



Healthbuilders Distributors (HBD)

Rules of Conduct

## **1. INTRODUCTION**

1.1 The General Terms and Conditions ("Rules") form an important part of the contract between

Company and the HEALTHBUILDERS DISTRIBUTOR ("HBD").

1.2 The Company and the HBD are individually referred to herein as a "Party" and together as the Parties

1.3 As part of the HBD Contract, HBDs have an obligation to comply with the Rules.

1.4 References to clauses are to clauses of this Rules. References to Schedules are to the Schedules, which

are attached to and form part of this Rules.

## **2. DEFINITIONS**

"Company" means HEALTH BUILDERS (M) Sdn. Bhd.

Company's Trade Marks means the name "Healthbuilders" and any design symbol, trade mark, trading name,

house mark, mark of ownership, unregistered mark, service name, package shapes, colour schemes, styles of

labelling, emblems, registered and unregistered designs, retail and other formats, slogans, signage,

communications materials, and other manifestations as specified from time to time by the Company, belonging

to or characteristic of the Company, their goods, services and activities.

"HBD Contract" means the HBD Application Form along with the incorporated documents that form the terms of

the contractual agreement between HBD and the Company.

"Healthbuilders Distributors" means the Company's independent business operated by an HBD(s) pursuant to the

HBD Contract.

Healthbuilders Distributors means individuals who are eligible pursuant to clause 3.

Intellectual Property Rights means the Company's Trade Marks and all patents, copyrights and database rights,

rights in know-how, moral rights or other similar rights in any country in or connected with the Products or any

of them or any literature, manuals, materials or information supplied in connection with the HBD Contract, in

each case whether or not registered, and any applications for registration of any of the foregoing, and all rights

to apply to register any of the foregoing.

"Laws" means all applicable national, municipal or state statutes, ordinances or other laws, regulations, by-laws or

any rules, codes or directions or any licence, consent, permit, authorisation or other approval required by any

public body or authority, local or national agency, department, inspector, ministry, official or public or statutory

person (whether autonomous or not).

"Personal Data" means any information relating to an identified or identifiable individual.

"Related

Party" means in relation to a Party:

- (a) Any of its Affiliates;
- (b) Any person employed by that Party or its Affiliates;
- (c) Any director or other officer of that Party or its Affiliates; and
- (d) Any person acting for or on behalf of that Party or its Affiliates, performing work and/or services

in connection with the HBD Contract.

"Territory" means Malaysia.

### **3. ELIGIBILITY TO BECOME AN HBD**

3.1 To become an HBD, an applicant must:

- (a) Be 18 years of age;
- (b) Citizen or permanent residents of the Territory where the HBD is registered;
- (c) Healthbuilders sponsored by an existing HBD;

3.2 The HBD application may be completed in one of the following ways:

- (a) The applicant may complete and submit an electronic version of the HBD Application Form in

accordance with the procedures on the Company's website; or

(b) The applicant may complete, sign and return a paper version of the HBD Application Form to

the Company.

3.3 An application shall be considered accepted by the Company when it receives a completed HBD Form,

its contents are verified by the Company, and the application does not violate any provision of this Rules.

3.4 The Company reserves the right to accept or reject any HBD application.

#### **4. TERM AND RENEWAL**

4.1 The term of the HBD Contract shall be valid for one (1) year from the last date of purchase made from

the Company.

4.2 Members must have any form of trading activities in any month of the validity period, otherwise, their

direct marketing rights will automatically expire on the last day of the 12th consecutive month starting from

the last month of trading.

4.3 The Company reserves the right to reject any renewal request, or revoke any HBD's renewal agreement,

if the HBD is not in compliance with any provisions of the HBD Contract.

#### **5. DEATH AND INHERITANCE**

5.1 Upon the demise an HBD, the deceased's independent business may be transferred to the deceased HBD's beneficiary subject to relevant laws of Malaysia (or country concerned).

5.2 In cases where an HBD disposes of an independent business in a Will, the Company will recognize

the terms of the transfer, provided the beneficiary is an HBD who is compliance with the Rules.

#### **6. RESIGNATION**

6.1 An HBD may choose to resign as an HBD with written notice to the Company.

#### **7. PAYMENT OF BONUSES**

7.1 The bonus issued under the company's marketing plan will be based on encoded sales into the

company's system and to be calculated on monthly basis.

