

# Distributor Rules and Regulation

## DEFINITION :

For the purposes of the NEW BIBEK ENTERPRISES PVT LTD Distributor Rules and Regulations, unless the context otherwise requires or unless repugnant to or inconsistent with such context, the following words or expression shall have the following meanings:-

“DXN”	shall mean NEW BIBEK ENTERPRISES PVT LTD
“Distributor”	shall mean for the purpose of the DXN Distributor Rules and Regulations, a person who has applied under Clause 1 herein and whose application has been accepted by DXN
“PV”	shall mean “Point Value”
“PPV”	shall mean “Personal Point Value”
“Product” or “Products”	shall mean products produced or which bears the DXN label
“Sponsor”	shall mean an existing Distributor who introduces a new Distributor of DXN and whose name appears on the new Distributor Application Form as the Sponsor
“SV”	shall mean “Sales Value”

Unless the context otherwise requires or unless repugnant or inconsistent with such context, the following interpretations shall apply:-

- (a) references to clauses and subclauses are to be construed as references to clauses and subclauses of this DXN Distributorship Rules and Regulations;
- (b) references to DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and any of its policies, federal or state legislations or provisions of such legislation shall include such provisions as modified, amended or re-enacted;
- (c) references to persons include any body corporate or partnership;
- (d) words denoting the masculine gender include the feminine and neuter genders and vice versa;
- (e) words denoting the singular number include the plural number and vice versa;
- (f) the headings to the clauses are for ease of reference only and shall not affect the interpretation of the DXN Code of Conduct 2077; and
- (g) references to any party includes its successors in title and permitted assigns.

## 1. Application for Distributorship

1.1 Only applicants aged 18 years and above may apply to become as a Distributor.

1.2 In order to become a Distributor of DXN, an applicant is required to complete and sign the Distributorship Application Form and shall irrevocably agree to abide by the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and any of its policies including but not limited to any variation, amendment or modification. Any application for Distributorship is subject to the approval of DXN. The completed form can be handed to the sales center or the head-office where temporary card will be issued. This temporary card is valid until the official card is issued and the Distributorship form has been approved by DXN.

1.3 A Distributor is prohibited from submitting any false or inaccurate information to DXN. A Distributor shall inform DXN of any changes affecting the accuracy of the Distributor's details. DXN reserves the right to immediately terminate any Distributorship in the event it determines that false or inaccurate information was provided by the said Distributor.

## 2. Status of Distributorship

2.1 Application can be submitted for the following status:

(a) Husband and wife are automatically deemed to be registered as Joint Distributors with a single Distributorship code. If the husband or wife is found to have registered as a Distributor of DXN after the spouse has earlier been a Distributor of DXN, then the later registration of Distributorship will be canceled and/or the whole group will be transferred to the spouse. However, in the event if a couple married after both of their joining dates, they are allowed to hold two separate Distributorship codes.

(b) A corporation cannot be accepted as a Distributor of DXN. Nevertheless, if a Distributor wishes to change his Distributorship to a private company or a partnership, written approval from DXN shall be obtained. In the event DXN has approved the Distributorship application by a corporation or private company or partnership, any change to the equity structure of the said corporation or private company or partnership must first obtain the approval of DXN. In the event DXN determines that false or inaccurate information was provided or any change to the equity structure has been done without the approval of DXN, DXN reserves the right to forthwith terminate the Distributorship.

(c) Taking of multiple Distributorship in same name/proxy identity is strictly prohibited. Every applicant for Distributorship is required to tender/attach their photo identity proof along with the application.

## 3. Conditional Life Distributorship

3.1 Distributorship with DXN is for a lifetime and no yearly renewal of Distributorship is necessary PROVIDED THAT the Distributor is required to have at least one (1) personal purchase transaction with PV in each calendar year. Personal purchase transaction refers to purchase of DXN Products(s) with PV, regardless of amount, made in the Distributor's own name.

