



# ACN Policies & Procedures

Australia and New Zealand



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# 1. Policies and Procedures

**ACN Pacific Pty Ltd ABN 85 108 535 708, a company incorporated in New South Wales, Australia ("ACN"). Policies and Procedures governing Australian and New Zealand Independent Business Owners (IBOs) are outlined below. Please take time to read the entire document to fully understand the Policies and Procedures. These Policies and Procedures are incorporated by reference in the ACN Independent Business Owner (IBO) Agreement. In the case of any conflict between these Policies and Procedures and the IBO Agreement, the IBO Agreement shall prevail. In the case of any conflict between the Compensation Plan and either the IBO Agreement or these Policies and Procedures, the Compensation Plan shall prevail.**

## ACN Statement of Operating Philosophy

The Founders of ACN believe in leadership by example rather than management by directive. ACN's leadership has demonstrated a high degree of integrity and success at both sales and corporate levels. As such, they are committed to the following principles and standards as an expansion of their creed.

## ACN Commitment to Excellence

ACN strives for excellence in the following ways:

- By maintaining the highest degree of integrity at every level of the company;
- By offering quality products and services at competitive prices;
- By providing prompt, courteous service from a dynamic support team;
- By processing all orders in a prompt and efficient manner.

## Service

The ACN corporate management team is committed to supporting its customers and IBOs, to giving them quality service and to calculating and posting reports and commission payments in a timely manner. ACN has set these goals to give each IBO the best opportunity to develop a successful business.

## Equal Opportunity

ACN will not exclude anyone from this great opportunity based on ethical belief, colour, age (once 18 or over), political opinion, employment status, family status, race, gender, marital status, sexual orientation, ethnic or national origin, religion, physical disability or any other ground prohibited by law.

# 1.1. IBO Rights and Obligations

## A. Ethics

ACN conducts business in an ethical and credible manner and requires its IBOs to deal ethically with their customers, with each other and with ACN. ACN does not permit unethical or illegal activity and will intercede when such behaviour may exist. ACN reserves the right to use its judgment in deciding whether certain activities are unethical. Furthermore, ACN may use its own discretion in determining the appropriate course of action.

**Examples of unethical or illegal activity include, but are not limited to:**

1. Forging a signature on any document.
2. Making false or misleading representations of any kind including, but not limited to, misrepresentations about ACN's telecommunication and energy services or the ACN Opportunity.
3. Collecting payments on behalf of ACN.
4. Initiating unsolicited contact with potential customers who do not have a pre-existing relationship with the IBO ("cold marketing").
5. Cross-line recruiting, namely:
  - An ACN IBO may not solicit an individual or entity to become an IBO if that person has been previously sponsored by another IBO or that person is considering joining ACN and being sponsored by another IBO. During the term of their Agreement and for a period of six (6) months after their Agreement has expired or terminated, ACN IBOs (the "relevant IBO") are further prohibited from directly or indirectly soliciting an existing or pending IBO into a sales organisation in which the relevant IBO is not currently a member.
  - An ACN IBO must not solicit another IBO, whether active, inactive, individual or an entity, to participate in a network marketing program offered by any other company, regardless of whether or not such network marketing company offers telecommunications or energy services or other services competitive to those offered by ACN.
6. Soliciting another ACN IBO to market, sell, supply or buy products or services not produced or supplied by ACN.
7. Spreading false or misleading remarks or rumours with malicious intent that may disparage ACN, ACN employees, or another ACN IBO.

8. Any unauthorised use of ACN's name, website content, trademarks or copyrighted material (e.g. reproducing ACN's forms, logos, business cards, etc.).
9. Violation of any laws or regulations or bylaws or industry codes, including but not limited to the Trade Practices Act 1974, the Fair Trading legislation in force in the state or territory of customers' residence.
10. Threatening or abusing ACN employees or other IBOs.
11. Offering any benefit, bonus, prize or commission in connection with the products and services of ACN unless the offer is made on behalf of ACN pursuant to the IBO Agreement and it is also consistent with the Compensation Plan. For the avoidance of doubt, such prohibition includes the offering of any benefit, bonus, prize or commission for the recruitment of IBOs or the acquisition of customers.
12. "Customer stacking", which is the process of acquiring customers and placing them under a downline IBO rather than the acquiring IBO, including placing a IBO's own services under another IBO.

## **B. Acquiring Customers and ACN's Anti-Slamming Policy**

ACN supplies services to "warm markets", as defined in section 1.2C. IBOs are expressly prohibited from soliciting business by direct mail, unsolicited commercial email (spamming), telemarketing, barter arrangement, contest or competitions. The customer must confirm acceptance by signing a Customer Authorisation Form ("CAF") and becoming subject to the Standard Form of Agreement in order to be connected to ACN's services.

It is the IBO's responsibility to ensure that all information provided on the CAF is correct and valid and the IBO confirms this by signing the CAF alongside the customer.

### **Submission of Customer Authorisation Forms**

IBOs may not submit any CAFs in any form other than that which has been approved and authorised for current use by ACN. In the event that an IBO submits any false or fraudulent CAFs or submits invalid CAFs, the IBO may be subject to disciplinary action, including termination of all of their IBO rights and loss of entitlement to commissions, bonuses and payments of any kind. ACN reserves the right, in its sole discretion, to determine whether legal action shall be brought against any IBO who it believes has intentionally or negligently submitted false or incorrect CAFs.

All illegible, duplicate, or incorrectly completed CAFs will not be accepted by ACN. It is the IBO's responsibility to review his/her Personal Customer List ("PCL") to ensure that all CAFs submitted are listed on it. ACN will not return incorrect, duplicate, or illegible CAFs.

For the purposes of CABs, Bonuses and Qualifications, the time and date that the CAF is received by ACN will determine its validity, rather than the time and date that it was sent.

### **Falsifying Customer Authorisation Forms**

All allegations that an IBO submitted a false or fraudulent CAF will result in a thorough investigation by ACN. If the falsified or fraudulent CAF was used for qualifications, ACN reserves the right to require repayment of any CAB payments made as a result, including any upline CABs. Any earned position, which directly relied on the account, will be immediately re-evaluated. During the investigation process, a letter with a Customer Investigation Report may be sent to the IBO.

The IBO must respond within 15 days from the date of the Customer Investigation Report. The Customer Investigation Report and all relevant information forwarded to ACN will be subject to verification. If no response is received and after the appropriate investigation has taken place, an IBO is found responsible for falsifying or forging a CAF, the IBO will be terminated. The IBO agrees to indemnify ACN for any fines, penalties or charges incurred by or imposed on ACN.

### **Slamming is prohibited**

#### **ACN has adopted a zero tolerance policy toward slamming.**

ACN strictly prohibits slamming. "Slamming" is defined as any practice that causes a customer's telecommunications or energy service provider to be changed without the customer's knowledge or consent. If an ACN IBO receives a letter ("Investigation Letter") notifying them that a slam investigation is currently underway for one of their customers, he/she must respond within the timeframe prescribed by the Investigation Letter. ACN will give details of the customer allegation, and the service that is being disputed, plus guidance as to where to address questions or concerns. If it is proven to ACN's reasonable satisfaction that an ACN IBO engaged in the slamming of a customer, ACN reserves the right to take the following steps:

- Terminate the IBO's position immediately whereupon all CABs, bonus payments, commissions and payouts of any kind will be permanently forfeited.
- If the "slammed" account was used for qualifications, ACN reserves the right to require repayment of any CAB or bonus payments made as a result, including any upline CABs.

