand Partner’s sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates her business, C1, C2, and C3 will “roll-up” to A and become part of A’s first level.

#### **4.23 - Sale, Transfer or Assignment of Kleo Kolor Business**

Although a Kleo Kolor business is a privately owned and independently operated business, the sale, transfer or assignment of a Kleo Kolor business, and the sale, transfer, or assignment (collectively referred to herein as “transfer”) of an interest in a Business Entity that owns or operates a Kleo Kolor business, is subject to certain limitations. If a Brand Partner wishes to transfer his or her Kleo Kolor business, or transfer an interest in a Business Entity that owns or operates a Kleo Kolor business, the following criteria must be met:

- ❖ The business must be at or above the rank of Icon Status.
- ❖ The selling Brand Partner must offer Kleo Kolor the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. Kleo Kolor shall have fifteen days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- ❖ The buyer or transferee must become a qualified Kleo Kolor Brand Partner. If the buyer is an active Kleo Kolor Brand Partner, he or she must first terminate his or her Kleo Kolor business and wait six calendar months before acquiring any interest in a different Kleo Kolor business.
- ❖ The purchase agreement must contain a covenant by the selling Brand Partner for the benefit of the proposed purchaser not to compete with the purchaser or attempt to solicit any existing Brand Partners or Customers from the Company’s business for a period of one (1) year from the date of the sale, transfer or assignment.
- ❖ Before the transfer can be finalized and approved by Kleo Kolor, any debt obligations the selling party has with Kleo Kolor must be satisfied.
- ❖ The transferring party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to transfer a Kleo Kolor business.

Kleo Kolor reserves the right, in its sole discretion, to stipulate additional terms and conditions prior to approval of any proposed sale or transfer.

Prior to transferring an independent Kleo Kolor business or Business Entity interest, the transferring Brand Partner must notify Kleo Kolor’s Compliance Department in writing and advise of his or her intent to transfer his/her Kleo Kolor business or Business Entity interest. The transferring Brand Partner must receive written approval from the Compliance Department before proceeding with the transfer. The decisions of Kleo Kolor regarding a transfer shall be made in its sole and absolute discretion. No changes in line of sponsorship can result from the transfer of a Kleo Kolor business. In the event that a Brand Partner transfers his or her Kleo Kolor business without the express written approval of the Compliance Department, such transfer shall be voidable in the sole and absolute discretion of Kleo Kolor.

#### **4.24 - Sales Taxes**

Kleo Kolor is required to charge sales taxes on all purchases made by Brand Partners and Customers, and remit the taxes charged to the respective states. Accordingly, Kleo Kolor will collect and remit sales taxes on behalf of Brand Partners, based on the suggested retail price of the products or the transaction price (if allowed by the state), according to applicable tax rates in the state or province to which the shipment is destined. If a Brand Partner has submitted, and Kleo Kolor has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Brand Partner (unless the state in question does not accept a Sales Tax Exemption Certificate and Sales Tax Registration License from a direct selling independent contractor). Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Kleo Kolor is not retroactive.

#### **4.25 - Separation of a Kleo Kolor Business**

Kleo Kolor Brand Partners sometimes operate their Kleo Kolor businesses as husband-wife partnerships, regular partnerships, limited liability companies, corporations, trusts, or other Business Entities. At such time as a marriage may

end in divorce or a corporation, limited liability company, partnership, trust or other Business Entity may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- ❖ One of the parties may, with consent of the other(s), operate the Kleo Kolor business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Kleo Kolor to deal directly and solely with the other spouse or non-relinquishing shareholder, member, partner, or trustee.
- ❖ The parties may continue to operate the Kleo Kolor business jointly on a “business-as-usual” basis, whereupon all compensation paid by Kleo Kolor will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Kleo Kolor split commission and bonus checks between divorcing spouses or members of dissolving entities. Kleo Kolor will recognize only one downline organization and will issue only one commission check per Kleo Kolor business per commission cycle. Commission checks shall always be issued to the same individual or entity.

If a former spouse has completely relinquished all rights in the original Kleo Kolor business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a Brand Partner. In either case, the former spouse or business affiliate shall have no rights to any Brand Partners in their former organization or to any former Customer. They must develop the new business in the same manner as would any other new Brand Partner.