3.2 Failure to comply with the above requirement shall render the Distributorship of the concerned to lapse on 31st December of that calendar year without need of further notice. Any reinstatement may be done between 1st January until 31st March in the same calendar year of expiry in a single cash bill subject to the following:-

(a) The minimum monthly PPV required for bonus has been achieved by the Distributor; and

(b) The reinstatement is approved by the management of DXN

3.3 For new Distributorship joining between 1st October and 31st December, the expiry date shall be extended until 31st December of the following year.

3.4 Distributor whose Distributorship has lapsed may re-register as a new Distributor under the same or another Sponsor however; he will be considered and deemed as a new Distributor and therefore, not entitled to his former groups.

3.5 The reinstatement would be effective upon due approval from DXN's management. In other words, the reinstatement would not be backdated. Purchases, if any, made after lapse of Distributorship would be accumulated and encoded according to marketing plan in the month of reinstatement

3.6 A Distributor who fail to reinstate his Distributorship within the above-said grace period may not be entitled to reinstate his former groups upon their re-registration after the grace period.

3.7 A Distributor's Distributorship shall be terminated if he (or any one of the spouse/partner/party/member of the company including proxy) is directly or indirectly involved in any of the disciplinary cases such as:

(a) sponsoring other Distributors in an improper/invalid manner;

(b) changing the selling price of a product without obtaining prior approval of DXN,

(c) involved in other direct sales companies or any company having direct competition with DXN,

(d) in breach of DXN Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies;

- (e) conducting any activities that directly or indirectly will bring negative effects to DXN or affect DXN's goodwill;
- (f) delivering, distributing or selling DXN's Products of one country to another country (which DXN's market has been established) without written approval from DXN;
- (g) making false claims relating to the Product(s) or the DXN Marketing Plan.
- (h) does not follow Direct Selling of Goods (Management and Regulation) Act 2074 and Direct Selling of Goods (Management and Regulation) Rules, 2076.

#### **4. Registration FEE**

The registration fee for taking distributorship is determined by DXN which is subject to change at any point of time and shall take effect immediately upon the issuance of any official announcement or notice. Presently the registration of Distributorship is free of any charge. An interested prospect need to fill in and submit the completed Direct Seller Application and Agreement form to any DXN authorized outlet. On acceptance of the completed application form, the applicant will be enrolled as an Independent Distributor of DXN with a unique identity code.

#### **5. DXN Starter Kit**

Every Distributor is encouraged to purchase the Starter Kit/DXN Business Manual in their own interest to learn the Distributorship norms and promote the business in an ethical, efficient and productive manner with full knowledge of the company and products offered.

#### **6. Distributor's Purchase Order**

Products can be purchased by cash (or by any mode of payment so accepted by DXN) from DXN and its sales centers. Tax Invoice will be issued for each private purchase (Distributor). All purchases after the month end cannot be backdated from the date of purchase.

#### **7. Entitlement to Monthly Bonus**

7.1 A Distributor is required to maintain a monthly PPV for bonus qualification and commissions overriding. Bonuses are paid according to DXN's Marketing Plan when and where a Distributor has maintained the required monthly PPV.

7.2 In addition, DXN reserves the right to recoup any bonuses paid to any Distributors on Products under the following circumstances:

- a) returned under DXN's refund policy or exceptions thereto established by sales center;
- b) returned to sales center under any applicable law; or
- c) stolen or obtained by fraudulent means.

#### **8. Discrepancy in Monthly Bonus Statement**

DXN shall be informed in writing within thirty (30) days from the date of receipt of the monthly bonus statement of any discrepancy in the said statement after which at the end of the specified time period, all monthly bonus statement shall be deemed as final and conclusive and DXN shall not entertain any inquiry or complaint.

#### **9. Suspension and Termination of Bonuses, Incentives and Benefits**

DXN reserves the full and absolute right, at any point of time, to withhold or suspend or terminate a Distributor's benefits including but not limited to bonuses, incentives, commissions, benefits, entitlements, etc., in the event:

9.1 A Distributor has been issued with a Show Cause Notice for violating any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies; or

9.2 A Distributor who is currently in the process of due inquiry conducted by DXN for allegedly violating any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies; or

9.3 A Distributor who has been found liable by DXN for violating any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies; or

9.4 Pending the finalization of transfer of the Distributorship to beneficiary; or

9.5 Any other causes/reasons deems necessary and fit by DXN.

## 10. Responsibilities of a Distributor

10.1 A Distributor is independent and is free to operate on his own. Therefore, a Distributor shall not claim or represent as an employee of or having employment relationship with DXN. A Distributor is strictly prohibited from representing himself as such. Disciplinary action shall be taken on those who have breached this regulation.

