

# LYCONET AGREEMENT

## for Independent Lyonet Marketers

Version: June 2018

### Preamble

Lyoness Canada Inc., with registered office at 5000 Yonge Street, Suite 1706, Toronto, Ontario M2N 7E9 Canada (“**Lyoness**”), operates a marketing program referred to as “Lyonet” (the “**Lyonet Marketing Program**”).

This marketing program enables participants to promote the distribution and use of the Cashback World Program as self-employed, commercial sales agents and to obtain benefits from the same. After concluding this agreement (the “**Lyonet Agreement**”) with Lyoness, the contracting party will become an Independent Lyonet Marketer (a “**Marketer**”).

The Cashback World Program is a shopping community operated by myWorld International Limited, with registered office at, 40 Bank Street, London EC14 5NR, United Kingdom, together with its subsidiary companies and cooperation partners, which enables participants (“**Members**”) to obtain benefits from the purchase of goods and services from certain vendors that sell goods and/or services exclusively to consumers (“**Loyalty Merchants**”).

### 1. Object of the agreement

1.1 This Lyonet Agreement allows the Marketer to promote the distribution and use of the Cashback World Program and the Lyonet Marketing Program, provided, that the requirements set forth in section 4 are satisfied:

- (a) by gaining new Members and supporting existing Members,
- (b) by gaining new Marketers and supporting existing Marketers, and
- (c) by gaining new Loyalty Merchants and supporting existing Loyalty Merchants.

1.2 “**Loyalty Merchants**” means Vendors that sell goods or services exclusively to consumers and

- (a) do not have more than 100 employees (full time equivalent),
- (b) do not have an annual turnover of more than CAD\$15 million
- (c) do not have more than 10 branches and do not have a transnational branch structure,
- (d) do not operate or use a regular customer loyalty program (with a personal loyalty card),
- (e) are not franchises, or
- (f) are not controlled by a foreign parent company.

A Vendor that does not meet any of the foregoing criteria will nevertheless be considered as a Loyalty Merchant if myWorld International Limited (or any of its authorized group companies and cooperation partners) approves the designation of such Vendor as a “Loyalty Merchant” in writing, which approval may be refused in its sole discretion. The recruitment and support of Vendors that do not qualify as Loyalty Merchants within the meaning of this section 1.2 are not covered by this Lyonet Agreement. The Marketer is specifically prohibited from conducting initiation talks or negotiations with such Vendors or from engaging in any other promotional activity to recruit them.

1.3 In consideration for the foregoing activities, the Marketer shall receive remuneration according to the Lyonet Compensation Plan in **Annex 1** to this Lyonet Agreement (please refer to section 8).

### 2. Basis for the agreement

The sales activities of the Marketer will be governed exclusively by this Lyonet Agreement, including all annexes hereto.

### 3. Legal relationship

3.1 Lyoness grants the Marketer a non-exclusive right to act as a sales representative for Lyoness under the terms of this Lyonet Agreement. The Marketer shall not be subject to any regional restrictions with regard to the performance of his or her sales activities, but shall always be responsible for ensuring that he or she complies with all applicable laws in the respective country; the Marketer shall indemnify and hold Lyoness harmless in the event of any damages, costs, expenses, fines, liabilities and other losses arising from third party claims relating to his or her failure to comply with the requirements of this section 3.1.

3.2 The Marketer shall act as an independent contractor in the performance of this Lyonet Agreement and related commercial activity. No form of employment, service, joint venture, partnership, agency or other similar relationship of any kind whatsoever is established between Lyoness and the Marketer. The Marketer shall provide his or her contractual services solely as an autonomous and self-employed activity, legally independent of Lyoness and not subject to Lyoness’ direction or control.

3.3 The Marketer is expressly prohibited from giving the impression during business or related dealings that he or she is an employee or agent of Lyoness, or of any of their respective affiliates.

3.4 The Marketer is not authorised to conclude contracts or receive services on behalf of Lyoness. The Marketer is also prohibited from representing another group company of the Lyoness or myWorld Group. Any breach of this section 3.4 shall entitle Lyoness to terminate this Lyonet Agreement without notice in accordance with section 13.2.

