

# Kleo Kolor Corporation

## Affiliate Policies and Procedures

Effective March 1, 2024

### Contents

<b>SECTION 1 - MISSION STATEMENT</b> .....	<b>1</b>
<b>SECTION 2 - INTRODUCTION</b> .....	<b>2</b>
<b>2.1 - PURPOSE OF THE AFFILIATE AGREEMENT AND THE AFFILIATE POLICIES AND PROCEDURES</b> .....	<b>2</b>
<b>2.2 - POLICIES AND PROCEDURES INCORPORATED INTO THE AFFILIATE AGREEMENT</b> .....	<b>2</b>
<b>2.3 - CHANGES TO THE AGREEMENT</b> .....	<b>2</b>
<b>2.4 - POLICIES AND PROVISIONS SEVERABLE</b> .....	<b>2</b>
<b>2.5 - WAIVER</b> .....	<b>2</b>
<b>2.6 - COMPANY USE OF INFORMATION</b> .....	<b>3</b>
<b>SECTION 3 - BECOMING AN AFFILIATE</b> .....	<b>4</b>
<b>3.1 - REQUIREMENTS TO BECOME AN AFFILIATE</b> .....	<b>4</b>
<b>3.2 - ENROLLMENT FEE AND STARTER BOXES</b> .....	<b>4</b>
<b>3.3 - AFFILIATE BENEFITS</b> .....	<b>4</b>
<b>3.4 - TERM AND RENEWAL OF YOUR KLEO KOLOR BUSINESS</b> .....	<b>4</b>
<b>SECTION 4 - OPERATING A KLEO KOLOR BUSINESS</b> .....	<b>5</b>
<b>4.1 - ADHERENCE TO THE KLEO KOLOR AFFILIATE COMPENSATION PLAN</b> .....	<b>5</b>
<b>4.2 - ADVERTISING</b> .....	<b>5</b>
<b>4.2.1 - General</b> .....	<b>5</b>
<b>4.2.2 - Trademarks and Copyrights</b> .....	<b>5</b>
<b>4.2.3 - Media and Media Inquiries</b> .....	<b>6</b>
<b>4.2.4 - Unsolicited Email and Text Messages</b> .....	<b>6</b>
<b>4.2.4.1 - Requirements for All Commercial Email Messages</b> .....	<b>7</b>
<b>4.2.4.2 - Additional Requirements for Email Messages Sent to Mobile or Wireless Devices</b> .....	<b>8</b>
<b>4.2.4.3 - Commercial Email Messages Sent on Behalf of Affiliates</b> .....	<b>9</b>
<b>4.2.5 - Unsolicited Faxes</b> .....	<b>9</b>
<b>4.2.6 - Telephone or Online Directory Listings</b> .....	<b>9</b>
<b>4.2.7 - Television and Radio Advertising</b> .....	<b>9</b>
<b>4.2.8 - Advertised Prices</b> .....	<b>9</b>
<b>4.2.9 - Recordings</b> .....	<b>9</b>
<b>4.3 - ONLINE CONDUCT</b> .....	<b>9</b>
<b>4.3.1 - Affiliate Web Sites</b> .....	<b>10</b>
<b>4.3.2 - Domain Names, email Addresses and Online Aliases</b> .....	<b>10</b>
<b>4.3.3 - Online Classifieds</b> .....	<b>10</b>
<b>4.3.4 - eBay / Online Auctions</b> .....	<b>10</b>
<b>4.3.5 - Online Retailing</b> .....	<b>10</b>
<b>4.3.6 - Spam Linking</b> .....	<b>10</b>
<b>4.3.7 - Digital Media Submission (YouTube, iTunes, PhotoBucket etc.)</b> .....	<b>10</b>
<b>4.3.8 - Domain Names and Email Addresses</b> .....	<b>10</b>
<b>4.3.9 - Social Media</b> .....	<b>11</b>
<b>4.3.10 - Prohibited Postings</b> .....	<b>11</b>
<b>4.3.11 - Responding to Negative Posts</b> .....	<b>11</b>
<b>4.4 - BUSINESS ENTITIES</b> .....	<b>11</b>
<b>4.4.1 - Addition or Removal of an Affiliated Party</b> .....	<b>11</b>
<b>4.4.2 - Changes to a Business Entity</b> .....	<b>12</b>
<b>4.5 - CHANGE OF SPONSOR</b> .....	<b>12</b>