#### 4.26 - Sponsoring Online

When sponsoring a new Brand Partner through the online enrollment process, the sponsor may assist the new applicant in filling out the enrollment materials. ***However, the applicant must personally review and agree to the online application and agreement, Kleo Kolor’s Policies and Procedures, and the Kleo Kolor Compensation Plan. The sponsor may not fill out the online Brand Partner Application and Agreement on behalf of the applicant and agree to these materials on behalf of the applicant.***

#### 4.27 - Succession

Upon the death or incapacitation of a Brand Partner, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper, including but not limited to, letters of administration, letter testamentary and the Final Order of Probate. Accordingly, a Brand Partner should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Kleo Kolor business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Brand Partner’s marketing organization provided the following qualifications are met. The successor(s) must:

- ❖ Execute a Brand Partner Agreement;
- ❖ Comply with terms and provisions of the Agreement;
- ❖ Meet all of the qualifications for the deceased Brand Partner’s status;
- ❖ The devisee must provide Kleo Kolor with an “address of record” to which all bonus and commission checks will be sent;
- ❖ If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification Number. Kleo Kolor will issue all bonus and commission checks and one 1099 to the business entity.

#### **4.27.1 - Transfer Upon Death of a Brand Partner**

To effect a testamentary transfer of a Kleo Kolor business, the executor of the estate must provide the following to Kleo Kolor: (1) an original death certificate; (2) certified letters testamentary or a letter of administration appointing an executor; and (3) written instructions from the authorized executor to Kleo Kolor specifying to whom the business and income should be transferred.

#### **4.27.2 - Transfer Upon Incapacitation of a Brand Partner**

To effectuate a transfer of a Kleo Kolor business because of incapacity, the successor must provide the following to Kleo Kolor: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Kleo Kolor business; and (3) a completed Brand Partner Agreement executed by the trustee.

#### **4.28 - Telemarketing Techniques**

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although Kleo Kolor does not consider Brand Partners to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

Therefore, Brand Partners must not engage in telemarketing in the operation of their Kleo Kolor businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Kleo Kolor product or service, or to recruit them for the Kleo Kolor opportunity. "Cold calls" made to prospective customers or Brand Partners that promote either Kleo Kolor's products or the Kleo Kolor opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective customer or Brand Partner (a "prospect") is permissible under the following situations:

- ❖ If the Brand Partner has an established business relationship with the prospect. An "established business relationship" is a relationship between a Brand Partner and a prospect based on the prospect's purchase, rental, or lease of goods from the Brand Partner, or a financial transaction between the prospect and the Brand Partner, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- ❖ The prospect's personal inquiry or application regarding a product or service offered by the Brand Partner, within the three (3) months immediately preceding the date of such a call.
- ❖ If the Brand Partner receives written and signed permission from the prospect authorizing the Brand Partner to call. The authorization must specify the telephone number(s) which the Brand Partner is authorized to call.
- ❖ You may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you engage in "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- ❖ Brand Partners shall not use automatic telephone dialing systems or software relative to the operation of their Kleo Kolor businesses.
- ❖ Brand Partners shall not place or initiate any outbound telephone call to any person who delivers any pre-recorded message (a "robocall") regarding or relating to the Kleo Kolor products, services or opportunity.

#### **4.29 - Back Office Access**

Kleo Kolor makes online back offices available to its Brand Partners. Back offices provide Brand Partners access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Brand Partner's Kleo Kolor business and to increase sales of Kleo Kolor products. However, access to a back office is a privilege, and not a right. Kleo Kolor reserves the right to deny Brand Partners' access to the back office at its sole discretion.

#### **4.30 - Unauthorized Communication**

In the excitement and enthusiasm of working his or her Kleo Kolor business, a Brand Partner may attempt to contact the Company's vendors, suppliers, or advisors with questions or ideas. Any such communication without the Company's prior written consent is strictly prohibited. Vendors, suppliers, and advisors are often not set up to handle a large volume of contacts. Equally important, we must respect their rights to privacy. Questions regarding any of these Entities may be directed to Field Support.