7.2 Each bonus will be issued and deposited into the e-wallet of the distributor or bank account authorized

by the distributor

7.3 The Company is entitled to adjust all bonuses paid or to be paid in its absolute discretion.

7.4 Any withdrawal from the HBD's E-Wallet is subjected to an administrative fee as determined by

the Company.

## **8. BUY BACK AND RETURNS**

8.1 A departing HBD may choose to sell inventory of currently marketable Company's products to

the Company subject to the following:

- (a) such products are in new, unused and original condition
- (b) the Company will make all appropriate Performance Bonus differential; and
- (c) the Company will charge a service charge equal to 10% of the HBD cost of the products being returned

to cover handling and processing charges.

8.2 An HBD who is not leaving the independent business may ask the Company to buy back the Company's

products where he or she may be experiencing financial hardship or other exceptional circumstances as

explained by the HBD. Return requests are reviewed on a case-by-case basis. The Company reserves the right to

repurchase only unused currently marketable Company's products subject to the Company's discretion."

## **9. OBLIGATIONS OF HBD**

9.1 Duty of good faith and fair dealing: Under the terms of the HBD Contract, the Company and all HBDs

agree to perform their obligations in accordance with the duty of good faith and fair dealing. An HBD will be held

accountable for the actions of a partner, family member or third party acting or purporting to act on behalf of

the HBD or independent business, so far as the Rules are concerned. An HBD shall not aid and abet another HBD

to violate the Rules. HBDs shall not conduct any activity that could jeopardize the reputation of the Company or

other HBDs.

9.2 Advertisement: HBDs may advertise only with the express approval of the Company in writing.

9.3 Re-packaging: Products offered through or by the Company are to be sold only in their original

packages and in their original formulations. HBDs shall not repackage products or otherwise change or alter any

of the packaging, labels or materials of products offered through or by the Company.

9.4 Complaints: HBDs shall advise Company of any customer complaint and provide copies of all

correspondence and details of all conversations regarding the complaint. HBDs are not authorized to make

any type of offer or compromise or render Company liable for any complaint or product return.

9.5 Information Update: All HBDs are responsible for communicating any updates or changes to their

personal information (e.g, address, email address and telephone numbers, etc.)

9.6 DSA Regulations: All HBDs shall strictly adhere to the local Direct Selling Association's code of

conducts from time to time. All HBDs are deemed to have read, understand, and agree to adhere to the code

of conducts manual from time to time upon registration to be HBD.

## **10. PROHIBITED PRACTICES**

10.1 Retail Establishment: No HBD shall permit products, services or literature offered through or by the

Company to be sold or displayed in any retail establishments, including, but not limited to, places like schools,

fairs and events, kiosks, vending machines, salons, professional offices and any online or e-commerce platform.

10.2 Exporting and Importing: HBD shall not export or import products or services offered through or by

the Company, or sell to others they have reason to believe will import or export such products or services, to or

from any other country, regardless of whether or not the Company or its affiliates have established operations

or are doing business in that country.

10.3 Enticement to Change Position in the Line of Sponsorship: Under no circumstances shall an HBD, directly

or indirectly, solicit, assist, attempt to induce, or encourage, another HBD to request a change in position in the

Line of Sponsorship.

10.4 Fund-raising: No HBD shall use the Company's products or services in conjunction with any type of fundraising activity. Fund-raising includes the solicitation for the donation of funds or for the purchase of the

Company's products or services based on the representation that all, or some, of the gains, proceeds, donations,

bonuses, or profits generated by such sale will benefit a particular group, organization, or cause.

10.5 No Authority: No HBD shall negotiate, enter into contracts and/or agreements for and on behalf of the

Company.

10.6 Solicitation: No HBD shall sponsor or solicit or attempt to sponsor or solicit another HBD, employee,

supplier, manufacturer, consultant and vendor into any other trade, business or profession whether directly

or indirectly in competition with or in conflict with the Company's interest or to alter or terminate their

employment or business relationship with Company;

10.7 Media Release or Publication: Involved in any media release or publication of Healthbuilders

corporate- related information (including personal interviews granted) to newspapers/ magazines/

others/through any form of mass communication without prior written approval from the Company

10.8 HBD Plan Manipulation: HBDs shall not manipulate the Plan, point value or business volume (PV), in any

way which results in the payment of bonuses or other awards and recognition that have not been earned in

accordance with the terms of the HBD Contract.