3.5 Only one registration to the Lyonet Marketing Program (i.e. one ID number) is permitted for any individual or organisation. The residential or business address (registered office) of the Marketer must be provided during registration to the Lyonet Marketing Program. Multiple registrations to the Lyonet Marketing Program made to obtain unjustified benefits from the Lyonet Compensation Plan shall entitle Lyoness to terminate the contractual relationship without notice and to cancel the benefits obtained by the Marketer in this manner. In the event of multiple registrations, all ID numbers (except for the one first registered) will be deleted. Any benefits from the Lyonet Compensation Plan obtained solely by means of multiple registrations to the Lyonet Marketing Program will be forfeited.

#### **4. Requirements for the activity and the entitlement to remuneration**

4.1 Only individuals who have reached the age of majority in the province or territory in which they reside may enter into this Lyonet Agreement.

4.2 As a condition for the entitlement to claim remuneration, the Marketer must be active in the exercise of a commercial activity under the Lyonet Marketing Program. In doing so, the Marketer must ensure that his or her business is duly registered and that he or she has the necessary regulatory approvals to carry on his or her business or practice his or her trade. He or she must ensure the proper payment of taxes and remittances and he or she shall indemnify and hold Lyoness harmless in the event of any damages, costs, expenses, fines, liabilities and other losses arising from any third-party claims relating to his or her failure to comply with the requirements of this section 4.2.

4.3 The recruitment of new Loyalty Merchants requires activation by myWorld International Limited (or any of its authorized group companies or cooperation partners) as well as separate training.

#### **5. Rights and obligations of the Marketer**

5.1 The Marketer will be entitled to receive assistance from third parties for his or her sales activities, provided that the Marketer may not delegate any sales activity to any third party and must undertake the foregoing himself or herself. The Marketer must ensure that the obligations and other requirements of this Lyonet Agreement are satisfied by any such third party providing it with assistance with his or her sales activities.

5.2 The Marketer may not make any representation or other statements relating to Lyoness, a company affiliated with Lyoness, the Lyoness business model, and/or Lyoness' distribution and marketing practices unless these have been previously approved in writing by Lyoness or are otherwise included in Lyoness' official documentation.

5.3 The Marketer must forthwith notify Lyoness of any possible violation of the provisions of this Lyonet Agreement by another Marketer of which he or she becomes aware.

5.4 If the Marketer intends to hold events for a charge or otherwise offer services in connection with the Cashback World Program or the Lyonet Marketing Program to third parties for a fee, he or she must first obtain Lyoness' written consent, which consent may be arbitrarily withheld.

#### **6. Member registration**

6.1 The Marketer can use the original registration form to recruit new Members to the Cashback World Program and to promote the Cashback World Program. Without limitation to the generality of section 3, the Marketer has no authority to represent Lyoness or any member of the myWorld Group (or any of their respective affiliates) or to receive declarations under the Cashback World Program on any of their behalf. Membership in the Cashback World Program is subject to acceptance of the registration application by the respective contractual partner of the Member.

6.2 The Marketer must comply with the following requirements when registering new Members:

6.2.1 The Marketer must ensure that the current version of the General Terms and Conditions for Cashback World Members ("**Cashback World GTC**") is available to the Member in the place where the registration takes place and that the Member can examine and retain a copy of the *Cashback World GTC*. Lyoness shall provide the Marketer with the required *Cashback World GTC* in the version required for the respective country at [www.lyconet.com](http://www.lyconet.com) (log-in area) for downloading. The Marketer may request from Lyoness delivery of copies of the membership registration applications in printed form by completing the appropriate order form and sending it to Lyoness.

6.2.2 In all instances, the Marketer must present the *Cashback World GTC* to the prospective Member before the registration form has been completed and signed by a prospective Member and the Marketer shall expressly point out that the Cashback World GTC form part of the contract to be concluded and should therefore be reviewed in advance of the registration form being signed.

6.2.3 Before completing the registration, the Marketer must enter his or her information in the designated area of the registration form. To complete the registration of the prospective Member, the Marketer must upload an adequately recognisable picture of the duly completed registration form signed by the Member in the designated area.

6.2.4 The Marketer shall ensure it has an adequate number of copies of the current *Cashback World GTC* available for examination and supply to prospective Members at their request.

- 6.2.5 The Marketer shall keep all original copies of completed registration forms securely and make them available any time at the request of Lyoness.
- 6.2.6 Lyoness reserves the right to carry out random audits and verifications of the registration forms.