# SECTION 5 - RESPONSIBILITIES OF BRAND PARTNERS

## 5.1 - Change of Address, Telephone, and E-Mail Addresses

To ensure timely delivery of products, support materials, commission, and tax documents, it is important that the Kleo Kolor's files are current. Street addresses are required for shipping since UPS and FedEx cannot deliver to a post office box. Brand Partners planning to change their e-mail address or move must change their addresses through their Brand Partner Back Office. To guarantee proper delivery, two weeks advance notice must be provided to Kleo Kolor on all changes. In the alternative, a Brand Partner's whose contact information changes may amend their contact information through their Brand Partner Back Office.

## 5.2 - Continuing Development Obligations

### 5.2.1 - Ongoing Training

Any Brand Partner who sponsors another Brand Partner into Kleo Kolor must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Kleo Kolor business. Brand Partners must have ongoing contact and communication with the Brand Partners in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Brand Partners to Kleo Kolor meetings, training sessions, and other functions. Upline Brand Partners are also responsible to motivate and train new Brand Partners in Kleo Kolor product knowledge, effective sales techniques, the Kleo Kolor Compensation Plan, and compliance with Company Policies and Procedures and applicable laws. Communication with and the training of downline Brand Partners must not, however, violate Sections 4.1 and/or 4.2 (regarding the development of Brand Partner-produced sales aids and promotional materials).

Brand Partners should monitor the Brand Partners in their Downline Organizations to guard against downline Brand Partners making improper product or business claims, violation of the Policies and Procedures, or engaging in any illegal or inappropriate conduct.

### 5.2.2 - Increased Training Responsibilities

As Brand Partners progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Kleo Kolor program. They will be called upon to share this knowledge with lesser experienced Brand Partners within their organization.

### 5.2.3 - Ongoing Sales Responsibilities

Regardless of their level of achievement, Brand Partners have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

### 5.2.4 - Reporting Policy Violations

Brand Partners who are aware of a violation of these Policies and Procedures by another Brand Partner must submit a written report of the violation directly to the attention of Kleo Kolor's Compliance Department by mail or email at [compliance@kleokolor.com](mailto:compliance@kleokolor.com). Details of the incident in question such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report. Any incident reported to the Compliance Department must have supporting documentation such as images, screenshots, text messages, emails, etc.. Any incident reported without proper supporting documentation will not be reviewed.

## 5.3 - Nondisparagement

Kleo Kolor wants to provide its independent Brand Partners with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Field Support Department. Remember, to best serve you, we must hear from you! While Kleo Kolor welcomes constructive input, negative comments and remarks made in the field by Brand Partners about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Kleo Kolor Brand Partners.

For this reason, and to set the proper example for their downline, during the term of this Agreement and at any time thereafter, Brand Partner agrees not make any false, derogatory, demeaning or disparaging statements (collectively “disparage”) or encourage or induce others to disparage Kleo Kolor, other Kleo Kolor Brand Partners, the Compensation Plan or any of Kleo Kolor’s past and present owners, officers, directors, employees or products (the “Company Parties”) including, but not limited to: (i) making any statements, or take any other actions whatsoever, to disparage, defame, demean, sully or compromise the goodwill, name, brand or reputation of the Company, its products, Marketing and Compensation Plan, Customers, Brand Partners or any of its Kleo Kolor Affiliates (as defined in Section 4.6.1) (collectively, the “Company Goodwill”) or (ii) committing any other action that could likely injure, hinder or interfere with the Business, business relationships or Company Goodwill of the Company, its Brand Partners or its Customers.

For purposes of this Section 5.3, the term “disparage” includes, without limitation, comments or statements to the press, any media outlet, industry group, financial institution, the Kleo Kolor’s Brand Partners, employees or to any individual or entity with whom Kleo Kolor has a business relationship (including, without limitation, any vendor, supplier, Customer, Brand Partner or independent contractor), social media posts, or any public statement, that in each case is intended to, or can be reasonably expected to, materially damage any of the Company Parties. Notwithstanding the foregoing, nothing in this Section 5.3 shall prevent a Brand Partner from making any truthful statement to the extent, but only to the extent: (1) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, in the forum in which such litigation, arbitration or mediation properly takes place; or (2) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over the Brand Partner.