## **11. OBLIGATIONS OF SPONSORS**

11.1 The sponsor must be an HBD in full compliance with the Rules.

11.2 The sponsor must ensure that all HBDs whom he or she sponsors have access to and the opportunity

to read the HBD Contract.

## **12. NON-COMPETITION AND NON-SOLICITATION**

12.1 An HBD shall not, during the term of his/her HBD Contract with the Company, engage in any business

activity which is competitive directly or indirectly with the Company nor be involved in any way with any

company which competes with the Company.

## **13. INTELLECTUAL PROPERTY**

13.1 The HBD acknowledges that the Company's Trade Marks and Copyrighted Works are the property of the

Company and the HBD will not claim any rights in the Company's Trade Marks and Copyrighted Works. The HBD

further acknowledges that all goodwill arising out of the HBD's use and display of the Company's Trade Marks

shall accrue to the Company.

13.2 The HBD acknowledges that the Company may at any time, introduce additional or substituted the

Company's Trade Marks or may withdraw any of them from use, and the HBD shall implement such changes.

13.3 Notwithstanding that these Rules do not grant the HBD any rights with regard to the Company's Trade

Marks except as expressly stated, the HBD will:

(a) use his reasonable endeavours to protect the Company's Trade Marks, colour schemes and any other

items of décor which have been affixed or applied to each product by the Company and to maintain them in

good condition;

(b) comply with the Company's requirements as to the manner and context of the reproduction, use and

display of the Company's Trade Marks and the wording to accompany them, and will 'not use them in any way

that may impair their distinctiveness, reputation, or validity;

(c) not alter, remove or obliterate any Company's Trade Marks and will notify the Company immediately

on becoming aware that any of the Company's Trade Marks has been damaged, defaced, removed or stolen;

(d) not in any event use any Company's Trade Marks unless duly authorised by the Company.

13.4 The HBD shall not employ or register or cause to be registered a Company's Trade Mark, or any word or

mark which in the reasonable opinion of the Company is confusingly similar to a Company's Trade Mark, as part

of any corporate name, business name or trading style, or as a trade mark in respect of any goods or services, or

as a domain name.

13.5 The HBD shall not conduct the whole or any part of its business under a corporate or business name

or house mark, which in the opinion of the Company might impair the validity, reputation or distinctiveness of

any of the Company's Trade Marks.

13.6 Except with the prior written consent of the Company, no other marks or symbols of a trade mark

character (other than the trade name or corporate name of the HBD) shall appear on or in relation to the

independent business.

13.7 The HBD shall not:

(a) negotiate or enter into any sponsorship or similar arrangement which would involve use or display of

the Company's Trade Marks; or

(b) commission, release or use any advertising or promotional materials in any media involving use or

display of the Company's Trade Marks, other than those materials and templates provided or made available by

the Company.

## **14. CHANGES IN LAW**

14.1 If at any time during the HBD Contract period, there has been any decisions made by the Government or



its related authorities which changes the operation of this Rule in any manner whatsoever (notwithstanding any provisions to the contrary in this Rule), the Company shall have the right to adjust, review, amend in any manner whatsoever, where such adjustment and amendments relate to the decisions made by the Government or its related authorities, any provisions in this Rules.

14.2 References to a specific statute include any statutory extension or modification amendment or

re-enactment of such statute and any regulations or orders made under such statute.

## **15. COMPLIANCE**

15.1 The HBD, in the performance of the HBD Contract and the business resulting therefrom, shall comply,

and ensure compliance by its Related Parties, with the Laws.

15.2 The HBD represents and warrants to the Company that its payments to the Company shall not constitute

the proceeds of crime in contravention of anti-money laundering laws.

15.3 The HBD shall indemnify, defend, and hold harmless the Company and its Related Parties from and

against any and all losses, damages, claims, expenses, fines and penalties arising out of the HBD's

representations in this Clause 15 being untrue or arising out of the HBD's breach of any of its warranties or

undertakings in this Clause 15.