10.2 A Distributor shall represent the Products and opportunity of becoming a Distributor ethically and professionally.

10.3 No representation or sales offers may be made relating to Products, which are inaccurate as to price, grade, quality, and liability.

10.4 No unreasonable, misleading, or unrepresentative earnings claims may be made. No income guarantees of any kind shall be made.

10.5 A Distributor may not solicit or persuade any other Distributor to sell or purchase Products other than those offered by DXN. A Distributor agrees that a violation of this rules inflicts irreparable harm to DXN and agrees that injunctive relief is an appropriate remedy to prevent it.

10.6 A Distributor is responsible for his own business decisions and expenditures.

10.7 A Distributor shall obey and comply full with the DXN Distributorship Rules & Regulations, Code of Conduct, DXN Marketing Plan and any of its policies.

10.8 A Distributor is personally responsible and accountable for compliance with all applicable national, state, municipal and local laws and regulations.

10.9 A Distributor shall comply with all laws, regulations and codes or practice applying to the operation of his Distributorship and shall not engage in any activity which may bring disrepute to themselves or to DXN.

10.10 A Distributor shall not make any representation to a prospective recruit and/or customer which cannot be verified or make any promise which cannot be fulfilled. A Distributor shall not present any information to the customer/prospect in a false or deceptive manner.

## 11. Restriction/Right to Area

11.1 A Distributor is not allowed to have any right or impose any restriction to a particular area and are strictly prohibited to declare that they have any specific right on a particular area.

11.2 A Distributor is strictly prohibited to distribute or sell any Products specifically manufactured for a particular country in any other country unless written approval from DXN.

## 12. Restriction on Products

12.1 DXN's Products are strictly prohibited from being sold or exhibited in grocery shops, stores, mini-markets/supermarkets, military stores or trade fair.

## 13. Manner of Selling and Selling Price

13.1 The selling price of any DXN Product is determined by DXN and no Distributor shall be allowed to reduce or increase the price including by way of tampering with the selling price as

affixed or determined by DXN on the label or packaging of the Product. Breach of this regulation shall result in having their Distributorship suspended or terminated by DXN.

13.2 DXN reserves the right, at any point of time to revise the selling price including but not limited to PV and SV of the Product without any prior notice, and the revised price so determined or fixed shall have immediate effect upon its official announcement.

13.3 A Distributor is not allowed to deliver, distribute or sell any Products by way of discounts, free gifts, promotion that in aggregate or in any how are confirming the Products are distributed or sold below or above the selling price so determined and permitted by DXN, unless the discounts, free gift or promotion is organized and approved by DXN.

## 14. Product Claims

14.1 A Distributor shall not make any medical claim for any Product nor specifically prescribe any given Product as suitable for any ailment, as that type of representation implies the Products are drugs rather than cosmetics or nutritionals. Under no circumstances should any Products be likened to drug Products prescribed for treatment of specific ailments.

14.2 A Distributor shall be held liable and responsible for false claims of the Product which shall lead to disciplinary or suspension or termination of Distributorship.

## 15. Improper Sponsoring of Distributor and Penalty

15.1 Improper Sponsoring and its penalty: Improper ways of sponsoring Distributors in the following context are prohibited:-

- (a) sponsoring a Distributor who is already a Distributor of another group.
- (b) sponsoring the spouse of a person who is already a Distributor of another group.
- (c) getting involved in Pyramid marketing as specified in Clause 11 of Direct Selling of Goods (Management and Regulation) Act, 2074.