# **SECTION 6 - SALES REQUIREMENTS**

## **6.1 - Product Sales**

The Kleo Kolor Compensation Plan is based on the sale of Kleo Kolor products to end consumers. Brand Partners must fulfill personal and organizational retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

## **6.2 - No Territory Restrictions**

There are no exclusive territories granted to anyone.

## **6.3 - In-Person Sales**

**Brand Partners must orally inform the buyer of any purchase or order in the amount of \$25.00 or more of his or her cancellation rights.**



# SECTION 7 - BONUSES AND COMMISSIONS

## 7.1 - Bonus and Commission Qualifications and Accrual

A Brand Partner must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Brand Partner complies with the terms of the Agreement, Kleo Kolor shall pay commissions to such Brand Partner in accordance with the Marketing and Compensation plan. The minimum amount for which Kleo Kolor will issue a commission is \$25.00. If a Brand Partner's bonuses and commissions do not equal or exceed \$24.99, the Company will accrue the commissions and bonuses until they total \$25.00. Payment will be issued once \$25.00 has been accrued. Notwithstanding the foregoing, all commissions owed a Brand Partner, regardless of the amount accrued, will be paid at the end of each fiscal year or upon the termination of a Brand Partner's business.

## 7.2 - Adjustment to Bonuses and Commissions

### 7.2.1 - Adjustments for Returned Products, Disputed Charges and Chargebacks

Brand Partners receive bonuses, commissions, or overrides based on the actual sales of products to end consumers. When a product is returned to Kleo Kolor for a refund or is repurchased by the Company, a purchaser disputes a charge for one or more product orders, or a purchaser initiates a chargeback through his or her bank or credit card issuer, any of the following may occur at the Company's discretion: (1) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service will be deducted from payments to the Brand Partner and upline Brand Partners who received bonuses, commissions, or overrides on the sales of the refunded product(s), in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered; (2) the Brand Partner or upline Brand Partners who earned bonuses, commissions, or overrides based on the sale of the returned product(s) will have the corresponding points deducted from their Organizational Volume in the next month and all subsequent months until it is completely recovered; or (3) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) may be deducted from any refunds or credits to the Brand Partner who received the bonuses, commissions, or overrides on the sales of the refunded product(s). In the event that the Company is unable, within two (2) months from the payment of any refund(s) by the Company or the debiting of any chargebacks, to recover all bonuses, commissions, or overrides on the sales of the refunded product(s) from the Brand Partner or upline Brand Partners who received them, the Company shall be entitled to assert a claim against such Brand Partner(s) for payment.

### 7.2.2 - Commission Payments

The Company pays commissions via direct payment onto a Company provided debit card.

### 7.2.3 - Tax Withholdings

If a Brand Partner fails to provide his or her correct tax identification number, Kleo Kolor will deduct the necessary withholdings from the Brand Partner's commission checks as required by law.

## 7.3 - Reports

All information provided by Kleo Kolor in downline activity reports, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to the inherent possibility of human, digital, and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by Kleo Kolor or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, KLEO KOLOR AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY BRAND PARTNER OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL,

SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF KLEO KOLOR OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, KLEO KOLOR OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Kleo Kolor's online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Kleo Kolor's online and telephone reporting services and your reliance upon the information.

# SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

## 8.1 - Product Guarantee and Rescission

Kleo Kolor offers a 100% money-back guarantee (less shipping charges) on unopened products within thirty (30) days of purchase to all Subscription Customers and retail customers. Products shipped directly to a Subscription Customer by the Company must be returned to the Company and the refund will be issued to the Subscription Customer by the Company. Products delivered to a retail customer by a Brand Partner must be returned to the selling Brand Partner, and it shall be the responsibility of the Brand Partner to issue the refund to his or her retail customer. Every Brand Partner is bound to honor the retail customer guarantee. If, for any reason, a retail customer is dissatisfied with any Kleo Kolor product, the retail customer may return the unopened product to the Brand Partner from whom it was purchased, within thirty (30) days, for a replacement, exchange or a full refund of the purchase price (less shipping costs). This product satisfaction guarantee does not apply to products damaged by abuse or misuse by the end user, and shipping costs are not refundable. Kleo Kolor replacing, exchanging or refunding any products in the case of: (1) products that are damaged in shipping; or (2) an incorrect product delivered to the end user.