An IBO engaged in slamming will be required to reimburse ACN for any fines and charges assessed or incurred by ACN.

## **Avoiding Slamming**

IBOs can avoid slamming by, amongst other things, utilising the following procedures:

- Verify information entered on each CAF against each new customer's current telephone bill for each service. This will assist in confirming that the customer's name and phone number on the CAF matches the name and telephone number on the telephone bill. Where there is more than one person listed on the customer's current bill, please ask the customer to contact their current provider to verify which one is the account holder.
- Verify that the person signing the CAF is the person with authority to act on behalf of the company or the person whose name appears on the telephone bill. It is essential that the person signing the CAF has authority to change service providers/services.

An IBO must never sign someone else's name on any document.

To avoid instances of slamming, ACN may review each CAF before it is entered into the system. Any form that contains any invalid information (i.e. phone number), is incomplete, invalid on its face or with an apparently invalid, omitted or forged signature will be investigated and may be rejected.

## **Putting another IBO's details on a CAF is prohibited**

IBOs are prohibited from entering the name or Business ID Number of another IBO on a CAF or signing CAFs in the name of another IBO. IBOs are responsible for the validity of the orders of all customers that appear on their Personal Customer List Therefore. IBOs are encouraged to routinely review their PCLs to ensure that only customers that they have personally acquired appear on the PCL. If a IBO finds that a customer appears on their PCL that they have not personally acquired, they must contact ACN immediately.

## **Signing CAFs in the name of or on behalf of customers is prohibited**

ACN will vigorously enforce its zero tolerance policy against slamming and other violations of ACN's Policies and Procedures or any laws or regulations or by laws or industry codes. If any individual is discovered to have forged a customer's or IBO's signature, the offending IBO's Agreement may be terminated immediately. This policy will apply in the first instance of any forgery or violation.

If, in ACN's sole discretion, ACN determines that an IBO is involved in submitting false, fraudulent or incorrect orders, ACN may issue a warning to the IBO and require the IBO to report back detailing the remedial actions it took to correct the problem. ACN will review each matter and will determine what disciplinary action is warranted, up to and including termination of the IBO's Agreement. If an upline IBO is aware of any violations of this policy they are responsible, and required, to notify ACN immediately of any knowledge they have of the violations.

## **Liability**

The IBO agrees to indemnify ACN for any costs, damages, penalties, fines, and other losses incurred directly or indirectly by ACN as a result of slamming or incorrect or invalid information in CAFs submitted by the IBO, including but not limited to connection and/or re-connection charges and call costs incurred by customers without valid CAFs. In addition, an administrative fee in accordance with expenses incurred by ACN will be charged to the IBO. ACN may offset such costs against future CABs, commissions or other payments due to the IBO.

## **C. Offerings/Terms of Service**

ACN has the sole right to accept or reject orders for products and services, to establish and change the prices of such products and services, as well as to establish the terms and conditions of their offering. ACN may also discontinue offering or selling any product or service, without liability or obligation to its IBOs.

IBOs may only offer and sell services and products in accordance with the product descriptions, rates, terms and conditions established by ACN. All sales representations and activities must be in full compliance with all applicable laws, regulations, industry codes, standards and determinations.

## **D. Co-Mingling of Funds**

IBOs must make their application and renewal fees payable to ACN only. No IBO shall accept funds for applications and co-mingle them with personal accounts. ACN may terminate any IBO's Agreement if the IBO co-mingles funds or operates a bank account in the name of ACN or any other similar name. If a sponsoring IBO makes a payment to ACN by credit card on behalf of a prospective IBO, they must make sure payment is valid and in full, and that payment must be made to ACN prior to or immediately upon receiving such funds from the prospective IBO.

## **E. Personal Usage/Purchases**

An IBO is not required to subscribe to or purchase any product or service offered by ACN. Advancement to higher levels in the ACN Compensation Plan is based upon the acquisition of customers. However, if an IBO chooses to purchase any products or services offered by ACN, he/she will be responsible for all billing when due. If an IBO becomes past due on any bill, for services or products provided by ACN, ACN may deduct amounts owed from future CAB or commission payments, or restrict these payments until such time as the charges owing have been paid. ACN reserves the right to terminate an IBO that is repeatedly past due in the payment of any service or product.

## **F. Unauthorised Contact**

Under no circumstances, is an IBO permitted to directly contact any carrier/supplier/service provider(s) with whom ACN contracts, unless it is specifically in relation to a personal account they may currently have with said carrier/supplier/service provider(s).

In the event that a customer is experiencing difficulties with a specific service, please inform the customer to directly contact ACN to resolve the matter.

## **G. Territorial Rights/Conducting Business Across Borders**

Each IBO has the non-exclusive right to market the ACN Opportunity and ACN services in any territory where ACN currently offers its services to customers.

IBOs may not market the ACN Opportunity or ACN services in a new territory prior to ACN formally announcing, in writing, that marketing the ACN Opportunity and ACN services is permitted in that new territory.

IBOs may only promote ACN in countries where ACN currently operates and may only promote particular services in markets where ACN is actively marketing such services. IBOs must adhere to the ACN Policies and Procedures which are applicable in the territory in which they are operating from time to time.

Notwithstanding the above and unless ACN expressly varies this part of this policy, each IBO specifically acknowledges that it is solely responsible for knowing and adhering to all laws, regulations, codes, standards and accepted business practices in the territories in which they choose to market. This includes, but is not limited to, Customs and Immigration laws and accepted marketing and trade practices.

## **1.2. Marketing and Advertising Policy**

### **A. Company Philosophy Regarding Marketing Materials and Events**

ACN has developed a successful system based on solid experience and knowledge. As such, we have created marketing materials and activities to fully support this model. ACN believes that no other marketing materials or activities are necessary to become successful as an ACN IBO. Therefore, ACN prohibits our IBOs from creating and/or distributing any marketing materials other than official ACN material, without prior written approval of ACN. In addition, ACN strongly discourages the practice of monetarily profiting from any type of marketing event.

### **B. Use of ACN's Identity**

In addition to our IBOs and employees, ACN's identity is one of its most valuable assets and, therefore, must be protected at all times in order to maintain its integrity for all.

As such, ACN IBOs are strictly prohibited from representing themselves as having any other affiliation with ACN other than as an "ACN IBO" at any time or in any manner. For the purposes of this clause, the term "Identity" shall encompass the corporate image and goodwill of ACN.

Also, IBOs are strictly prohibited from using logos, names, trademarks, or other proprietary information belonging to ACN, its ultimate parent company ACN, Inc., or wholly owned subsidiaries and affiliates of ACN or ACN, Inc., unless expressly authorised to do so by ACN in writing.

## **C. Customer & IBO Acquisition**

### **Definition Of Warm Marketing**

ACN is a network marketing company that is focused solely on relationship, or "warm marketing" techniques. Warm marketing means marketing to those persons or businesses with whom an IBO has a pre-existing relationship with at the time the marketing of ACN's services or the ACN Opportunity commences.