15.2 The following actions will be taken if improper sponsoring is proven to have occurred:

- (a) Distributorship shall be terminated with immediate effect. If the Distributorship is terminated; all Distributors who were improperly sponsored will be transferred to their original Sponsors.
- (b) If the spouse (B) of a Distributor (A) is found to have become a Distributor of another group, B's Distributors will be terminated immediately and Distributors under B will be transferred to A's original Sponsors.
- (c) Penalty letters will be issued to all those who are involved.
- (d) No arrears of bonus will be considered.

15.3 Proxy and its Penalty

If a Distributor establishes a group not under his hierarchy but has self-interest in the development of the group, the Distributor is deemed to have been involved in this activity and his Distributorship will be suspended or terminated and the group established by proxy will be transferred to the Sponsor.

## 16. Involvement in other Direct Sales Company

16.1 A Distributor who has achieved the status of Ruby Distributor and above is not allowed to be involved directly or indirectly (including by proxy) in any activities of other direct sales companies or other activities that will bring negative effects to DXN. Any Distributor who commits such offence shall have his Distributorship terminated immediately by DXN.

16.2 A Distributor shall not directly or indirectly and whether on his own behalf or with or for any other person solicit or promote any distributor of their groups to join or participate in any other direct selling business or to distribute, sell or promote any Products competitive with DXN.

## 17. Breach of the DXN Distributorship Rules and Regulations, code of Conduct, DXN Marketing Plan and Any of its Policies

17.1 If a Distributor breaches any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies, the Distributor's Distributorship may be suspended or terminated immediately.

17.2 During the period of DXN's investigation or issuance of SCN or suspension notice for the alleged violation of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and or any of its policies, the following shall be applied:

(a) DXN may provide verbal reprimand or issue a Warning Notice to the Distributor for the violation of the DXN Distributorship Rules and Regulations, Code of conduct, DXN Marketing Plan or any of its policies;

(b) In the event of a SCN is issued to a Distributor, the Distributor shall within fourteen (14) days from the date of the same provide his written explanation relating to the allegations for consideration by DXN. DXN reserves the right to suspend the said Distributor from participating or carrying out activities which includes but not limited to placing orders, making sale or purchase, dealing with DXN's Products, dealing with groups, sponsoring, modifying Distributors information, attend training, participate in DXN's activities, participate in promotional activities or incentives campaigns, receiving bonuses, commissions or incentives until a final decision is made by DXN.

(c) in the event of the Distributor failing to provide any written reply to the said SCN within the said period, DXN shall have the right to impose such punishment as it considers proper.

(d) On the basis of any information obtained from collateral sources or from DXN's investigation of the statements and facts taken together with information submitted to DXN during the response period, DXN shall make a final decision regarding the appropriate remedy, which includes the termination of the Distributor's Distributorship. DXN reserves the right to impose any remedies for similar violations of DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies on a case-by-case basis. DXN will notify the Distributor of its decision and all remedies will be effective forthwith as of the date on which notice of DXN's decision is served.

(e) In the event of termination of the Distributor's Distributorship, the Distributor's Distributorship/status and all benefits pursuant to the DXN Marketing Plan including but not limited to benefits on promotion activities, incentives campaigns, entitlements shall be forfeited. Henceforth, the terminated Distributor is automatically prohibited from dealing in whatsoever manner with DXN's Products, groups and activities.

(f) Any Distributor so terminated may apply for new Distributorship from DXN after a period of six (6) months. However, acceptance of the application is subjected to the verification and approval by DXN.

## 18. Beneficiary

18.1 A Distributor may appoint any person of the same nationality as his beneficiary. If no beneficiary is named in the Distributorship form, the beneficiary shall be the next of kin. However if there is a dispute relating to the beneficiary after the death of a Distributor, the appropriate court shall decide the beneficiary. DXN reserves the right to suspend any benefits including but not limited to bonuses and commissions until a final decision is made by the Court.

18.2 A Distributor shall not transfer, allocate, or otherwise transfer any right conveyed by under his Distributorship to any person without the written approval from DXN. A Distributor may delegate his responsibilities but be and is ultimately responsible for insuring compliance with the applicable laws and regulations.