6.3 Liability of the Marketer when registering Members:

- 6.3.1 The Marketer shall be fully liable for compliance with the provisions of this section 6. This liability shall also extend to all persons whom the Marketer uses to assist in the fulfilment of his or her contractual obligations and the Marketer shall be fully liable for the conduct of such third parties.
- 6.3.2 The Marketer must record all registration data of prospective Members with the utmost care and shall be liable for all damages, costs, expenses, liabilities and other losses resulting from any violation of this obligation.
- 6.3.3 Any violation of this section 6 by the Marketer will entitle Lyoness to terminate the entire contractual relationship with the Marketer without notice.

**7. Communication Material**

- 7.1 Lyoness shall make available to the Marketer for downloading at [www.lyconet.com](http://www.lyconet.com) (log-in section) the advertising and information material (documents, catalogues, presentations, etc.) (hereinafter: "**Communication Material**") required by the Marketer to perform his or her sales activities under this Lyconet Agreement.
- 7.2 The Marketer may only use the most current version of Communication Material available at [www.lyconet.com](http://www.lyconet.com). Before using any Communication Material, the Marketer must confirm that it constitutes the most current version thereof. The improper distribution and use of unauthorised Communication Material by the Marketer will entitle Lyoness to terminate this Lyconet Agreement immediately without notice pursuant to section 13.2.
- 7.3 In the event of termination of this Lyconet Agreement, the Marketer shall immediately destroy all Communication Material in his or her possession and confirm the destruction in writing to Lyoness, if requested to do so by Lyoness.
- 7.4 Lyoness' prior written consent must be obtained in regard to any publications and advertisements proposed to be used by the Marketer, as well as any display or use of any trademarks owned by Lyoness or companies affiliated with Lyoness, such as the company logo and the brands Lyconet, Lyoness, Child & Family Foundation, Greenfinity Foundation, etc. The display and use of trademarks applied for and/or registered for myWorld International Limited with its group companies and cooperation partners such as Cashback World or myWorld require the prior written consent of myWorld International Limited and its group companies and cooperation partners. For clarity, the foregoing requirements and restrictions also apply to any use over the Internet or other electronic media.
- 7.5 The Marketer shall indemnify Lyoness from all damages, costs, expenses, fines, liabilities and other losses arising from any claims by third parties against Lyoness in connection with any violation of their intellectual property rights by the Marketer.

**8. Lifeline**

- 8.1 The "**Lifeline**" of each Marketer consists of the ensemble of Marketers or Members recruited by him or her (first level), the Marketers or Members recruited by first level Marketers and Members (second level), and the Marketers or Members recruited by the second level Marketers or Members (third level), and so forth. The Lifeline thus consists of all Marketers or Members assigned to the Marketer based on his or her recommendations and all successive recommendations, regardless of the level (collectively, "**Lifeline Marketers & Members**"). The Lifeline is also referred to as the "**Downline**" (the "**Upline**" consisting of the referrers). The next Marketer in the Upline is referred to as the "**Coach**" and the second in the Upline is referred to as the "**Senior Coach**".
- 8.2 The Marketer's compensation under the Lyconet Compensation Plan shall be calculated based on all purchases made by Lifeline Marketers & Members. Purchases associated with another Marketer's Lifeline will not be included in the calculation of the Marketer's compensation even where the Marketer has assisted in the conclusion of the Lyconet Agreement with the Marketer.
- 8.3 The Lifeline and associated rules cannot be changed and compliance with these is an essential element of the Lyconet Marketing Program. Marketers who have not received any compensation for a period of 12 months can change their *Referrer* by appointing another Marketer as their *Referrer* to the Lyconet Marketing Program, provided such other Marketer has provided his or her consent. If the Marketer is also a Member, the *Referrer* may be changed only if the change requirements that apply in regard to Members have also been met (i.e. no purchases have been made from any *Loyalty Merchant* in the last six months as well as no entitlement to compensation in the last twelve months). In any such case, the Marketers or Members recruited directly or indirectly by the Marketer being changed (regardless of the level) shall continue to be associated with the original Referrer in the same manner. The entitlement to compensation is set forth in **Annex 1** of the Lyconet Compensation Plan.
- 8.4 If a Marketer terminates his or her participation in the Lyconet Marketing Program or changes his or her Lifeline either as a Marketer (as detailed in section 8.3) or as a Member, the foregoing will not affect the position of the remaining Marketers or Members of the Lifeline concerned (in the upper or lower part).
- 8.5 An ID number can only be transferred to third parties with the prior written consent of Lyoness, which may be arbitrarily withheld. Notwithstanding the foregoing, if the Marketer dies, the contractual relationships existing between the Marketer and Lyoness and (if applicable) the myWorld Group (including his/her ID number) will pass to his or her heirs in accordance with applicable laws. For clarity, any transfer of an ID number is only permitted in conjunction with an assignment to the proposed assignee of all contractual relationships existing between the Marketer and Lyoness and (if necessary) the myWorld Group and of all rights relating thereto.