From the above definition, an IBO's warm market can be broadly described as all persons or businesses with whom they have had personal contact or otherwise have an existing relationship. A one-off contact with a person, in a personal, business or social context unrelated to ACN will be enough for ACN to consider an individual to be part of an IBO's warm market. Personally known referrals from an IBO's existing warm market are also considered part of an IBO's warm market.

In the event that an IBO owns and is involved in the day to day running of a separate business, the existing clients or customers of that business will be part of the IBO's warm market.

In saying this, the IBO must abide by ACN's other policies, for example: they may not co-promote their ACN business with that of any other business.

### **Customer Acquisition**

ACN strictly prohibits IBOs from engaging in any cold marketing techniques for purposes of customer acquisition at any time.

Cold marketing includes any promotional activity that is geared toward random individuals who have no personal, business, social or acquaintance relationship(s) with the IBO.

Examples of cold marketing include, but are not limited to, mass advertising, purchased leads, trade show participation, door-to-door selling, telemarketing, pamphlet distribution, autodialer usage, etc. ACN also strictly prohibits the purchase or sale of customers at any time.

ACN will rigorously enforce its 'no cold marketing' policy. Should a IBO violate this policy they may be suspended or terminated at ACN's discretion.

IBOs must strictly adhere to the cooling-off procedures

and mandatory notices applicable when acquiring telecommunication or energy customers, such as informing the customer about his or her right to cancel the service and the fact that the telecommunication or energy services will be provided by ACN.

### **IBO Acquisition**

ACN strongly discourages cold marketing techniques for purposes of recruiting, as these can be costly, ineffective, and highly distracting to an IBO's network marketing efforts. The use of bulk unsolicited email or SMS, broadcast fax and telemarketing and "speed dial" (random or auto dialling) for recruiting purposes is strictly prohibited.

### **D. Development and Use of Independent Marketing Materials**

ACN creates a wide range of professional marketing materials for use by IBOs in selling ACN products and promoting the ACN Opportunity. ACN strictly prohibits IBOs from creating, distributing, and/or using non-ACN developed marketing materials unless a prior written approval is given by ACN. Such approval may be withdrawn at any time by written notice from ACN to the IBO.

Marketing materials are defined as any printed, broadcast or electronic communications including, but not limited to, advertisements, brochures, videotapes, audiotapes, flyers, banners, flags, websites, telephone recordings, emails, presentation materials, apparel, building signage, etc.

ACN strictly prohibits, and will not authorise, marketing materials created by IBOs that:

1. Do not adhere to ACN's policy on use of logos, names, trademarks, and proprietary information.
2. Make any specific references to ACN's plans, rates or any component of the Compensation Plan.
3. Make any claims or guarantees related to savings, rates or pricing, either expressed or implied.
4. Make any earnings claims or provide any hypothetical earnings calculations, either expressed or implied.
5. Represent ACN as an employment opportunity, either expressed or implied.

ACN may approve the distribution of marketing materials created by IBOs, that promote a presentation meeting or event for purposes of describing the ACN Opportunity only, provided that said materials:

1. Are not sold.
2. Only promote a presentation meeting or event.
3. Adhere to ACN's policy on use of logos, names, trademarks and proprietary information.
4. Do not make any specific references to ACN's plans, rates or any component of the Compensation Plan.

5. Do not make any guarantees related to savings, rates or pricing, either expressed or implied.
6. Do not make any earnings claims or provide any hypothetical earnings calculations, either express or implied.
7. Do not represent ACN as an employment opportunity, either expressed or implied.

If an IBO wants to disclose information prohibited by this paragraph, the IBO must use information published by ACN.

### **E. Earnings/Income Claims and Savings, or Rate Guarantees**

ACN prohibits IBOs from making any promises or guarantees related to earnings/income of an IBO, whether expressed or implied. This prohibition extends to written, electronic and verbal communications and also applies to hypothetical earnings calculations other than those contained in official ACN marketing material.

ACN IBOs may not make any references to specific or numerical saving guarantees, whether expressed or implied, with respect to ACN's products and services. For example, it is a policy violation to use verbiage such as "ACN will save you \$X or x% on your telephone bills."

An example of acceptable verbiage is "Many customers of the major telephone carriers will save on their monthly bills with ACN's service." This limitation extends to both written, electronic and verbal communications. IBOs are at all times prohibited from publishing comparisons of the prices of ACN's services and those of other telecommunication or energy providers. This is because such comparisons are invariably incorrect due to the complexity of telecommunications or energy service pricing and lead to legal disputes with other telecommunications or energy providers.

### **F. Websites, Links, Spamming, Internet Marketing and Advertising**

ACN maintains a variety of official company websites and also offers all IBOs the option to sign up for their own personal Distributor website to help promote their business. ACN strongly believes that it provides its IBOs with all the online tools in order for them to run a successful business, and therefore discourages the creation of any online marketing or advertising outside of what ACN already provides.

#### **Personal ACN Distributor websites**

ACN offers its IBOs with a monthly subscription to their personal Distributor website that is created, managed and updated by ACN and is the most effective, easiest way to establish an online business presence. These websites contain ACN videos, presentations and other authorised content. IBOs can choose from a range of designs that can be personalised with your contact information and

photograph. With this program, IBOs can sell ACN products and services, as well as promote and sponsor new IBOs to the ACN Opportunity. Each Distributor website is linked directly to the IBOs Business ID number. IBOs are encouraged to use this website in conjunction with their ACN business activities.

### **Other Personal websites, Blogs, Web pages and Social Networking Sites**

If an IBO chooses to create any personal websites, web pages, blogs and/or social networking sites (MySpace, YouTube, Facebook etc.) the following conditions are mandatory.

These websites must strictly adhere to ACN's complete policy on Development and Use of Independent Marketing Materials in paragraph 1.2D and must be submitted for approval prior to being made available on the public domain.

- Content must not include any of ACN's proprietary information, such as logos, name, trademarks, etc.
- Under no circumstances is ACN video material or online presentations to be made available on any websites other than those created or authorised by ACN. IBOs may link to ACN's company websites or their ACN Distributor website to view these videos and presentations.
- The words "ACN IBO" must be on the home page, along with the IBO's name and ACN Business ID.
- No online material should give the impression of representing ACN the company, rather than an ACN IBO. This includes using ACN or ACN Inc. as the title for any page within the website, especially the Home Page.
- IBO online material must not contain any product information, and may only include information and wording regarding the ACN business opportunity.
- Except for the link to ACN's company websites or to your personal ACN Distributor website, Independent Consultant websites may not have external links.
- Selling ACN products online outside of websites created by ACN is strictly prohibited.
- Copy downloaded from ACN company websites or taken from printed ACN literature must be used exactly as printed or written. Changing a word or two may change the real meaning or definition.
- Once your site is completed and prior to launch on the World Wide Web - password the site and send a link or screen shots along with your Marketing Approval Form to ACN for review and approval.
- There are no guarantees regarding income, and the success or failure of each IBO depends upon each IBO's own skills and personal effort. Websites should not present false or misleading information about ACN or the ACN Opportunity.