4.5.1 - Misplacement .....	12
4.5.2 - Upline Approval.....	13
4.5.3 - Termination and Re-application .....	12
4.6 - UNAUTHORIZED CLAIMS AND ACTIONS .....	12
4.7 - REPACKAGING AND RE-LABELING PROHIBITED .....	13
4.8 - COMMERCIAL OUTLETS .....	13
4.9 - MILITARY INSTALLATIONS .....	13
4.10 - TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS .....	14
4.11 - CONFLICTS OF INTEREST .....	14
4.11.1 - Nonsolicitation .....	14
4.11.2 - Affiliate Participation in Other Network Marketing Programs .....	15
4.11.3 - Confidential Information .....	15
4.12 - Errors or Questions .....	16
4.13 - GOVERNMENTAL APPROVAL OR ENDORSEMENT .....	16
4.14 - INCOME TAXES .....	16
4.15 - INDEPENDENT CONTRACTOR STATUS .....	16
4.16 - INTERNATIONAL MARKETING .....	16
4.17 - EXCESS INVENTORY AND COMMISSION BUYING .....	17
4.18 - ADHERENCE TO LAWS, REGULATIONS AND THE AGREEMENT .....	17
4.19 - ONE KLEO KOLOR BUSINESS PER AFFILIATE .....	17
4.20 - ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED PARTIES .....	17
4.21 - SALE, TRANSFER OR ASSIGNMENT OF KLEO KOLOR BUSINESS .....	19
4.22 - SALES TAXES .....	18
4.23 - SEPARATION OF A KLEO KOLOR BUSINESS .....	18
4.24 - SUCCESSION .....	18
4.24.1 - Transfer Upon Death of an Affiliate .....	19
4.24.2 - Transfer Upon Incapacitation of an Affiliate .....	19
4.25 - TELEMARKETING TECHNIQUES .....	19
4.26 - BACK OFFICE ACCESS.....	20
4.27 - UNAUTHORIZED COMMUNICATION .....	20
<b>SECTION 5 - RESPONSIBILITIES OF AFFILIATES .....</b>	<b>21</b>
5.1 - CHANGE OF ADDRESS, TELEPHONE, AND E-MAIL ADDRESSES .....	21
5.2 - Reporting Policy Violations .....	21
5.3 - NONDISPARAGEMENT.....	21
<b>SECTION 6 - SALES REQUIREMENTS.....</b>	<b>22</b>
6.1 - PRODUCT SALES .....	22
6.2 - NO TERRITORY RESTRICTIONS .....	22
6.3 - IN-PERSON SALES .....	22
<b>SECTION 7 - COMMISSIONS.....</b>	<b>23</b>
7.1 - COMMISSION QUALIFICATIONS AND ACCRUAL .....	23
7.2 - ADJUSTMENT TO COMMISSIONS .....	23
7.2.1 - Adjustments for Returned Products, Disputed Charges and Chargebacks .....	23
7.2.2 - Commission Payments .....	23
7.2.3 - Tax Withholdings .....	23
7.3 - REPORTS .....	23
<b>SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE .....</b>	<b>25</b>
8.1 - PRODUCT GUARANTEE AND RESCISSION .....	25
8.2 - RESCISSION .....	25
8.2.1 - RETAIL CUSTOMERS .....	25
8.2.2 - SUBSCRIPTION CUSTOMERS .....	27
8.2.3 - INFORMING CUSTOMERS .....	25
8.3 - RETURN OF INVENTORY AND SALES AIDS BY AFFILIATES UPON TERMINATION .....	25
8.4 - PROCEDURES FOR ALL RETURNS .....	26

**SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS.....27**

**9.1 - DISCIPLINARY SANCTIONS.....27**

**9.2 - ARBITRATION.....27**

**9.3 - GOVERNING LAW, JURISDICTION, AND VENUE.....28**

**9.3.1 - LOUISIANA RESIDENTS.....28**

**SECTION 10 - INACTIVITY, RECLASSIFICATION AND TERMINATION.....29**

**10.1 - EFFECT OF TERMINATION.....29**

**10.2 - TERMINATION DUE TO INACTIVITY.....31**

**10.3 - INVOLUNTARY TERMINATION.....29**

**10.4 - VOLUNTARY RESIGNATION.....29**

**10.5 - NON-RENEWAL.....29**

**10.6 - EXCEPTIONS TO ACTIVITY REQUIREMENTS.....29**

**10.6.1 - MILITARY DEPLOYMENT.....29**

**SECTION 11 - DEFINITIONS.....33**

## 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 Affiliate Agreement and the Affiliate Policies and Procedures

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

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

## 2.2 - Policies and Procedures Incorporated into the Affiliate 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 Affiliate Application and Agreement (“Affiliate Agreement”). It is the responsibility of each Affiliate 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 Affiliate 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 Affiliate 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 an Affiliate within sixty (60) days of its date of enrollment, Kleo Kolor is authorized to and shall withhold any and all compensation to which the Affiliate 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 Affiliate Agreement, an Affiliate 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 Affiliates’ back-offices; (4) inclusion in Company periodicals; (5) inclusion in product orders or commission checks; or (6) special mailings. The continuation of an Affiliate’s Kleo Kolor business, the acceptance of any benefits under the Agreement, or an Affiliate’s acceptance of 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 an Affiliate 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 an Affiliate 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 an Affiliate Application and Agreement that is accepted by Kleo Kolor, the Affiliate consents to allow Kleo Kolor, its affiliates, and any related company to: (a) process and utilize the information submitted in the Affiliate 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 Affiliate information to companies which Kleo Kolor may, from time to time, deal with to deliver information to an Affiliate to improve its marketing, operational, and promotional efforts. An Affiliate 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 AN AFFILIATE

## 3.1 - Requirements to Become an Affiliate

To become a Kleo Kolor Affiliate, 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 Affiliate enrollment fee of \$19.00 (optional for residents of North Dakota); and
- ❖ Submit a properly completed Affiliate Application and Agreement to Kleo Kolor online.

Kleo Kolor reserves the right to accept or reject any Affiliate Application and Agreement for any reason or for no reason. An Affiliate may upgrade to become a Brand Partner simply by paying the Brand Partner enrollment fee of \$29.00.

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

## 3.2 - Enrollment Fee and Starter Boxes

With the exception of the Affiliate Enrollment Fee, no person is required to purchase Kleo Kolor products or sales aids, or to pay any other charge or fee to become an Affiliate. In order to familiarize new Affiliates 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 Affiliate who terminates his or her Affiliate Agreement pursuant to the terms of Section 8.3.

## 3.3 - Affiliate Benefits

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

- ❖ Sell Kleo Kolor products;
- ❖ Participate in the Kleo Kolor Affiliate Compensation Plan (receive commissions, if eligible);
- ❖ 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 Affiliates.

Affiliates are not eligible to participate: (1) in the Brand Partner Compensation Plan; (2) on any incentive trips; or (3) in any form of recognition from Kleo Kolor.

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

The term of the Affiliate Agreement is one year from the date of its acceptance by Kleo Kolor (subject to reclassification for inactivity pursuant to Section 10.2). Affiliates must renew their Affiliate Agreement each year by paying an annual renewal fee of \$19.00 on or before the anniversary date of their Affiliate Agreement. If the renewal fee is not paid within thirty (30) days after the expiration of the current term of the Affiliate Agreement, the Affiliate Agreement will be automatically terminated. Affiliates may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee will be charged to the Affiliate's credit card on file with the Company. 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 Affiliate Compensation Plan

Affiliates must adhere to the terms of the Kleo Kolor Affiliate Compensation Plan as set forth in official Kleo Kolor literature. Affiliates shall not require or encourage other current or prospective Customers to execute any agreement or contract other than official Kleo Kolor agreements and contracts in order to become a Kleo Kolor Customer. Similarly, Affiliates shall not require or encourage other current or prospective Customers 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 Affiliates 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 Affiliate Compensation Plan, and Kleo Kolor products must avoid all discourteous, deceptive, misleading, unethical or immoral, or illegal conduct or practices.

To promote the products, Affiliates should musts use the sales aids, business tools, and support materials produced by Kleo Kolor. The Company has carefully designed its products, product labels, Affiliates 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, Affiliates 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. Go to the *Template Library* tab in your back office for guidelines and to access the library. Affiliates are prohibited from translating any Kleo Kolor materials from English into other languages.