## 19. Properties of DXN

19.1 DXN logos, trademarks, service marks, Product names, and other tangible or intangible commercial assets, registered or otherwise, videotapes, stationeries, printed materials, provided and related to DXN are the properties of DXN. Henceforth, they are not to be used, extracted or reproduced by any Distributor without prior written approval from DXN.

19.2 All promotional materials including but not limited to flyers, business cards, pamphlets, brochures, books prepared in accordance with the sub-clause below, may be distributed through personal contact only. They may not be posted in public places, mass mailed, put in mail boxes, or disseminated by any other non-personal contact means. Materials may not be disseminated through unsolicited fax or E-mail message.

## 20. Distributor Agreement

An Agreement between a Distributor and DXN takes effect as soon as the Distributorship is approved by DXN.

## 21. Transfer of Distributorship

Transfer of Distributorship is divided into two categories:

### 21.1 DEATH

If a Distributor passes away, the beneficiary will automatically take over the Distributorship. If no beneficiary is named, the transfer of Distributorship will be determined as per the law prevailing in the country. Simultaneously, DXN reserves the right to suspend any and all benefits including but not limited to bonuses, commissions until the issue is resolved.

### 21.2 INDISPOSITION

A Distributor who has reached the age of 65 years old or unable to continue the DXN business due to health complications which, if accepted by DXN shall be allowed to transfer the Distributorship to anyone as he wishes or to his beneficiary.

## 22. Double Registration

22.1 A married couple at the point of registration as DXN Distributor shall be given a common code, that means a single DXN Distributorship entity, thus, at any one moment, a registered DXN Distributor with a married status is prohibited to apply or acquire an additional new Distributorship under his own name or under his spouse name.

22.2 In the event that a double registration has been detected and confirmed as such, DXN reserves the right and shall terminate the newer Distributorship code with immediate effect without further reference or notice. Accordingly, DXN shall transfer all the newer Distributorship code's groups and accumulated PVs to the old Distributorship code.

22.3 Disciplinary action such as suspension or termination shall be initiated against any Distributor or Sponsor who directly, indirectly or accidentally found to be involved in double registration.

## 23. Request for Changing Sponsors

23.1 Application for change of Sponsor is not allowed by DXN.

23.2 If a Distributor insists on changing his Sponsor, he can write to DXN to terminate his existing Distributorship and wait for six (6) months before re-applying for Distributorship under a new Sponsor.

23.3 For a Distributor whose Distributorship has lapsed, a Distributor may request to change his Sponsor by re-registering by following the procedure stated in Clause 3.

23.4 A Distributor shall not directly or indirectly encourage, persuade, involve or assist another Distributor to transfer to a different Sponsor. This includes the act of offering financial or other tangible or intangible incentives or benefits to induce the Distributor to terminate his existing

Distributorship and then re-register under a different sponsor. Any Distributor found liable to be involved in such practice may result in his Distributorship to be suspended or terminated immediately.

## 24. Buy Back Policy

24.1 DXN practices Buy Back Policy to ensure maximum satisfaction to its end users/consumers or its Distributors. This policy allows every Distributor or consumer to return unused DXN Products in its original condition and of merchantable quality within 30 days from the date of purchase to the seller. Products in the "original condition and of merchantable quality" means the Products which are still in the market, with the price label still intact and clean, unopened box and in good condition. The Distributors must fill the Distributor Buy Back forms and submit the same to any of the DXN offices, outlets or branches under acknowledgement. DXN reserves the right to reject any returned Product that does not meet such specification or condition.

24.2 Distributors on resignation/termination of Distributorship are entitled to return all unused products purchased by them during the preceding six months prior to resignation as long as the said products are in sealed condition, merchantable quality and within reasonable shelflife as determined by DXN.

24.3 DXN reserves the right to deduct any bonus paid on the product returned to it by its Distributors to the extent it has been paid/enjoyed by the said Distributor who returns the products. Otherwise, the bonus paid on the returned products will also be recovered from the other Distributors who have enjoyed the same.