## **16. BREACH OF IBO CONTRACT**

16.1 In the event of a breach of the Rules or the HBD Contract by an HBD, the Company may take one or

more of the following actions:

(a) Terminate the HBD Contract pursuant to clause 17 below;

(b) Require the HBD to attend training;

(c) Remove the HBD as a Sponsor of any downline HBD (hereinafter referred to as "de-sponsoring")

and/or restrict the HBD's authority to sponsor others;

(d) Suspend some or all of the HBD's privileges under the independent business;

- (e) Suspend invitations to company-sponsored seminars, trips and events;
- (f) Require written acknowledgement of the breach(es) and an undertaking not to breach the HBD Contract  
in the future;
- (g) Hold or forfeit payment of bonuses;
- (h) Hold or forfeit any product redemption vouchers due to the HBD.

## **17. TERMINATION**

17.1 An HBD may terminate his or her HBD Contract at any time with written notice of termination to the

Company. The Company may terminate the HBD Contract at any time by providing the HBD with written

notice of termination.

17.2 Upon termination for any cause whatsoever, the HBD shall

(a) promptly return any and all Line of Sponsorship information to the Company upon resignation, nonrenewal, or termination of his or her independent business and shall immediately discontinue any further use

thereof;

(b) cease to identify himself/herself as an HBD.

17.3 References to "termination" of the HBD Contract include its expiry, where the context permits.

## **18. RELATIONSHIP**

18.1 Nothing in the HBD Contract shall be deemed to constitute a partnership, agency, franchise or

an employer/ employee relationship between the HBD and the Company.

18.2 For the avoidance of doubt, it is hereby expressly agreed that the HBD's staff are not the Company's staff. Accordingly, the HBD shall be solely responsible for compliance with taxation, social

security contributions, labour rules and regulations pertaining to its staff.

18.3 The HBD is responsible for the acts and omissions of his employees, agents and contractors.

## **19. AUDIT RIGHTS AND RECORD KEEPING**

19.1 The HBD shall maintain adequate internal controls and procedures to assure compliance with AntiMoney Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and the Direct Sales

and Anti-Pyramid Scheme Act 1993 including but not limited to procedures to ensure that all transactions are

accurately recorded and reported in its books and records to reflect truly the activities to which they pertain such

as the purpose of each transaction and to whom it was made or from whom it was received.

19.2 For the purposes of documenting compliance with Laws, the HBD shall maintain, either physically, by

electronic media or on microfilm, all records and information related to the HBD Contract for a period of five

(5) years after the HBD Contract's end date. Such records and information shall include at a minimum all invoices

for payment submitted by the HBD to the Company along with complete supporting documentation and all records

and information related to the execution or performance of HBD Contract.

19.3 The Company shall have the right to audit all information, rates and costs and expenses related to the

HBD Contract at any time during and within five (5) years after termination of the HBD Contract. The Company or

any person authorised by the Company may have access at all reasonable times to any place where the records

are being maintained and the HBD shall afford every reasonable facility for this right of access. The Company

shall have the right to reproduce and retain copies of any of the aforesaid records or information. The IBO shall

implement all agreed recommendations arising from the audits within a time scale, mutually agreed with the

Company.

## **20. GOVERNING LAW AND RESOLUTION OF DISPUTES**

20.1 The HBD Contract shall be interpreted and have effect in all respects in accordance with Laws of the

Territory where the HBD is registered and subject to relevant Schedules incorporated under this Rules.

20.2 Any proceedings in connection with the HBD Contract shall be brought in the exclusive jurisdiction of the

courts of the Territory where the HBD is registered to whose jurisdiction both parties hereby submit.

20.3 The HBD waive any right to assert any dispute as a class, collective or representative action, or

to participate in any dispute asserted as such.

## **21. ALTERATIONS/ MODIFICATION**

The Company may, from time to time propose alterations or modifications to the Rules or any part thereof. In

such event, the Company shall give the HBDs notice in writing through publications and/or announcement via the

Company's website in relation to such alterations or modifications, and the HBDs shall comply with such

alterations/ modifications.