Affiliates may not sell sales aids to other Kleo Kolor Affiliates or Brand Partners.

### 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 Affiliates 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 an Affiliate 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 Affiliates, in any manner without its prior, written permission.

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

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

Affiliate's Name  
Independent Kleo Kolor Affiliate

*Example:*

Alice Smith  
Independent Kleo Kolor Affiliate

or

Alice Smith  
Kleo Kolor  
Independent Affiliate

Affiliates may not use the name Kleo Kolor in any form for 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 Affiliate* 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 Affiliate Logo

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

##### Logos Approved for Affiliate Use



Minimum screen width: 80px



Minimum print width: 20mm

##### Logos NOT Approved for Affiliate Use

Don't Rotate



Don't Use Gradients



Don't Stretch or Skew



Don't Crop



Don't Use Low Contrast or Vibrating Colors



Don't Recreate Logo in a Font



#### 4.2.3 - Media and Media Inquiries

Affiliates 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 Affiliates 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 Brand Partners 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 Affiliates**

The Kleo Kolor may periodically send commercial emails on behalf of Affiliates. By entering into the Affiliate Agreement, Affiliate agrees that the Company may send such emails and that the Affiliates email addresses will be included in such emails as outlined above. Affiliates 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, Affiliates 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 Affiliate 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 an Affiliate and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Affiliate; 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**

Affiliates may list themselves as an “Independent Kleo Kolor Affiliate” in a telephone directory or online directories, under their own name. No Affiliate may place telephone or online directory display ads using Kleo Kolor's name or logo. Affiliates 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 an Affiliate wishes to post his/her name in a telephone or online directory, it must be listed in the following format:

Affiliate's Name  
Independent Kleo Kolor Affiliate

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

Affiliates 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**

Affiliates 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, Affiliates may not sell any Kleo Kolor products at a price less than the current price on kleokolor.com.

#### **4.2.9 - Recordings**

Affiliates 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 - Affiliate Web Sites**

Affiliates are provided with a replicated website by Kleo Kolor, from which they can take orders, well as manage their Kleo Kolor business. Affiliates 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 Affiliates 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.. An Affiliate 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**

Affiliates 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. An Affiliate 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.)**

Affiliates 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 Affiliate 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. Affiliates 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 Affiliate Website Application and Agreement, Affiliates 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.
- ❖ An Affiliate 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 Affiliate's Back-Office or photos of the posting or pinning Affiliate may be used.

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

An Affiliate 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**

An Affiliate is prohibited from conversing with others who place a negative post against them, other Affiliates or the Company. The Affiliate 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 Affiliate by submitting an Affiliate 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 Affiliate 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 Affiliate business, the Company requires a signed written request as well as a properly completed Affiliate 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 Affiliate Agreement containing only the remaining Brand Partner 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 Affiliate 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 Affiliate may interfere with the relationship between another Affiliate and his or her Sponsor in any way. An Affiliate may not offer, entice, encourage, solicit, recruit, or otherwise influence or attempt to persuade another Affiliate 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 Affiliate is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, an Affiliate may request that he or she be transferred to another Sponsor. 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 Affiliate 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 - Termination and Re-application**

An Affiliate 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 attendance at any Kleo Kolor functions, participation in any other form of Affiliate 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 Affiliate may reapply under a new sponsor. 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 Affiliate's life. Kleo Kolor will not accept an Affiliate Agreement for an Affiliate wishing to change sponsors beyond the first sponsor change made in accordance with this Policy.

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

An Affiliate 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. Affiliates agree to indemnify Kleo Kolor and Kleo Kolor's directors, officers, employees, and agents (collectively referred to herein as "Brand Partners"), 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 Affiliate's unauthorized representations or actions. This provision shall survive

the termination of the Affiliate Agreement.