24.4 Products returned should be accompanied with the following documents:

- a) Relevant cash bills/invoices (only original copy is considered valid);
- b) Filled in Buyback form

24.5 DXN will send the refund against the product returned by a crossed cheque/fund transfer to Bank Account subject to any deduction mentioned under Clause 24.3. The cheque/fund transfer will be made within Thirty (30) days from the returned date.

24.6 Distributors are advised not to over purchase. Purchase of Products should be made based on realistic estimation.

## 25. Distributor Website Regulations

25.1 Any Distributor who wish to establish link to DXN website or its subsidiary sites must submit application, stating its purposes and be approved by DXN prior to posting the link.

25.2 No site references DXN, its Products or link to DXN website is permitted to make unsubstantiated income or Product claim.

25.3 No site should make it appear that it is DXN subsidiary or that the site is in any way sanctioned or endorsed by DXN.

25.4 All sites linked to DXN must clearly state in a highly visible location that they are operated by independent distributor.

25.5 The Distributor's website must not display DXN logo, trademark, or its Products. Any text related to or describing the link to DXN website must be in strict accordance with specifications approved by DXN.

25.6 A distributor is fully responsible, accountable and liable for any misuse or misrepresentation of the website. Any violation of this clause and its subclauses thereto shall lead to disciplinary action such as suspension or termination of the distributor's distributorship.

## 26. Promotion Activities and Incentive Campaigns

26.1 Distributors shall abide with the respective rules and regulations governing all promotion activities and incentives campaigns



26.2 At any point of time of the promotion activities or incentive campaigns, if any Distributor is under investigation for disciplinary cases or has been or about to be issued a SCN for violation of DXN Distributorship Rules and Regulations DXN reserves the absolute right, at any point of time, to suspend or disqualify any Distributor from any and all promotion activities or incentive campaigns.

## 27. Litigation and claims

In the event any Distributor is charged with any infringement of any proprietary right of any 3rd party arising from any of DXN's proprietary assets, or if the Distributor becomes the subject of any claim or suit related to that Distributor's business-related conduct or any other action that directly or indirectly negatively affects or puts DXN, its reputations, or any of its tangible or intangible assets at risk, the affected Distributor shall immediately notify DXN. DXN may, at its own expenses and upon reasonable notice, take whatever action it deems necessary (including, but not limited to, controlling any litigation or settlement discussion related thereto) to protect itself, its reputations, and its tangible and intangible property. A Distributor shall take no action related to that claim and suit, unless obtained DXN's written consents.

## 28. General Business Ethics

28.1 A Distributor agrees that he shall not make any misleading, unfair, inaccurate, or disparaging comparisons, claims, representations, or statements about DXN, its Products or commercial activities; other persons other companies (including competitors); their products; or their commercial activities.

28.2 A Distributor agrees that any claims or representations concerning the opportunity must be congruent with, and limited to those found in the materials and literature currently distributed by DXN. Those claims and representations must also be advanced in accordance with any applicable law, ordinances, and regulations, etc.

28.3 No Distributor shall represent that, any person can or will receive profits or revenues without substantial effort on his own behalf. Under no circumstances, the business opportunity would be portrait as a "Get Rich Quick Scheme".

28.4 No Distributor shall make or advertise any unreasonable or misleading representations in respect of potential earnings.

## 29. Rights of DXN

DXN reserves the full and absolute right, at any point of time, even without any prior notice to change, vary or amend or modify the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies and to withdraw or suspend or terminate the Distributorship of any Distributor or person as and when necessary.

## 30. English Version Shall Prevail

In the event of doubt as to the true meaning concerning this DXN Distributorship Rules and Regulations, or any portion thereof in relation to its translated versions, the English version shall prevail.

## 31. Arbitration:

Should any dispute arise between DXN and a Distributor, the parties shall attempt to resolve such dispute in good faith by direct negotiations and conciliation. Should the parties fail to resolve the dispute, the dispute shall be submitted to arbitration in accordance with the Prevailing Arbitration Act but subject to the following:

a) The place of arbitration shall be Kathmandu;

- b) There shall be one (1) arbitrator;
- c) The arbitrator shall be appointed either by mutual consent or by DXN.