- IBOs may not violate or infringe on the rights of others, including privacy, publicity and proprietary rights.
- It is the sole responsibility of each ACN IBO to ensure their online material fully complies with ACN's Policies and Procedures, as well as with all applicable Federal and State rules and regulations. IBOs are also responsible for ensuring that their downline comply with these policies.
- All content (including graphics) must be submitted to ACN and receive written approval prior to launching the content on the Internet.

### **Website Domain Names and URLs**

Website URLs obtained by an ACN IBO can not contain references to ACN, its affiliates or trademarked products, other than a IBO's personal ACN Distributor website. If a website contains such references, the ACN IBO will be required to release the URL to ACN.

The ACN name is a registered trademark, and only ACN is authorised to produce and market online material under this trademark.

### **Unsolicited emails and Spamming**

ACN does not permit IBOs to send unsolicited emails. Any email sent by a IBO that promotes ACN, the ACN Opportunity, or ACN products and services must comply with the following:

- There must be a functioning return email address to the sender that includes a request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- The use of deceptive subject lines and/or false header information is prohibited.
- All opt-out requests, whether received by email or regular mail, must be honoured.
- All emails sent that promote ACN, its Opportunity or products, must adhere to all the other marketing and advertising guidelines.

In addition, ACN strictly prohibits "Spamming," or the use of unsolicited email messages or broadcasts, including the use of ACN's Message Centre to send any emails that are not ACN related.

### **G. Telemarketing, Random Diallers and Lead Generation Programs**

ACN strictly prohibits the use of telemarketing and "speed dial" (random or auto dialling) marketing by ACN IBOs. This limitation applies to both customer acquisition and recruiting activities.

ACN strictly prohibits the use of lead generation advertising programs for purposes of customer acquisition, as this is a form of cold marketing. ACN strongly discourages the use

of lead generation advertising programs for purposes of recruiting, as these can be costly, ineffective, obtrusive, and highly distracting to an IBO's network marketing efforts.

## **H. Benefits, Cash or Monetary Incentives**

ACN strictly prohibits IBOs from offering or using cash or monetary incentives, promotions, prizes, bonuses or any other benefit in connection with the sale of ACN's products and services or for the purposes of recruiting new IBOs.

## **I. Media Enquiries and Personal Appearances**

On occasion, ACN IBOs may be contacted by members of the media as a source or subject for a story. If this occurs IBOs must immediately refer such enquiries directly to ACN.

IBOs are strictly prohibited from representing ACN in any public media arena, and from using uncompensated media forms including, but not limited to, news releases, articles, editorials, unpaid advertising, infomercials/advertorials, and television, cable or radio program appearances to promote or publicise ACN or its products, except as approved in writing by ACN before use occurs. Such requests must be submitted in writing to ACN at least 30 days in advance of the media activity. This policy is necessary to ensure an accurate, legal and consistent public image for ACN and its IBOs.

## **J. Fundraising**

ACN strongly discourages marketing the ACN Opportunity to non-profit organisations as a method of fundraising as these programs seldom work well within ACN's proven sales model. However, if introducing the ACN Opportunity to a non-profit organisation, IBOs are responsible for advising the organisation to discuss the tax and legal implications of this type of business with professional tax and legal advisors. ACN does not allow incorporated societies, incorporated associations or companies limited by guarantee (the most common legal structures for not-for-profit entities) to become IBOs or maintain an IBO position in their name.

## **K. Purchases of Marketing Materials**

ACN advises IBOs to be very cautious regarding any marketing materials not produced and distributed directly by ACN. Only marketing material produced by ACN or for which an IBO has received unrevoked approval in writing, is permitted.

The purchase of marketing materials, apart from the Team Trainer Success Kit, which is included as part of the Team Trainer fee, is not required to be an ACN IBO.

## **L. Promotion of Other Businesses/Programs**

ACN strictly prohibits the co-marketing of any other business, product, service, seminar or program in conjunction with ACN's products and services or the ACN Opportunity. This limitation applies to all promotional activities including, but not limited to, marketing materials,

events, presentations, verbal solicitations, etc. In addition, ACN prohibits the practice of using non-ACN speakers at any ACN-related event.

## **M. Events**

ACN supports the practice of "Regional Training Events", "Super Saturdays," "Business Opportunity Meetings" and "Private Business Receptions", as they are valuable educational tools when held properly with both professionalism and integrity. The purpose of such events is to provide further education on the ACN opportunity and ACN's products and services and how to be successful within this business.

Under no circumstances are such meetings intended to provide any additional income stream to those who are sponsoring the events, and must be offered as non-profit activities at all times. Any charges levied by an IBO organising such an event may be no more than is required to cover direct external costs and expenses.

Attendance at ACN events is not a requirement for being an IBO.

## **N. Indemnity & Set Off**

The IBO hereby indemnifies ACN against any legal or operational fees, losses, damages, costs and penalties arising as a result of any violation of these Policies and Procedures or breach of the IBO Agreement by the IBO. ACN may set off such costs against future Customer Acquisition Bonuses (CABs), commissions or other payments due to the IBO.

## **O. Further Limitations**

ACN reserves the right to limit or prohibit any marketing activities that cast negative connotations on the integrity and reputation of ACN.

## **P. Protect ACN's Image**

The IBO acknowledges and agrees that it will act in a manner that will ensure the business interests and image of ACN are maintained and that it will not become involved in any act, situation or occurrence that in ACN's opinion tends to subject either the IBO, ACN, any other IBO or any ACN customer to any ridicule, contempt or scandal that reflects unfavourably on ACN or its products and services.

## **Q. Designated Marketing Program**

IBOs must not induce a person to become an ACN customer by making representations regarding the benefits of a designated customer to customer marketing program ("designated program"). Such a program will be designated by notice to IBOs.

IBOs must not make any representations regarding a designated program to prospective customers, but may mention the program to existing customers.

IBOs are not eligible to refer customers using a designated program. Participation in the program is by invitation only and is only open to certain existing ACN customers selected by ACN at its complete discretion. Not all customers will be eligible to participate.

A customer who acquires an ACN service as the result of a designated program will be added to the PCL of the IBO whose customer was the referring customer. Once added to the PCL the referred customer will count towards the IBO's Customer Points and commissions in the same way as a personal customer acquired directly by the IBO.

### 1.3. Status as an IBO

#### A. Claims of Employment

IBOs are independent contractors and not employees of ACN. The position of IBO shall not be construed as creating a relationship of employee-employer, partnership or joint venture between any IBO and ACN. It is prohibited to assert or imply that an IBO or prospective IBO is or will be employed by ACN.

#### B. Responsibility for Own Expenses and Insurance

IBOs are responsible for all expenses, which result from their business operations as ACN IBOs. Miscellaneous expenses include, but are not limited to, licenses or permits required to operate a business, legal fees connected with the use of a business name, telephone expenses, product advertising, etc. IBOs must maintain all insurances required by law and in particular, must maintain current workers compensation or similar statutory insurance in any jurisdiction where required by law. The IBO must provide ACN with evidence of such satisfactory insurance within 14 days of ACN's written request for such.