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

Kleo Kolor products must be sold in their original packaging. Affiliates 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. Affiliates 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, Affiliates may not sell Kleo Kolor products from a commercial outlet, nor may Affiliates display or sell Kleo Kolor products or literature in any retail or service establishment (“Commercial Outlet”). 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 an Affiliate *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 Affiliate 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 Affiliates to engage in such activities on the installation. If the Commander has not done so, the Affiliate must contact Kleo Kolor’s offices to ask the Company to obtain the Commander’s permission. Affiliates 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 Affiliate 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, Affiliates 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 Affiliates, 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 Affiliate”) 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 Affiliate could jeopardize the ability of all Kleo Kolor Affiliates 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**

Affiliates may display and/or sell Kleo Kolor products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Affiliates 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 Affiliate who submits an official advertisement of the event, a copy of the contract signed by both the Affiliate 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 - Nonsolicitation**

Kleo Kolor Affiliates 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 an Affiliate, you recognize Kleo Kolor’s legitimate interests in protecting, during the term of your Affiliate Agreement and for a reasonable period of time following its termination, Kleo Kolor’s relationships with its Customers, Affiliates 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 Affiliate Agreement for any reason whatsoever, you may not and will not recruit (as defined below) any Kleo Kolor Affiliate, Brand Partner, Influencer or Customer for another Direct Selling Business.

Affiliates 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, Affiliates 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 Affiliates, Brand Partners, Influencers and Customers are located. This provision shall survive the termination or expiration of the Affiliate Agreement for a period of one (1) year.

The Affiliate recognizes Kleo Kolor’s legitimate interest in protecting, for a reasonable period of time following the termination of the Affiliate’s Agreement, those Affiliates, Brand Partners, Influencers and Customers with which the Affiliate will be, is or was associated during the term of his, her or its Affiliate Agreement, and any renewals or extensions thereof. Accordingly, the Affiliate 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 Affiliate Agreement for any reason whatsoever, he, she or it will not, directly or indirectly, recruit any Kleo Kolor Affiliates, Brand Partners, Influencers or Customers to another network marketing business.

For the purposes of this Section 4.11.1, 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 Affiliate, Brand Partner, Influencer 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 Affiliate’s actions are in response to an inquiry made by another Affiliate, Brand Partner, Influencer or Customer.

#### **4.11.2 - Affiliate Participation in Other Network Marketing Programs**

Affiliates may be actively involved in other Direct Selling Businesses. If an Affiliate is engaged in another non-Kleo Kolor Direct Selling Business, it is the responsibility of the Affiliate 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:

- ❖ Affiliates 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 Affiliates, Brand Partners, Influencers or Customers. However, an Affiliate may promote non-Kleo Kolor products or services to Kleo Kolor Customers of the Affiliate.
- ❖ Affiliates 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.
- ❖ Affiliates 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 Affiliates, Brand Partners, Influencers or Customers in conjunction with any non-Kleo Kolor program, opportunity, product or service.
- ❖ Affiliates may not promote any non-Kleo Kolor products, services or opportunity at any Kleo Kolor-related meeting, seminar, convention, webinar, teleconference, or other function.
- ❖ Affiliates 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 Affiliate or any third person to recruit Affiliates, Brand Partners, Influencers or Customers to participate in any other Direct Selling Business;

All of these provisions as outlined in this Section 4.11.2 shall survive the termination or expiration of the Affiliate Agreement for a period of one (1) year-after such termination or expiration.

#### **4.11.3 - Confidential Information**

“Confidential Information” includes, but is not limited to, the identities of Kleo Kolor customers, contact information of Kleo Kolor customers, 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 Affiliates in their respective back-offices. Affiliate 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 Affiliates in strictest confidence and is made available to Affiliates for the sole purpose of assisting Affiliates in the development of their Kleo Kolor business. Affiliates may not use the reports for any purpose other than for developing, managing, or operating their Kleo Kolor business. The Affiliate and Kleo Kolor agree that, but for this agreement of confidentiality and nondisclosure, Kleo Kolor would not provide Confidential Information to the Affiliate.

To protect the Confidential Information, Affiliates 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 Customer of Kleo Kolor listed on any report or in the Affiliate’s back-office, or in any manner attempt to influence or induce any 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 an Affiliate's Agreement has been terminated, or whether the Affiliate is or is not otherwise affiliated with the Kleo Kolor. Upon nonrenewal or termination of the Agreement, Affiliates 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.

#### **4.12 - Errors or Questions**

If an Affiliate has questions about or believes any errors have been made regarding commissions, sales or charges, the Affiliate 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.