If a Brand Partner returns more than \$1,000.00 for a refund in any 12 consecutive month period, the request will constitute the Brand Partner's voluntary termination of his/her Brand Partner Agreement, and the refund will be processed as an inventory repurchase pursuant to Section 8.3, and the Brand Partner's Agreement will be terminated and his or her Kleo Kolor business will be cancelled.

## 8.2 - Rescission

### 8.2.1 - Retail Customers

Federal and state law requires that a retail customer who makes a purchase of \$25.00 or more has three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form or sales receipt. When a Brand Partner makes a sale or takes an order from a retail customer who cancels or requests a refund within the three business day period, the Brand Partner must promptly refund the customer's money as long as the products are returned to the Brand Partner in substantially as good condition as when received (five business days for Alaska residents).

### 8.2.2 - Subscription Customers

Brand Partners **must** notify their Subscription Customers that they have three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) within which to cancel their purchase and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Brand Partners should also notify their Subscription Customers about these time limits at the time they enroll as a Subscription Customer and place their first order. Products shipped directly to a Subscription Customer by the Company must be returned to the Company and the refund will be issued to the Customer by the Company. Subscription Customers may contact the Company for a "call tag" that will provide return shipping back to the Company at no cost to the Customer.

### 8.2.3 - Informing Customers

Brand Partners **MUST** verbally inform their customers (retail and Subscription) of this right of rescission, they **MUST** provide their retail customers with TWO copies of a retail receipt at the time of the sale, and **MUST** point out this cancellation right stated on the receipt. If a Customer places an order online, the Company will provide the Customer with the receipt. Brand Partners must ensure that the date of the order or purchase is entered on the Retail Sales Receipt. All retail customers must be provided with two copies of an official Kleo Kolor Retail Sales Receipt at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

## 8.3 - Return of Inventory and Sales Aids by Brand Partners Upon Termination

Upon termination of a Brand Partner's Agreement, the Brand Partner may return Starter Boxes, products, and sales

aids that he or she personally purchased from Kleo Kolor (purchases from other Brand Partners or third parties are not subject to refund) that are in Resalable (see Definition of “Resalable” below) condition and which have been purchased within one year prior to the date of termination. Upon receipt of a Resalable Starter Box and/or Resalable products and sales aids, the Brand Partner will be reimbursed 90% of the net cost of the original purchase price(s), less any amounts or compensation the Brand Partner received on account of the purchase of the returned products. Neither shipping and handling charges incurred by a Brand Partner when the Starter Box, products or sales aids were purchased, nor return shipping fees, will be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Brand Partner was paid a commission, rebate, or any other form of compensation based on a product(s) that he or she purchased, and such product(s) is/are subsequently returned for a refund, the commission, rebate, or any other form of compensation that was paid based on that product purchase will be deducted from the amount of the refund.

Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) they are still in Kleo Kolor's current inventory; (5) the expiration date(s) for any returned products has not passed; and (6) they are returned to Kleo Kolor within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable. Replicated Website fees are not refundable except as required by applicable state law.

### **8.3.1 Montana Residents**

A Montana resident may cancel his or her Brand Partner Agreement within 15 days from the date of enrollment, and may return his or her Starter Box for a full refund within such time period.

### **8.4 - Procedures for All Returns**

The following procedures apply to all returns for refund, repurchase, or exchange:

- ❖ All items must be returned by the Brand Partner or customer who purchased it directly from Kleo Kolor.
- ❖ All items to be returned must have a Return Authorization Number which is obtained by calling the Field Support Department. This Return Authorization Number must be written on each carton returned.
- ❖ The return is accompanied by:
  - The original packing slip with the completed (and signed Consumer Return information, if applicable);
  - The unopened item(s) in its/their original container.
- ❖ Proper shipping carton(s) and packing materials are to be used in packaging the items(s) being returned, and the best and most economical means of shipping is suggested. All returns must be shipped to Kleo Kolor shipping pre-paid. Kleo Kolor does not accept shipping-collect packages. The risk of loss in shipping for returned items shall be on the Brand Partner. If the returned items are not received by the Company's Distribution Center, it is the responsibility of the Brand Partner to trace the shipment.
- ❖ If a Brand Partner is returning merchandise to Kleo Kolor that was returned to him or her by a personal retail customer, the product must be received by Kleo Kolor within ten (10) days from the date on which the retail customer returned the merchandise to the Brand Partner, and must be accompanied by the sales receipt the Brand Partner gave to the customer at the time of the sale.