#### C. No Binding ACN

IBOs shall not involve or purport to bind ACN in any contractual relationships in relation to their businesses, apart from ACN's standard agreements relating to the supply of ACN's products and services. IBOs cannot and shall not sign contracts, rent or lease office space or equipment, open bank accounts, secure credit, cash negotiable instruments, make purchases or enter into agreements of any kind in the name of ACN. Such action is prohibited and cause for termination of the IBO's Agreement. Each IBO shall hold ACN, its shareholders, partners, members, directors, officers and employees harmless from any claims, damages or liabilities arising out of action that is prohibited by this paragraph.

#### D. Reporting Taxes

IBOs are not considered employees for any legal or tax purpose or any other laws governing employees. It is the IBO's responsibility to make self-employment and income tax payments as required by law.

If any information provided to ACN is incorrect or if any relevant tax authority notifies ACN that the information provided by the IBO does not match their records then ACN will suspend all future payments due to the IBO until the matter is resolved.

The IBO indemnifies ACN and must keep ACN indemnified against any claim, action, damage, loss, liability, cost, expense or payment suffered or incurred by ACN as a direct or indirect result of, or in connection with, any failure by the IBO to pay all necessary taxes and/or take out and maintain all insurances required by law.

### 1.4. Legal Entities Operating as an IBO

#### Permitted Entities

An individual, partnership, proprietary company or discretionary (family) trust (individual trustees or corporate trustee) ("Permitted Entity") may become an IBO subject to review and approval by ACN. Other legal entities, including public or listed companies and incorporated associations or societies may not become IBOs.

Where an existing IBO position is held by an entity that is not a Permitted Entity, the IBO position must be transferred to a Permitted Entity approved by ACN within 60 days of receipt of written notice from ACN requiring such transfer. If such transfer does not take place within the 60 day period, or such extended period as agreed by ACN in writing, the IBO position will be terminated.

#### The 100% Rule

At no time may any individual obtain or maintain legal or beneficial interests in multiple IBO positions where such interests:

1. Add to more than 100% of an IBO position, or equivalent.
2. Are not in IBO positions, each of which is either directly sponsored by or sponsors another IBO position in which the individual holds an interest ("the 100% Rule").

Where an individual holds interests in existing IBO positions which contravene the 100% Rule the individual must restructure his/her interests to comply with the 100% Rule within 90 days of receipt of written notice from ACN requiring such. If such restructure does not take place within the 90 day period, or such extended period as agreed by ACN in writing, ACN may, at its sole discretion,

suspend or terminate any IBO position which is causing the individual to contravene the 100% Rule.

## A. Companies

To become a new IBO with proprietary company status or to change to a proprietary company status, ACN requires a written notification and a new IBO Agreement must be executed by the company.

The written request must provide the following "business paperwork":

- i. A copy of the certificate of incorporation of the company.
- ii. The names of all shareholders/persons with more than 5% legal or beneficial interest in the company and the amount of shares held by each of them.
- iii. The names and addresses of each of the directors of the company.
- iv. Designation of one (1) director as the responsible party for the company's operations and sales.

The new IBO Agreement must be executed by the company in accordance with the corporations or companies Act by which the company is bound.

It is not permissible for any shareholder or director of a proposed or current IBO company to hold, or have held in the previous 12 months, legal or beneficial interests in other IBO positions which exceeds, or would exceed the 100% Rule.

## B. Partnerships

To become a new IBO with partnership status, to change to a partnership status or to add a partner to a partnership, ACN requires written notification and a new IBO Agreement must be executed by all the partners in the partnership.

The written request must provide the following "business paperwork":

- i. The names of all partners with more than 5% legal or beneficial interest in the partnership and their percentage ownership of the partnership).
- ii. Designation of one (1) partner as the responsible party for the partnership's operations and sales.

It is not permissible for any partner of a proposed or current IBO partnership to hold, or have held in the previous 12 months, legal or beneficial interests in other IBO positions which exceeds, or would exceed the 100% Rule.

## C. Trusts

To become a new IBO with discretionary trust status or to change to a trust status, ACN requires written notification and a new IBO Agreement must be executed by all trustees

of the trust or the corporate trustee in accordance with corporations or companies Act by which the corporate trustee is bound.

The written request must provide the following "business paperwork":

- i. The names of all trustees and beneficiaries.
- ii. For a corporate trustee, a copy of its certificate of incorporation and the names and addresses of each director of the corporate trustee.
- iii. Designation of one (1) individual as the responsible party for the trust's operations and sales.

A copy of the trust deed must be provided to ACN promptly on request by ACN.

It is not permissible for any trustee or beneficiary of a proposed or current IBO trust to hold, or have held in the previous 12 months, legal or beneficial interests in other IBO positions which exceeds, or would exceed the 100% Rule.

## D. Common Requirements

The following items are needed to apply to become an ACN IBO, or to change the Permitted Entity status of an existing IBO position:

1. A completed IBO Agreement, properly executed in accordance with the above requirements.
2. For companies, partnerships and trusts: business paperwork listed above. It is the IBO's responsibility to ensure that ACN has received all the business paperwork to approve the IBO position as a company, partnership or trust. If ACN does not receive the business paperwork with the properly executed IBO Agreement, then ACN will suspend the IBO's rights under the IBO Agreement, including rights to commissions and CABs until all of the business paperwork is received and processed by ACN.
3. In order to grant approval for a new or transferred IBO position, ACN must receive and have on file for one (1) year, written notice of resignation of any previous interest in an IBO position; or one (1) year must have lapsed since a non-renewal of any previous interest in an IBO position.

ACN will only permit an existing IBO position to change its status to or from a company, partnership or trust where the beneficial ownership, including relevant percentage shares, of the position remains unchanged. In any other case the change of status will be considered a sale and subject to the requirements of paragraph 1.7.B.

Where an existing IBO with company, partnership or trust status has not provided the business paperwork required

above, such business paperwork must be provided to ACN within 30 days of receipt of written notice from ACN requiring such. If such business paperwork is not provided within the 30 day period, or such extended period as agreed by ACN in writing, ACN will suspend the IBO's rights under the IBO Agreement, including rights to commissions and CABs until all of the business paperwork is received and processed by ACN.

## **E. Householders as IBOs**

Where two or more individuals living at the same residential address each hold legal or beneficial interests in different IBO positions (each a "householder position") each householder position must be either directly sponsored by or sponsor another householder position within the same household, except where written approval is obtained from ACN.

A husband and wife who together operate the same IBO position shall be considered a partnership (50/50) unless otherwise notified to ACN.

## **F. Right of Approval of Structures & Names**

ACN reserves the right to approve or disapprove any IBO's choice of business names, or business structures. ACN may refuse to approve any application for a Permitted Entity to become an IBO or change status where ACN believes that it is an attempt to circumvent the Policies and Procedures.

ACN reserves the right to verify all authorisations to trade prior to approving changes. In the absence of any agreement or notification, ACN will only recognise the individual whose Business ID Number or ABN was originally listed on the IBO Agreement. Please note that ACN only continues to service the IBO who remains listed in our computer system.

## **1.5. Identification Numbers**

All IBOs will be assigned a unique number that identifies them as a IBO with ACN. This number is referred to as a Business ID Number. It is the IBO's responsibility to provide this number on all CAFs and on the IBO Agreement when sponsoring a new IBO.