#### **4.13 - Governmental Approval or Endorsement**

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

#### **4.14 - Income Taxes**

Each Affiliate is responsible for paying local, state, and federal taxes on any income generated as an Independent Affiliate. Unfortunately, we cannot provide you with any personal tax advice. Please consult your own tax accountant, tax attorney, or other tax professional. If an Affiliate'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.

#### **4.15 - Independent Contractor Status**

Affiliates are independent contractors. The agreement between Kleo Kolor and its Affiliates does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Affiliate. Affiliates shall not be treated as an employee for his or her services or for Federal or State tax purposes. All Affiliates are responsible for paying local, state, and federal taxes due from all compensation earned as an Affiliate of the Company. The Affiliate has no authority (expressed or implied), to bind the Company to any obligation. Each Affiliate shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Affiliate Agreement, these Policies and Procedures, and applicable laws.

#### **4.16 - International Marketing**

Affiliates are authorized to promote and/or sell Kleo Kolor products and enroll Customers 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). Affiliates may not sell, give, transfer, or distribute Kleo Kolor products or sales aids from one Official Country into another Official Country.

Affiliates 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 Affiliates conduct business in that Official Country by promoting the Company (or related entity) and/or promoting, marketing or selling Products, and developing other Customers. Affiliates are required to follow all laws, rules and regulations of the Official Country. Affiliate 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 Affiliate may, in any Unauthorized Country:

- advertise the Company or its products;
- offer Company products for sale or distribution
- conduct sales meetings;
- enroll or attempt to enroll potential Customers;
- promote international expansion via the Internet or in promotional literature; or
- conduct any other activity for the purpose of selling Kleo Kolor products.

An Affiliate 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. Affiliates accept the sole responsibility to conduct their independent businesses lawfully within each country in which he or she conducts business.

An Affiliate’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. An Affiliate 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.

#### **4.17 - Excess Inventory and Commission Buying**

Affiliates must never purchase more products than they can reasonably use or sell to retail customers in a month. In addition, commission buying is strictly prohibited. “Commission buying” includes any mechanism or artifice to qualify for incentives, prizes or commissions that is not driven by bona fide product or service purchases by Customers. Commission buying includes, but is not limited to, purchasing products through a straw man or other artifice.

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

Affiliates 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 Affiliates because of the nature of their business. However, Affiliates must obey those laws that do apply to them. If a city or county official tells an Affiliate that an ordinance applies to him or her, the Affiliate shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Kleo Kolor.

#### **4.19 - One Kleo Kolor Business Per Affiliate**

Except as provided in this section, an Affiliate 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.

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

If any member of an Affiliate’s Household or any member of an Affiliated Party’s Household, engages in any activity which, if performed by the Affiliate, would violate any provision of the Agreement, such activity will be deemed a

violation by the Affiliate and Kleo Kolor may take disciplinary action pursuant to these Policies and Procedures against the Affiliate. 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 an Affiliate 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.

#### **4.21 - Sales Taxes**

Kleo Kolor is required to charge sales taxes on all purchases made by Affiliates and Customers, and remit the taxes charged to the respective states. Accordingly, Kleo Kolor will collect and remit sales taxes on behalf of Affiliates, 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 an Affiliate 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 Affiliate (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.

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

Kleo Kolor Affiliates 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 Kleo Kolor split commission payments between divorcing spouses or members of dissolving entities. Kleo Kolor will recognize only one 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 an Affiliate. In either case, the former spouse or business affiliate shall have no rights to any Affiliates in their former organization or to any former Customer. They must develop the new business in the same manner as would any other new Affiliate.

#### **4.23 - Succession**

Upon the death or incapacitation of an Affiliate, 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, an Affiliate 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 commissions of the deceased Affiliate's business provided the following qualifications are met. The successor(s) must:

- ❖ Execute an Affiliate Agreement;
- ❖ Comply with terms and provisions of the Agreement;
- ❖ Meet all of the qualifications for the deceased Affiliate's status;
- ❖ The devisee must provide Kleo Kolor with an "address of record" to which all 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 commission checks and one 1099 to the business entity.

#### **4.23.1 - Transfer Upon Death of an Affiliate**

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.

#### **4.23.2 - Transfer Upon Incapacitation of an Affiliate**

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 Affiliate Agreement executed by the trustee.