## **9. Compensation**

- 9.1 The Marketer will be compensated for his or her Lyoness activities according to the Lyonet Compensation Plan in [Annex 1](#). The Marketer will not be entitled to obtain from Lyoness any reimbursement for expenses incurred in the performance of his or her sales activities including, without limitation, any costs and expenses relating to travel, accommodations, material or personnel.
- 9.2 In addition to compensation under the Compensation Plan, Lyoness may also offer additional and discretionary premiums to the Marketer in its sole and arbitrary discretion.
- 9.3 Compensation will be calculated on either a weekly or a monthly basis, considering all the Shopping Points credited to the Marketer under the Lyonet Marketing Program (as set forth in the Lyonet Compensation Plan in [Annex 1](#)). Lyoness shall display all the information that is relevant to the compensation of the Marketer under the Lyonet Compensation Plan in the statements that are made available to the Marketer in his or her login area of the [www.lyconet.com](http://www.lyconet.com) website ("**Compensation Statements**").
- 9.4 The Marketer must review Compensations Statements immediately. In the event of any mistake, the Marketer must notify Lyoness in writing of same through the [www.lyconet.com](http://www.lyconet.com) website using the form specified by Lyoness and must do so no later than one week after receipt of the Compensation Statement.
- 9.5 The compensation which is owed to the Marketer in terms of the Lyonet Marketing Program shall be paid weekly to the Marketer's designated bank account, provided that the sum of such payment is at least CAD\$10.00.

## **10. Secrecy and confidentiality**

- 10.1 The Marketer shall maintain the confidentiality of all Lyoness confidential and proprietary information that has been entrusted or disclosed to him or her or that has otherwise come to be known by him in conjunction with the subject matter of this Lyonet Agreement (collectively, "**Lyonet Confidential Information**"). This obligation will survive termination of this Lyonet Agreement for whatever reason.
- 10.2 The Marketer must return to Lyoness any documents or materials that include, list, summarize or analyse any Lyonet Confidential Information when they are no longer required for the Marketer to perform his duties and obligations under this Lyonet Agreement, but no later than upon termination of this Lyonet Agreement.
- 10.3 The Marketer may disclose Lyonet Confidential Information to any third party that he or she retains to assist him or her in terms of the performance of his or her duties and obligations under this Lyonet Agreement or otherwise in regard to his or her participation in the Lyonet Marketing Program, provided that such third party first agrees in writing to be bound by confidentiality obligations at least as restrictive as those contained in this Lyonet Agreement.

## **11. Data protection**

- 11.1 To the extent that it is required to implement the Lyonet Agreement and operate the Lyonet Marketing Program including, without limitation, calculating the Shopping Points and compensation according to the Lyonet Compensation Plan in **Annex 1**, Lyoness, collects, stores, retains, processes and handles personal information, business data as well as data on sales activities of the Marketers.
- 11.2 All requests for information, changes, and deletion of personal information may be directed to Lyoness' privacy officer at 5000 Yonge Street, Suite 1706, Toronto, Ontario M2N 7E9 Canada or by e-mail to [international@lyconet.com](mailto:international@lyconet.com). Further privacy provisions related to the use of the Lyonet website can be found in the Privacy Policy at [www.lyconet.com](http://www.lyconet.com).
- 11.3 Lyoness uses internationally recognised security technologies to protect Marketers' data against unauthorised access.
- 11.4 The Marketer may not use additional Lyoness systems or Lyoness services to process personal information without Lyoness' prior written consent, which consent may be arbitrarily withheld. In the event such consent is granted, such consent will be subject to the parties concluding a separate data processing agreement in regard to the foregoing.