## **1.6. Sponsoring New IBOs**

### **A. IBO Agreements**

New IBOs must complete and sign an IBO Agreement or complete the new IBO sign up process on ACN's website. The sponsor must ensure that the new IBO has read the

Policies and Procedures and the terms and conditions of the IBO Agreement. The new IBO or the sponsor can mail or fax the paper copy of the IBO Agreement to ACN for processing. The start date of an IBO is the date that their completed IBO Agreement is accepted by ACN, entered into ACN's systems and payment of the Team Trainer fee is received. ACN reserves the right to refuse registration of an IBO Agreement without payment and to adjust the start date accordingly.

### **B. Representations**

IBOs shall make no claim or inference to prospective IBOs as to the anticipated or actual income an IBO might earn.

ACN makes no guarantees of income, nor assurances of any profits or success. Any profits or success resulting from activities as an IBO are based upon customer acquisition and the amount of telecommunications or energy services or products purchased by those customers. The extent of the success or failure achieved by an IBO will depend on many factors including, without limitation, the IBO's effort, commitment and skills and external factors such as the behaviour of ACN's competitors and general economic conditions.

Each IBO understands that no regulatory authorities ever review, endorse or otherwise approve any product membership or compensation program of any marketing company. As such, no IBO shall make such claim to a prospective ACN IBO. In the event that a question arises concerning ACN's compliance with the law, such question shall be submitted to ACN in writing. ACN IBOs shall make no false claims or misleading statements concerning these relationships and understand that if they do, their relationship with ACN may be terminated and all commissions and bonuses forfeited.

IBOs agree to indemnify and hold ACN harmless from all claims, damages and expenses, including attorney fees arising out of actions or omissions in violation of these Policies and Procedures and the IBO Agreement. All warranties or representations implied by law are expressly excluded to the extent that it is possible to do so. If an implied representation or warranty cannot be excluded but the consequences of a breach can be limited, then those consequences are limited to the fullest extent possible.

### **C. IBO Disputes**

ACN may mediate any dispute between two or more IBOs if requested to do so by all of the parties involved. If ACN agrees to mediate any dispute, its findings shall be binding on all parties involved. ACN reserves the right to review sponsoring practices. ACN will not mediate disputes between individuals involved in the same IBO position (i.e. company, partnership or trust). In such circumstances ACN will abide by the wishes of the person designated in the business paperwork as responsible party for the partnership's operations and sales.

## D. Changing Sponsorship

ACN believes in and maintains the maximum protection of the IBO's relationship with his or her immediate upline IBO (a "sponsor"). Therefore, changing sponsors is strictly prohibited.

Where a person relinquishes involvement (i.e. as individual, director, shareholder, partner, trustee or beneficiary) in an ACN IBO position under one sponsor, whether by resignation, termination or otherwise, that person may not take up any new involvement in an IBO position under a new sponsor until a period of no less than one full year has expired. For the avoidance of doubt, this rule is a particular application of the 100% Rule.

All resignations must be in writing and delivered to ACN.

ACN reserves the right to change sponsorship if it is found that an error occurred or that unethical or misleading practices were used.

## 1.7. Maintaining/Changing the Status of Your Business

### A. Annual Renewal Fee

ACN's annual renewal fee becomes due and payable by an IBO on each anniversary of the date of their IBO Agreement ("anniversary date"). ACN may change the anniversary date to a later date by giving notice of the new anniversary date. The annual renewal fee is for services provided by ACN to the IBO and their customers. A renewal application and fee must be received by ACN no later than 30 days after the anniversary date or deactivation of your position will occur, resulting in the forfeiture of bonuses, commissions or other payments from ACN. ACN may charge a nominal fee to process certain payments. In order to ensure that an IBO is following the "spirit" as well as the "letter" of the Policies and Procedures and that the IBO is operating his/her IBO position in an ethical manner consistent with the image and character of ACN, all renewals are subject to the acceptance by ACN in its absolute and unfettered discretion.

It is the IBO's responsibility to ensure that ACN has his/her accurate and current address information. The IBO will be notified on the IBO Back Office when the renewal fee is due prior to the anniversary date.

### B. Selling Your IBO Business

To protect the integrity of the ACN business opportunity, ACN restricts the sale of IBO positions. All requests for the sale of an IBO position must be reviewed and approved by ACN. For approval to sell your IBO position, forward a letter of intention to ACN, indicating your wish to sell and requesting consent. The letter must include the buyer and the seller's name and contact information, as well as a description of all the consideration payable in connection

with the sale. ACN will send all required documentation to the seller for completion, before the process can begin. ACN reserves the right to veto a sale at its sole discretion and reserves the right to purchase the position at the price agreed upon between the prospective buyer and seller. The seller may not receive any income from the position after the sale unless expressly approved in writing by ACN.

The IBO position WILL NOT be considered SOLD until it is approved by ACN. Therefore, DO NOT accept any funds from the potential buyer until the sale has been approved by ACN and finalised. ACN charges the buyer a \$1,000 fee (in the local currency of the buyer, GST inclusive) to process any approved sale, which must be paid directly to ACN and not through a third party. Do not send the \$1,000 fee until ACN has approved the sale. ACN may waive or reduce the \$1,000 fee at its sole discretion in very limited circumstances.

Companies, partnerships or trusts that have a change of control, ownership or beneficial entitlement greater than five percent (5%) must notify ACN of such change.

Companies, partnerships or trusts that have a change of control, ownership or beneficial entitlement greater than twenty percent (20%) must obtain approval of ACN for such change. Any new partners/shareholders/directors and trustees must comply with the Terms of the IBO Agreement and these Policies and Procedures.

If there is a change in control, ownership or beneficial entitlement of 50% or greater in one transaction or a series of transactions, then the rules regarding the sale of an IBO status apply including the \$1,000 transfer fee. In these Policies and Procedures "control" has the meaning given in section 50AA of the Corporations Act 2001.

### C. Transfer/Disposition of IBO Business

Upon the death or incapacity of an individual IBO the rights to the commission and bonuses shall pass to the individual's estate. In the case of such a transfer to an existing IBO, or to an individual listed as a partner/director/shareholder/trustee/beneficiary in an existing IBO position, the individual will need to contact ACN to discuss his/her options to prevent a breach of the 100% Rule. If such transfer is of a temporary nature (i.e. the IBO is temporarily incapacitated), temporary suspension of a position to prevent breach of the 100% Rule will be considered on request. Documentation of legal standing or power of attorney of a designated successor must be presented prior to any and all changes.

### D. Change of IBO Information

IBOs must promptly report any change of address, telephone number change or email address change by sending a written notification to ACN, by calling ACN or by using the IBO Back Office website.

## 1.8. Commissions and Bonuses

### A. Reports

ACN makes available reports and/or business tools to assist the IBOs in managing their business. The IBO acknowledges and agrees such information is proprietary and confidential to ACN and is transmitted to the IBO in strict confidence. The information provided may not be distributed to any other person or entity. But for this agreement of confidentiality, ACN would not provide the above information. To receive your password to access the ACN website, please visit "First Time Login" via the IBO Back Office.

### B. Eligibility for Commissions

All IBOs must be active and qualified according to the Compensation Plan in order to be eligible to receive any commissions.