#### **4.24 - 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 Affiliates 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, Affiliates 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 Affiliates 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 Affiliate (a "prospect") is permissible under the following situations:

- ❖ If the Affiliate has an established business relationship with the prospect. An "established business relationship" is a relationship between an Affiliate and a prospect based on the prospect's purchase, rental, or lease of goods from the Affiliate, or a financial transaction between the prospect and the Affiliate, 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 Affiliate, within the three (3) months immediately preceding the date of such a call.
- ❖ If the Affiliate receives written and signed permission from the prospect authorizing the Affiliate to call. The authorization must specify the telephone number(s) which the Affiliate 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.
- ❖ Affiliates shall not use automatic telephone dialing systems or software relative to the operation of their Kleo Kolor businesses.
- ❖ Affiliates 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.

#### **4.25 - Back Office Access**

Kleo Kolor makes online back offices available to its Affiliates. Back offices provide Affiliates access to confidential and proprietary information that may be used solely and exclusively to promote the development of an Affiliate'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 Affiliates' access to the back office at its sole discretion.

#### **4.26 - Unauthorized Communication**

In the excitement and enthusiasm of working his or her Kleo Kolor business, an Affiliate 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 AFFILIATES

## 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. Affiliates planning to change their e-mail address or move must change their addresses through their Affiliate Back Office. To guarantee proper delivery, two weeks advance notice must be provided to Kleo Kolor on all changes. In the alternative, an Affiliate's whose contact information changes may amend their contact information through their Affiliate Back Office.

## 5.2 - Reporting Policy Violations

Affiliates who are aware of a violation of these Policies and Procedures by another Affiliate 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 Affiliates 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 Affiliates about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Kleo Kolor Affiliates.

For this reason, during the term of this Agreement and at any time thereafter, Affiliate agrees not make any false, derogatory, demeaning or disparaging statements (collectively "disparage") or encourage or induce others to disparage Kleo Kolor, other Kleo Kolor Affiliates, 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, Affiliates or any of its Kleo Kolor Brand Partners (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 Affiliates 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 Affiliates, employees or to any individual or entity with whom Kleo Kolor has a business relationship (including, without limitation, any vendor, supplier, Customer, Affiliate 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 an Affiliate 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 Affiliate.

# **SECTION 6 - SALES REQUIREMENTS**

## **6.1 - Product Sales**

The Kleo Kolor Affiliate Compensation Plan is based on the sale of Kleo Kolor products to end consumers. Affiliates must fulfill personal and organizational retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for commissions.

## **6.2 - No Territory Restrictions**

There are no exclusive territories granted to anyone.

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

**Affiliates 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 - COMMISSIONS

## 7.1 - Commission Qualifications and Accrual

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

## 7.2 - Adjustment to Commissions

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

Affiliates receive commissions 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 commissions attributable to the returned or repurchased product(s) or cancelled service will be deducted from payments to the Affiliate who received commissions 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 Affiliate who earned commissions 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 commissions attributable to the returned or repurchased product(s) may be deducted from any refunds or credits to the Affiliate who received the commissions 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 commissions on the sales of the refunded product(s) from the Affiliate who received them, the Company shall be entitled to assert a claim against such Affiliate for payment.

### 7.2.2 - Commission Payments

The Company pays commissions via direct payment through Ipayment.

### 7.2.3 - Tax Withholdings

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

## 7.3 - Reports

All information provided by Kleo Kolor in any reports, including but not limited to personal sales volume (or any part thereof) and Customer sales volume 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 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 AFFILIATE 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 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 an Affiliate must be returned to the selling Affiliate, and it shall be the responsibility of the Affiliate to issue the refund to his or her retail customer. Every Affiliate 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 Affiliate 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 an Affiliate returns more than \$1,000.00 for a refund in any 12 consecutive month period, the request will constitute the Affiliate's voluntary termination of his/her Affiliate Agreement, and the refund will be processed as an inventory repurchase pursuant to Section 8.3, and the Affiliate'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 an Affiliate makes a sale or takes an order from a retail customer who cancels or requests a refund within the three business day period, the Affiliate must promptly refund the customer's money as long as the products are returned to the Affiliate in substantially as good condition as when received (five business days for Alaska residents).