## **12. Non-competition/non-solicitation agreement**

- 12.1 The Marketer will not, while this Lyonet Agreement is in effect, directly or indirectly, or through any third party, without the prior written consent of Lyoness, provide services, assistance (financial or otherwise), counsel or support to a direct Lyoness competitor or otherwise invest in any Lyoness competitor.
- 12.2 The same restriction applies to any business that is involved in the network marketing sector (structure sales) generally.
- 12.3 The activities of the Marketer in regard to competitors already existing at the time of conclusion of this Lyonet Agreement and disclosed to Lyoness in writing prior to the conclusion of this Lyonet Agreement will be excluded from the aforementioned non-competition covenant.
- 12.4 During the term of this Lyonet Agreement, the Marketer shall also refrain from soliciting or attempting to solicit Marketers, Members, or Loyalty Merchants for or in relation to any other network marketing business.
- 12.5 In the event of a breach of this section 12 by the Marketer or his or her employees, agents and/or representatives, Lyoness may forthwith terminate this Lyonet Agreement without notice.

### **13. Duration and term of this Lyonet Agreement**

- 13.1 The Lyonet Agreement commences upon acceptance of the Marketer's application to the Lyonet Marketing Program and will continue until terminated by either party as provided under this Agreement
- 13.2 Each party may terminate this Lyonet Agreement upon 30 days' prior written notice.
- 13.3 Lyoness may terminate this Lyonet Agreement at any time without notice and with immediate effect in each of the following circumstances:
- (a) The Marketer deliberately makes false statements to Lyoness when concluding this Lyonet Agreement.
  - (b) The Marketer violates section 7.2 (Communication Material).
  - (c) The Marketer violates section 7.4 (Trademarks).
  - (d) The Marketer violates section 12 (non-competition/non-solicitation) or violates section 10 (confidentiality).
  - (e) The Marketer repeatedly provides wrong information to Members, Marketers or prospective Members or Marketers about the Cashback World Program or the Lyonet Marketing Program. The foregoing will be presumed in the event an above-average number of contracts facilitated by the Marketer (including Members, Marketers, or Loyalty Merchants) is contested, cancelled, or terminated at the earliest possible date other than by Lyoness.
  - (f) The Marketer resells Vouchers of the Loyalty Merchants.
  - (g) The Marketer holds events and charges fees or other amounts in regard to the foregoing or the Marketer offers services in connection with the Cashback World Program or the Lyonet Marketing Program to third parties for a fee without the prior written consent of Lyoness.
  - (h) The Marketer has been convicted of any criminal offence (i) committed to the detriment of Lyoness or a company affiliated with Lyoness and/or (ii) in connection with the conduct of his or her sales activities under this Lyonet Agreement; (iii) which has a material connection with the activity of the Marketer under this Lyonet Agreement (e.g. property crimes such as fraud) or (iv) which is so serious that Lyoness can no longer be expected to cooperate further because of the destruction of the necessary relationship of trust or a threat of loss of reputation by Lyoness.
  - (i) The Marketer is repeatedly in arrears in terms of the satisfaction in full of any payment obligation.
  - (j) Lyoness has reasonable grounds to believe that the Marketer is insolvent or will imminently become insolvent.
  - (k) The Marketer through its conduct causes significant damage to the economic interests or the reputation of Lyoness or a Loyalty Merchant.
- 13.4 Either party may forthwith terminate this Lyonet Agreement for any material breach of this Lyonet Agreement by the other party that has not been cured within 15 days' following delivery of written notice of such breach.
- 13.5 Every notice of termination must be in writing.
- 13.6 Any participation in the Cashback World Program will remain unaffected by the termination of this Lyonet Agreement.

### **14. Effects of the termination**

- 14.1 The Marketer will retain the right to receive any compensation already paid out to him or her. In addition, the Marketer will be entitled to any compensation payments for which all applicable conditions under the Lyonet Compensation Plan have already been satisfied at the time of termination. The Marketer shall not be entitled to any other form of compensation under this Lyonet Agreement following termination of this Lyonet Agreement.
- 14.2 Unless otherwise agreed, payments made by the Marketer (e.g. for services or voucher orders) shall not be refunded. No expenses of the Marketer shall be refunded.
- 14.3 Any right of termination provided under this Lyonet Agreement is in addition to any other remedies available to Lyoness under this Agreement or otherwise at law.