### C. Customer Acquisition Bonuses (CABs)

Customer Acquisition Bonuses are weekly bonuses paid to IBOs who have qualified for the appropriate earned level according to the Compensation Plan and who have assisted their newly sponsored Team Trainers to become qualified by acquiring the minimum number of personal customers within a certain period from their start date. All CABs will be paid out based on the newly sponsored IBO's start date.

All documentation necessary for CAB qualifications must be received and processed by ACN by the cutoff deadline for that CAB payment. Please refer to ACN's website for the specific deadlines for submitting CAFs and IBO Agreements, etc.

### D. Commissions

Commissions are calculated based on the commissionable revenue on services and products used by your customers and the customers in your organisation. Commissionable revenue is determined according to the Compensation Plan for the country in which the services are provided. Commissionable revenue is billed revenue less taxes, non-revenue surcharges and an allowance for bad debt. ACN reserves the right to reduce commissionable revenue by a percentage factor for promotional plans, products, negotiated pricing or certain services.

Commissions are released on the first business day following the third Friday of each month.

Commissions are paid the third month after the close of the month the customer is billed. Thus, if an ACN customer is billed for services in April, commissions will be paid on that customer's April billing in July. The commission qualifications listed on the Compensation Plan are minimum qualifications.

ACN recommends that IBOs exceed the minimum qualifications in order to ensure that they remain fully qualified in the event that customers cancel their service.

All customers submitted for your commission qualifications must be received and processed by the cut off deadline stated on the ACN website.

An administration fee may be deducted from each CAB, commission, or any promotional bonus payment to cover processing costs relating to the issuance of the payment and the statement. A payment will not be issued until the total amount (less the administration fee) is greater than the minimum amount stated on the ACN website. If a payment must be reissued, the IBO will be responsible for the fees involved with placing a stop payment on the original payment and reissuing a new payment.

### E. Reversal of CABs, Bonuses or Commissions

ACN reserves the right to retract the payment of any CAB, commission or bonus if it is found that a customer or qualified team trainer used to qualify for a CAB, bonus or commission level was not a valid active customer or qualified team trainer or was not acquired properly. If those same customers or qualified team trainers were used to achieve a particular level of commission entitlements the monies will be adjusted as well as the position.

### F. Adjustments for Uncollectible Accounts

ACN reserves the right to adjust commission payments for bad debt. The amount deducted may be based on the overall bad debt average and/or specific deductions on an account-by-account basis or a combination thereof.

If an IBO is found to be targeting customers whose service was previously cancelled by another telecommunications or energy provider for non-payment, targeting those customers who knowingly have accounts not in good standing, or has an extraordinary level of bad debt in its customer base and does not take reasonable steps to address the bad debt level when requested by ACN that IBO's Agreement may be suspended and/or terminated. In addition, the IBO may be held liable for any unpaid debts in these circumstances.

### G. Customer Qualifications

CABs, commissions, promotional bonuses and the advancement to earned levels in the Compensation Plan are based on the acquisition of customers.

Establishing customer accounts for the purposes of qualifications when the customer does not intend to use the service or when the customer is not aware that such an account has been established is prohibited and is subject to disciplinary action up to and including termination. ACN reserves the right to remove such customers from IBO' PCLs if such prohibited activities are found to have occurred.

Customers that cancel service from ACN and those that do not use the service for a period of 3 months may no longer count as active customers for qualification purposes. This process is known as "purging." The Personal Customer List will display all customers that are scheduled to purge and

the date that the customer will be purged so that the IBOs can either contact that customer or acquire new customers in order to avoid losing qualifications. If a customer that is scheduled to be purged, or has been purged, begins to use the service again, the IBO who acquired the customer will automatically receive commissions for that customer. A customer account cannot count toward qualifications for more than one IBO position.

A customer account cannot be moved from one IBO to another unless that customer account has been purged or an IBO is claiming the account relates to his/her own personal service.

ACN reserves the right to offer a grace period for an IBO to re-qualify their earned position or may allow an IBO to be compensated at a level higher than the current earned level.

### **["Own Points Rule"]**

When completing the customer sign up for a new service an IBO must indicate their involvement in an ACN IBO position by ticking the relevant box on the CAF in the following circumstances:

- i. For an individual IBO, if the service is in the name of the individual IBO or any person living at the same residential address as the individual IBO.
- ii. For a company IBO, if the service is in the name of the company, any of its directors, any shareholder with greater than 20% holding or any person living at the same residential address as any of them.
- iii. For a partnership IBO, if the service is in the name of any partner, the partnership itself or any person living at the same residential address as any of them.
- iv. For a trust IBO, if the service is in the name of a trustee, a director of a corporate trustee or any person living at the same residential address as any of them.

In the above circumstances the service shall be considered to be "owned" by the IBO for the purposes of the Own Points Rule.

The terms of the Compensation Plan will prevail over the terms of these Policies and Procedures to the extent of any inconsistency.

## **1.9. Compliance and Dispute Resolution**

These Policies and Procedures are incorporated by reference in the IBO Agreement and are contractually binding on the IBO. These Policies and Procedures ensure proper functioning of daily business operations and serve to protect the rights of both parties.

An IBO Agreement may be terminated by ACN if the relevant IBO breaches any provision of the Agreement or these Policies and Procedures. Termination cancels any and all rights, and will be effective upon notification of the offending IBO by ACN.

### **A. Violations**

An IBO, on discovering or suspecting a violation of the Policies and Procedures, shall report this violation in writing to ACN including details of the date, location and nature of the violation and the identity of the IBO alleged to be in breach. The IBO alleged to have violated the Policies and Procedures may be suspended (on such terms as ACN may in its sole and unfettered discretion think fit) and required by ACN in writing to respond to the allegations within a designated period. On receipt of the IBO's response, ACN will review the submissions of all relevant parties and determine what action is appropriate to be taken. Where violations are proven or are not refuted by the IBO in question, this may result in suspension (either on the existing terms or on new terms), the imposition of fines or termination of the IBO Agreement. The IBO hereby agrees that where a breach of Policies and Procedures is determined, and a fine imposed, ACN shall be entitled to deduct the amount of such fine from future compensation payments. ACN shall notify the IBO in writing of any determination.

### **B. Disputes**

In the event a dispute arises between ACN and an IBO as to their respective rights, duties and obligations under this agreement, or in the event of a claim of breach of this agreement by either party, such dispute shall be exclusively resolved through binding arbitration as described below.

### **C. Binding Arbitration**

Any dispute or claim arising out of or relating to this agreement will be referred to the Australian Commercial Disputes Centre Limited ("ACDC") for arbitration. The law of New South Wales will apply to the resolution of the dispute, unless otherwise agreed in writing. Any arbitration organised through the ACDC shall be held in Sydney or any other place that the parties agree. The parties will arbitrate in good faith and agree to be bound by any solution to the dispute arbitrated by ACDC. The cost of such arbitration shall be borne by the parties equally. The arbitrator may award preliminary and permanent injunctive relief and compensatory damages and shall award reasonable attorney's fees and costs to the prevailing party. The arbitration award may be enforced in any court of competent jurisdiction. This provision shall not restrict ACN from seeking preliminary or permanent injunctive relief in any court of competent jurisdiction.