**No refund or replacement of any items will be made if the conditions of these rules are not met.**

# SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

## 9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Brand Partner that, in the sole discretion of the Company may damage its reputation or goodwill (such damaging act or omission need not be related to the Brand Partner's Kleo Kolor business), may result, at Kleo Kolor's discretion, in one or more of the following corrective measures:

- ❖ Issuance of a written warning or admonition;
- ❖ Requiring the Brand Partner to take immediate corrective measures;
- ❖ Imposition of a fine, which may be withheld from bonus and commission checks;
- ❖ Loss of rights to one or more bonus and commission checks;
- ❖ Kleo Kolor may withhold from a Brand Partner all or part of the Brand Partner's bonuses and commissions during the period that Kleo Kolor is investigating any conduct allegedly violative of the Agreement. If a Brand Partner's business is canceled for disciplinary reasons, the Brand Partner will not be entitled to recover any commissions withheld during the investigation period;
- ❖ Suspension of the individual's Brand Partner Agreement for one or more pay periods;
- ❖ Permanent or temporary loss of, or reduction in, the current and/or lifetime rank of a Brand Partner (which may subsequently be re-earned by the Brand Partner);
- ❖ Transfer or removal of some or all of a Brand Partner's downline Brand Partners from the offending Brand Partner's downline organization.
- ❖ Involuntary termination of the offender's Brand Partner Agreement;
- ❖ Suspension and/or termination of the offending Brand Partner's Kleo Kolor website or website access;
- ❖ Any other measure expressly allowed within any provision of the Agreement or which Kleo Kolor deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Brand Partner's policy violation or contractual breach;
- ❖ In situations deemed appropriate by Kleo Kolor, the Company may institute legal proceedings for monetary and/or equitable relief.

## 9.2 - Grievances and Complaints

When a Brand Partner has a grievance or complaint with another Brand Partner regarding any practice or conduct in relationship to their respective Kleo Kolor businesses, the complaining Brand Partner should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party's upline sponsor. If the matter involves interpretation or violation of Company policy, it must be reported in writing to the Field Support Department at the Company. The Brand Partner Services Department will review the facts and attempt to resolve it.

## 9.3 - Arbitration

**Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration. The Parties waive all rights to trial by jury or to any court.** The arbitration shall be filed with, and administered by, the American Arbitration Association ("AAA") or JAMS Endispute ("JAMS") under their respective rules and procedures. The *Commercial Arbitration Rules and Mediation Procedures* of the AAA are available on the AAA's website at [www.adr.org](http://www.adr.org). The *Streamlined Arbitration Rules & Procedures* are available on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). Copies of AAA's *Commercial Arbitration Rules and Mediation Procedures* or JAM's *Streamlined Arbitration Rules & Procedures* will also be emailed to Brand Partners upon request to Kleo Kolor's Field Support Department.

Notwithstanding the rules of the AAA or JAMS, the following shall apply to all Arbitration actions:

- ❖ The Federal Rules of Evidence shall apply in all cases;

- ❖ The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- ❖ The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- ❖ The arbitration shall occur within 180 days from the date on which the arbitrator is appointed, and shall last no more than five business days;
- ❖ The Parties shall be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings shall be held in Fort Lee, New Jersey. There shall be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The parties shall be allotted equal time to present their respective cases. The decision of the arbitrator shall be final and binding on the parties and may if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

- ❖ The substance of, or basis for, the controversy, dispute, or claim;
- ❖ The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- ❖ The terms or amount of any arbitration award;
- ❖ The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect its intellectual property rights, to enforce its rights under the non-solicitation or confidentiality provisions of the Agreement, prevent the breach of any provision of this Agreement, and/or to compel specific performance of the Agreement.

#### **9.4 - Governing Law, Jurisdiction, and Venue**

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Bergen County, State of New Jersey. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of New Jersey shall govern all other matters relating to or arising from the Agreement.

##### **9.4.1 - Louisiana Residents**

Notwithstanding the foregoing, and the arbitration provision in Section 9.4, residents of the State of Louisiana shall be entitled to bring an action against Kleo Kolor in their home forum and pursuant to Louisiana law.