### 8.2.2 - Informing Customers

Affiliates **MUST** verbally inform their customers 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. Affiliates 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 Affiliates Upon Termination

Upon termination of an Affiliate's Agreement, the Affiliate may return Starter Boxes, products, and sales aids that he or she personally purchased from Kleo Kolor (purchases from other Affiliates 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 Affiliate will be reimbursed 90% of the net cost of the original purchase price(s), less any amounts or compensation the Affiliate received on account of the purchase of the returned products. Neither shipping and handling charges incurred by an Affiliate 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 an Affiliate 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.

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

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

- ❖ All items must be returned by the Affiliate 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 Affiliate. If the returned items are not received by the Company's Distribution Center, it is the responsibility of the Affiliate to trace the shipment.
- ❖ If an Affiliate 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 Affiliate, and must be accompanied by the sales receipt the Affiliate 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 an Affiliate 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 Affiliate'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 Affiliate to take immediate corrective measures;
- ❖ Imposition of a fine, which may be withheld from commission checks;
- ❖ Loss of rights to one or more commission checks;
- ❖ Kleo Kolor may withhold from an Affiliate all or part of the Affiliate's commissions during the period that Kleo Kolor is investigating any conduct allegedly violative of the Agreement. If an Affiliate's business is canceled for disciplinary reasons, the Affiliate will not be entitled to recover any commissions withheld during the investigation period;
- ❖ Suspension of the individual's Affiliate Agreement for one or more pay periods;
- ❖ Involuntary termination of the offender's Affiliate Agreement;
- ❖ Suspension and/or termination of the offending Affiliate'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 Affiliate'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 - 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 Affiliates 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.

### **9.3 - 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.

#### **9.3.1 - 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 an Affiliate remains active and complies with the terms of the Affiliate Agreement and these Policies and Procedures, Kleo Kolor shall pay commissions to such Affiliate in accordance with the Affiliates Compensation Plan. An Affiliate's commissions constitute the entire consideration for the Affiliate's efforts in generating sales and all activities related to generating sales. Following an Affiliate's non-renewal of his or her Affiliate Agreement, termination for inactivity, or voluntary or involuntary termination of his or her Affiliate Agreement (all of these methods are collectively referred to as "termination"), the former Affiliate shall have no right, title, claim or interest to the business which he or she operated, or any commission from the sales generated by him or her. **An Affiliate whose business is cancelled will lose all rights as an Affiliate. In the event of the termination of the Affiliate Agreement, the former Affiliate agrees to waive all rights he or she may have, including but not limited to property rights, to his or her former business and to any commissions or other remuneration derived from the sales and other activities of his or her former business.**

Following an Affiliate's termination of his or her Affiliate Agreement, the former Affiliate shall not hold himself or herself out as a Kleo Kolor Affiliate and shall not have the right to sell Kleo Kolor products. An Affiliate whose business is canceled shall receive commissions 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 - Involuntary Termination

An Affiliate'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 Affiliate Agreement. Termination shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Affiliate's last known address, email address, or fax number, or to his/her attorney, or when the Affiliate receives actual notice of termination, whichever occurs first.

Kleo Kolor reserves the right to terminate all Affiliate 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.

## 10.3 - 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 Affiliate's signature, printed name, address, and Affiliate I.D. Number. In addition to written termination, Affiliates who have consented to Electronic Contracting will cancel their Affiliate Agreement should they withdraw their consent to contract electronically. If an Affiliate is also on the Subscription program, the Affiliate's Subscription order shall continue unless the Affiliate also specifically requests that his or her Subscription also be canceled.

## 10.4 - Non-renewal

An Affiliate may also voluntarily cancel his or her Affiliate 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 an Affiliate's Agreement upon its anniversary date.

## 10.5 - Exceptions to Activity Requirements

### 10.5.1 - 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 Affiliate should notify the Affiliate 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.

**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 Affiliate includes the Affiliate Application and Agreement Terms and Conditions, the Kleo Kolor Policies and Procedures, the Kleo Kolor Affiliate 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 an Affiliate’s business. Termination may be either voluntary, involuntary, through non-renewal or inactivity.

**Commission Active Affiliate** — An Affiliate 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 commissions.

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

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

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

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

**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 Affiliate 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 Affiliates 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 an Affiliate but who is neither a participant in the Kleo Kolor compensation plan (i.e., an Affiliate) 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.