## **22. GENERAL PROVISIONS**

22.1 Confidentiality: Subject to any requirements under the applicable law, the HBD shall not, during the term

of the HBD Contract or after its expiry or termination, disclose or use other than for the purposes of carrying out

its obligations under the HBD Contract, any Company's confidential and proprietary information, including but not

limited to specific arrangement of sponsorship within the Company, HBD lists, the HBDs or the Company's

business information, manufacturing and product development, business plans, HBD's sales, earnings and other

financial information.

22.2 Notice: Any notice or other communication to be given by one Party to the other under, or in

connection with the HBD Contrast shall be in writing and signed by or on behalf of the Party giving it. It shall be

served by hand or delivering it by registered mail. Any notice so served by hand or registered mail shall be

deemed to have been duly given:

(a) in the case of delivery by hand, when delivered.

(b) in the case of fax, at the time of delivery.

22.3 Non-Waiver: No waiver by either party of any default by the other in carrying out its obligations under

the HBD Contract shall operate or be construed as a waiver of any other or further default, whether of a like or different nature.

22.4 Severability: Any provision of the HBD Contract which is held to be void, illegal or unenforceable shall to

the extent of such invalidity be deemed severable and the offending provisions excluded and the remaining

provisions of the HBD Contract will be unaffected by such severance.

### **Schedule 1 (MALAYSIA)**

1. Order Form: An HBD who takes and/or delivers an order in person shall deliver to the customer at the

time of sale a written and dated order or receipt which shall:

- (a) describe the product(s) sold;
- (b) state the price charged and
- (c) give the name, address, and telephone number of the selling HBD.

2. Sales Receipt: An HBD who takes and/or delivers an order in person shall deliver to the customer at

the time of sale a written and dated order or receipt which shall:

- (a) Describe the product(s) sold;
- (b) State the price charged;
- (c) Give the name, address, and telephone number of the selling HBD.

3. Cooling-Off Period: Where the sale of the Company's products is of a value of MYR300 or more, the HBD

must allow the customer 10-working days cooling off period. During this duration, no goods or services can be

supplied or provided nor any deposit be taken by any party.

4. DSAM: All HBDs shall adhere strictly to the local Direct Selling Association of Malaysia's ("DSAM") code

of conducts from time to time. All IBOs are deemed to have read, understand, and agree to adhere to the code

of conducts manual from time to time upon registration to be HBD.

5. Compliance: The HBD, represents and warrants that, in connection with the HBD Contract or the

business resulting therefrom, it is knowledgeable about Anti-Money Laundering, Anti-Terrorism Financing and

Proceeds of Unlawful Activities Act 2001 and the Direct Sales and Anti-Pyramid Scheme Act 1993 applicable to

the performance of the HBD Contract and will comply with all such laws.

6. Retail Guarantee: In the event of any manufacturing or packaging defect affect the quality of the

product, customers or HBD can return/exchange the product at the Healthbuilders Branches within 30 days

from the date of purchase.

Customer or HBD must produce the following at the time of returning the products:

- a) Product Return Form
- b) Reason for return
- c) Copy of Customer Order Receipt/Official Sales Invoice
- d) Products to be returned

7. Buy Back Policy: In the event of any dissatisfaction of product, HBD can return/exchange the product

within 30 days from the date of distribute, with the original Tax Invoice issued by the Company. HBD shall

ensure:

a) All items must be received by Healthbuilders in order for company to perform refund or exchange.

b) The product(s) to be returned or exchanged MUST be in good condition, useable, resell able, restock

able, unopened or sealed, unaltered and the shelf-life of the product(s) MUST be more than or equivalent to 8

months.

c) If the product(s) is returned by post or courier services, it must use proper shipping carton(s) and

packaging materials to return the product to Healthbuilders.

d) Healthbuilders reserves the right to perform the refund or exchange after confirming the recipient and

the condition of the product(s) returned. In the event that an item is returned to us in an unacceptable

condition, Healthbuilders reserves the right not to accept the returns and send the product back to you. In this

case, the postage or courier charges will be charged to you.

Health Builders (M) Sdn Bhd shall be entitled at any time and from time to time amend, alter, add, delete or

substitute all or any of the clauses or rules herein without giving any notice or whatsoever reason.