# SECTION 10 - INACTIVITY, RECLASSIFICATION AND TERMINATION

## 10.1 - Effect of Termination

So long as a Brand Partner remains active and complies with the terms of the Brand Partner Agreement and these Policies and Procedures, Kleo Kolor shall pay commissions to such Brand Partner in accordance with the Compensation Plan. A Brand Partner's bonuses and commissions constitute the entire consideration for the Brand Partner's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Brand Partner's non-renewal of his or her Brand Partner Agreement, termination for inactivity, or voluntary or involuntary termination of his or her Brand Partner Agreement (all of these methods are collectively referred to as "termination"), the former Brand Partner shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. **Except as set forth herein, Brand Partner whose business is cancelled will lose all rights as a Brand Partner. In the event a Brand Partner's Agreement is terminated, the former Brand Partner will be reclassified as an Affiliate. An Affiliate may sell Kleo Kolor products and has the right to receive future commissions resulting from the sales he or she makes to Customers. Such an Affiliate shall no rights to sponsor or enroll other Affiliates or Brand Partners into Kleo Kolor. In the event of the termination of the Brand Partner Agreement, the former Brand Partner agrees to waive all rights he or she may have, including but not limited to property rights, to his or her former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.**

Following a Brand Partner's termination of his or her Brand Partner Agreement, the former Brand Partner shall not hold himself or herself out as a Kleo Kolor Brand Partner and shall not have the right to sell Kleo Kolor products. A Brand Partner whose business is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

## 10.2 - Termination Due to Inactivity

If a Brand Partner is cancelled for inactivity, his or her Brand Partner Agreement will be terminated. If he or she is on the Company's Subscription program, the Subscription agreement shall remain in force. If the former Brand Partner was not on a Subscription order, he or she will be entitled to continue purchasing products directly from the company at the Customer price.

## 10.3 - Involuntary Termination

A Brand Partner's violation of any of the terms of the Agreement, including any amendments that may be made by Kleo Kolor in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary termination of his or her Brand Partner Agreement. Termination shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Brand Partner's last known address, email address, or fax number, or to his/her attorney, or when the Brand Partner receives actual notice of termination, whichever occurs first.

Kleo Kolor reserves the right to terminate all Brand Partner Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

## 10.4 - Voluntary Resignation

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. The request to resign must be submitted in writing to the Field Support Department. The request to resign must include the Brand Partner's signature, printed name, address, and Brand Partner I.D. Number. In addition to written termination, Brand Partners who have consented to Electronic Contracting will cancel their Brand Partner Agreement should they withdraw their consent to contract electronically. If a Brand Partner is also on the Subscription program, the Brand Partner's Subscription order shall continue unless the Brand Partner also specifically requests that his or her Subscription also be canceled.

## **10.5 - Non-renewal**

A Brand Partner may also voluntarily cancel his or her Brand Partner Agreement by failing to renew the Agreement on its anniversary date or by failing to pay his/her annual renewal fee. The Company may also elect not to renew a Brand Partner's Agreement upon its anniversary date.

## **10.6 - Exceptions to Activity Requirements**

### **10.6.1 - Military Deployment**

Military personnel shall be exempt from meeting their Personal Volume and Organizational Volume requirements for the duration of the deployment and six (6) full calendar months thereafter while deployed into a foreign country. The Brand Partner should notify the Brand Partner Services Department to request a Deployment Waiver Form.



## SECTION 11 - DEFINITIONS

**Active Customer** — A Subscription Customer who purchases Kleo Kolor products during a particular month.

**Active Rank** — The term “active rank” refers to the current rank of a Brand Partner, as determined by the Kleo Kolor Compensation Plan, for a particular pay period. To be considered “active” relative to a particular rank, a Brand Partner must meet the criteria set forth in the Kleo Kolor Compensation Plan for his or her respective rank. *(See the definition of “Rank” below.)*

**Affiliated Party** - A shareholder, member, partner, manager, trustee, or other parties with any ownership interest in, or management responsibilities for, a Business Entity.