### **15. Liability**

- 15.1 The Lyonet Marketing Program is provided on an "as is" and "as available" basis. Except as provided in section 15.2, Lyoness will not be liable for any damages or losses relating to the Lyonet Marketing Program and any services, interactions, information, content and other subject matter relating thereto. Without limitation to the generality of the foregoing, Lyoness will not be liable for any direct, indirect, incidental, consequential, special or other damages suffered by the Marketer.
- 15.2 Section 15.1 does not apply with respect to any personal injury or death that is caused by Lyoness' negligence.
- 15.3 The limitations and exclusions of liability specified in section 15.1 will not apply to the extent contrary with applicable laws in the jurisdiction where the Marketer resides or is domiciled. These limitations and exclusions of liability may therefore not fully apply with respect to all Marketer.
- 15.4 Lyoness will not be liable for any breach of this Lyonet Agreement or other damages or losses suffered by any Marketer to the extent the foregoing is attributable to circumstances beyond Lyoness' reasonable control including, without limitation, acts of God, labour disruptions,

change in applicable laws, acts of war, terrorism, riots, real or apprehended insurrections, unavailability of any telecommunications facilities, unavailability of physical or human resources, and the like.

## **16. Changes**

- 16.1 The Marketer undertakes to notify Lyoness in writing of any changes to his or her registration data or that is otherwise material to the contractual relationship without delay. If changes to the Marketer's business address are not disclosed immediately to Lyoness, statements that Lyoness sends by post to the last known address will be deemed to have been received by the Marketer.
- 16.2 Individual written agreements made by the Marketer and Lyoness (if any) will take precedence over this Lyonet Agreement in the event of any ambiguity or inconsistency. For clarity, there are no verbal or oral agreements between them. The parties consent to the use of electronic documents, to the use of electronic signatures and to the electronic delivery of executed counterparts and other notices and communications in regard to this Lyonet Agreement.
- 16.3 Lyoness may modify this Lyonet Agreement and other contractual agreements between the Marketer and Lyoness by providing written notice of such modifications to the Marketer and any such modification will be deemed to have been accepted by the Marketer if the Marketer does not object to their coming into force within 30 days of receipt of the written notification of change.

## **17. Applicable law and court of jurisdiction**

- 17.1 This Lyonet Agreement is governed by, and will be construed in accordance with, the laws of the Province of Ontario (excluding its body of law relating to conflict of laws) and the Federal laws of Canada that apply in the province of Ontario. The United Nations Convention on Contracts for the International Sale of Goods does not apply to the subject matter of this Lyonet Agreement.
- 17.2 The courts of the Province of Ontario located in the City of Toronto, Ontario, Canada will have exclusive jurisdiction in regard to any dispute arising from or in connection with this Lyonet Agreement or the subject matter thereof.
- 17.3 The Marketer shall be obliged to conduct settlement negotiations at the registered office of Lyoness at 5000 Yonge Street, Suite 1706, Toronto, Ontario M2N 7E9 Canada before commencing any legal proceedings against Lyoness.

## **18. General conditions**

- 18.1 The rights and remedies of the Marketer in relation with the Lyonet Marketing Program may not be assigned or encumbered by the Marketer without Lyoness' prior written consent. However, if the Marketer dies, the contractual relationships existing between him or her and Lyoness shall devolve on to his or her heirs in accordance with applicable laws.
- 18.2 These General Terms and Conditions will be read with all changes of gender and number required by the context (for clarity, references to a gender include both genders as well as gender-neutral designations such as those that apply to legal persons. Words importing persons include individuals, partnerships, associations, trusts, joint ventures, unincorporated organisations and corporations.
- 18.3 The Marketer may not offset claims of Lyoness or otherwise set-off any sum against any amounts payable to Lyoness.
- 18.4 In the event any provision of this Lyonet Agreement is held by a court of law in any particular jurisdiction to be invalid or unenforceable, such provision will be deemed, in regard to such jurisdiction, to be struck from this Lyonet Agreement without affecting the validity of the remaining provisions.