## **D. Effectiveness and Termination**

The IBO Agreement shall be effective from the date of acceptance by ACN for a period of one year, or longer if ACN notifies IBO in writing, and may be renewed by the IBO and ACN according to the terms of the IBO Agreement in accordance with the procedure set out in these Policies and Procedures.

The right of a terminated IBO to receive compensation from ACN ceases immediately from the date of the termination, except if ACN elects to terminate this Agreement due to a breach by the IBO, in which case that IBO will cease to be entitled to all commissions, bonuses and payments of any kind that it would otherwise have received, including payments that were due but not paid at the date of termination. A terminated IBO must immediately stop selling and marketing ACN's products and services, as well as promoting the ACN Opportunity, using ACN promotional materials, trademarks, trade names, service marks and logos representing himself/herself as an ACN IBO or to act in any way which may be adverse to the business of ACN or its IBOs.

Under no circumstance would an IBO who is terminated for unethical activity or breach of the IBO Agreement be entitled to the refund of any amount paid to ACN or be allowed to transfer their IBO position to another party.

## **E. Suspension**

ACN shall be entitled to place an IBO on suspension, for a specified period or indefinitely. ACN reserves the right in its sole and unfettered discretion to determine the period and terms of suspension. The right of a suspended IBO to receive compensation from ACN ceases immediately from the date of suspension through to the end of the suspension period. A suspended IBO must stop selling and marketing ACN's products and services, as well as promoting the ACN Opportunity, using ACN promotional materials, trademarks, trade names, service marks and logos, representing himself/herself as an IBO or to act in any way which may be adverse to the business of ACN or its IBOs. At the expiry of the suspension period the IBO may be reinstated to good standing with the Company in which case the amounts earned will be paid.

## **1.10. Miscellaneous**

### **A. Confidentiality**

See clause 28 of IBO Agreement.

### **B. Non-Interference and Non-Solicitation**

See clause 27 of IBO Agreement.

## **C. Amendments**

In order to sustain a viable marketing company and comply with all applicable laws, regulations, industry codes and standards, ACN specifically reserves the right to make any amendments or adjustments it deems necessary with respect to products and services offered, its Policies and Procedures, the marketing and Compensation Plan and/or pricing, whether those amendments or adjustments are permanent or applicable only for a limited or promotional period. Upon notification through ACN's website or other permitted notice method, any such changes are incorporated as part of this Agreement between ACN and its IBOs.

ACN may, at its sole discretion, vary the operation of these Policies and Procedures, the IBO Agreement and/or the Compensation Plan in a particular circumstance, and such variation shall not be considered a waiver nor an amendment nor establish any exception or variation beyond that particular circumstance. Any requests made outside of this policy must be submitted in writing and will be reviewed by ACN at its sole and unfettered discretion.

## **D. Communications**

IBOs must ensure that they include their contact details and an unsubscribe message (to allow a person to opt-out of future commercial electronic messages) when sending commercial electronic messages (e.g. email, ACN messaging & SMS) to persons other than ACN (e.g. customers or IBOs, actual or potential).

The requirement for an unsubscribe message shall be waived for electronic messages from ACN to an IBO, and vice versa.

## **1.11. Summary**

ACN offers a program that will prove to be financially beneficial for those with the motivation to achieve. It offers the freedom to design personal goals, an opportunity to develop long-term stability, and a relationship of respect with our company. The relationship between ACN and its IBOs is that of a team, based on mutual trust, respect and integrity. By assisting our IBOs in achieving their goals and dreams, ACN strives to demonstrate the true meaning of a team. This is our commitment to you.

# No Slamming!

**Slamming is any practice that changes a customer's fixed or mobile telephone, or energy service provider without the customer's prior knowledge or consent.**

The actions of the telecommunications or energy industry are heavily regulated by agencies whose sole responsibility is to safeguard the interests of consumers. These regulatory agencies treat slamming as a serious violation, with serious consequences, and they have the authority to impose heavy fines or other penalties.

These consequences affect the opportunity for all IBOs, not just those who slam customers, and therefore illustrates why:

## **ACN has a zero tolerance policy against slamming!**

If an ACN IBO is found to have slammed a customer, the following penalties will be exercised without exception:

1. The IBO's position will be permanently terminated. All CABs, commissions and payouts of any kind will be permanently forfeited.
2. If the 'slammed' account was used for qualifications, any CAB payments made as a result will be reversed. This reversal will also apply to any corresponding upline CABs.
3. Any IBO engaged in slamming will be required to reimburse ACN for any fines/charges levied against it.

IBOs are prohibited from entering the name or Business ID of another IBO on any fixed, mobile, energy, mobile broadband or ACN digital phone service agreement, or signing in the name of another IBO.

As an ACN IBO, you are responsible for every customer that appears on your Personal Customer List. IBOs are encouraged to routinely review their customer lists to ensure that only the customers that they have personally acquired are appearing on the customer list. If a IBO discovers a customer name on their customer list that they have not personally acquired, they must contact IBO Services immediately.

To ensure customer validity, and to protect yourself from potential slamming allegations, ACN strongly recommends that you implement ACN's anti-slamming policy throughout your personal business. ACN's complete anti-slamming policy is clearly outlined in ACN's Policies and Procedures, and as an ACN IBO, you have a responsibility to understand and abide by this policy in full.

# Applying for an Australian Business Number (ABN)

It is essential that you provide an ABN number in order for you to receive payments from ACN. Registering for an ABN number is **FREE**.

You can apply for an ABN electronically via [www.abr.gov.au](http://www.abr.gov.au)

or obtain a registration application from the Australian Taxation Office or your local Post Office.

The ABN you provide to ACN must be for the person or entity who has signed up as the IBO.



## To apply online:

1. Go to [www.abr.gov.au](http://www.abr.gov.au)
2. Click on 'Apply for Australian Business Number (ABN)' on the left hand side Menu

Once you have received your ABN, you must inform ACN in order to receive Customer Acquisition Bonus (CAB) and commission payments.

# IR330 Declaration Form - New Zealand

All IBO Applicants (except Companies) must inform ACN of their Tax Code in order to receive Customer Acquisition Bonuses (CABs) and commission payments. CABs and commissions will not be paid until ACN receives the IR330 form correctly filled out and stating your ACN IBO Business ID number.

1. IR330 Tax Code Declaration Forms are available to download via [www.ird.govt.nz/forms-guides/keyword/taxcodes](http://www.ird.govt.nz/forms-guides/keyword/taxcodes)
2. Alternatively, obtain the IR330 Tax Code Declaration Form from your local Inland Revenue Department office.



## How to fill out your form:

Under Section 2 of the IR330 ("Your Tax Code"), please mark your Tax Code as WT and your Withholding Payment Category Name as Commissions. Write your ACN IBO Business ID Number on the top of the form before posting or faxing.

Please make sure that the IR330 Tax Code Declaration Form is completed in full and sent to ACN as soon as possible, preferably with your completed IBO Agreement.

ACN Pacific Pty Ltd

ABN 85108535708

IBO Services (AU) 1300 767 226 / (NZ) 0508 226 002

[acnpacific.com.au](http://acnpacific.com.au)