**Agreement** - The contract between the Company and each Brand Partner includes the Brand Partner Application and Agreement Terms and Conditions, the Kleo Kolor Policies and Procedures, the Kleo Kolor Compensation Plan, and the Business Entity Registration Form (where appropriate), all in their current form and as amended by Kleo Kolor in its sole discretion. These documents are collectively referred to as the “Agreement.”

**Cancel** — The termination of a Brand Partner’s business. Termination may be either voluntary, involuntary, through non-renewal or inactivity.

**Commission Active Brand Partner** — A Brand Partner who satisfies the minimum Personal Sales Volume requirements, as set forth in the Kleo Kolor Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

**Downline** — Your downline (or downline organization) consists of the Brand Partners, Affiliates and Influencers you personally enroll or sponsor (your first level Brand Partners), the Brand Partners that first level Brand Partners enroll or sponsor, as well as the Brand Partners that are subsequently enrolled or sponsored beneath them.

**Downline Leg** — Each one of the individuals personally enrolled immediately underneath you and their respective marketing organizations represents one “leg” in your marketing organization.

**Enrollment Fee** — The fee that each new application is required to pay in order to join Kleo Kolor as a Brand Partner.

**Immediate Household** — Spouses, heads-of-household, and dependent family members residing in the same residence.

**Level** — The layers of downline Customers and Brand Partners in a particular Brand Partner’s downline. This term refers to the relationship of a Brand Partner relative to a particular upline Brand Partner, determined by the number of Brand Partners between them who are related by sponsorship. For example, if A enrolls B, who enrolls C, who enrolls D, who enrolls E, then E is on A’s fourth level.

**Official Kleo Kolor Material** — Literature, audio or video tapes, websites, and other materials developed, printed, published and/or distributed by Kleo Kolor to Brand Partners.

**Organizational Volume** — The commissionable value of services and products purchased by the Customers and Brand Partners in the downline of a particular Brand Partner.

**Personal Volume** — The commissionable value of products purchased by: (1) a Brand Partner; (2) the Brand Partner’s personally-enrolled Subscription Customers; and (3) the Brand Partner’s personal Retail Customers who purchase from the Brand Partner’s Kleo Kolor replicated website.

**Rank** — The “title” that a Brand Partner holds pursuant to the Kleo Kolor Compensation Plan. “Lifetime Rank” refers to the highest rank a Brand Partner has achieved in the Kleo Kolor compensation plan at any time. “Paid As” rank refers to the rank at which a Brand Partner is qualified to earn commissions and bonuses during the current pay period.

**Recruit** — For purposes of Kleo Kolor’s Conflict of Interest Policy (Section 4.11), the term “Recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Kleo Kolor Brand Partner or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

**Replicated Website** – A website provided by Kleo Kolor to Brand Partners which utilizes website templates developed by Kleo Kolor.

**Resalable** — Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) their packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and (4) they are returned to Kleo Kolor within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**Retail Customer** — An individual who purchases Kleo Kolor products from or through a Brand Partner but who is neither a participant in the Kleo Kolor compensation plan (i.e., a Brand Partner) nor a Subscription Customer.

**Retail Sales** – Sales to a Retail Customer.

**Social Media** - Any type of online media that invites, expedites or permits conversation, comment, rating, and/or user generated content, as opposed to traditional media, which delivers content but does not allow readers/viewers/listeners to participate in the creation or development of content, or the comment or response to content. Examples of Social Media include, but are not limited to, blogs, chat rooms, Facebook, Instagram, Twitter, LinkedIn, TikTok, Pinterest, and YouTube.

**Sponsor** — A Brand Partner who enrolls a Customer or another Brand Partner, Affiliate or Influencer into the Company, and is listed as the Sponsor on the Brand Partner Application and Agreement. The act of enrolling others and training them to become Brand Partners is called “sponsoring.”

**Sponsoring** — The act of introducing a prospective Brand Partner to Kleo Kolor and assisting him or her to execute a Brand Partner Application and Agreement and thereby become a Kleo Kolor Brand Partner. (Also see the definition of “Sponsor.”) These activities are called “sponsoring.”

**Starter Box** — An optional selection of Kleo Kolor training materials and business support literature that each new Independent Marketing Brand Partner may elect to purchase.

**Upline** — This term refers to the Brand Partner or Brand Partners above a particular Brand Partner in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Brand Partner to the Company.