

VILAVI's Rules and Procedures

Rules and Procedures is the main corporate document of the VILAVI company governing the relationship between the Company and a Representative, as well as entrepreneurial activities of the Representative under his/her Representation Agreement with the VILAVI company.

Compliance with these Rules and Procedures is mandatory for all Representatives of the Company and is the key to successful and conflict-free interaction between all partners within the VIALVI system.

1. ETHICAL STANDARDS OF CONDUCT FOR REPRESENTATIVES

1.1. The Representative undertakes to care about the Company's reputation, adhering to specific ethical principles aimed at increasing the performance efficiency of the Company and each Representative.

1.2. The Representative agrees to comply with all provisions of the Representation Agreement and VILAVI's Rules and Procedures.

1.3. The Representative undertakes to carry out the responsibilities of a sponsor, teaching and supporting his/her network of Representatives. The Representative agrees and undertakes to respect the relationship between Representatives, adhering to the principles of teamwork, support and mutual aid.

1.4 The Representative must not distort information about products and services offered by the Company, as outlined in official publications.

1.5. The Representative may advertise products and services offered by the Company solely based on the Rules and Procedures.

1.6. The Representative is obliged to observe the region's laws in the territory in which he/she operates.

2. RELATIONSHIP OF THE PARTIES

2.1. VILAVI is a direct-selling multilevel marketing company:

- It develops and promotes products to the market under the Vilavi and Tayga8 brand names, as well as related products.
- It organizes the sale of products based on the direct selling principle through a network of Company Representatives.
- It provides its Representatives with an opportunity to build a business by selling VILAVI products and attracting new people to the partnership with VILAVI.

- It regularly pays the Representative's remuneration for their activities following the VILAVI Marketing Plan.
- It sets the Rules and Procedures governing the operation of all VILAVI Representatives, mandatory for everyone who signs the Representation Agreement with the VILAVI company following clause 3 of the Rules and Procedures.

2.2. The VILAVI representative is a partner of the company, who concludes the Representation Agreement with it according to clause 3 of the Rules and Procedures.

It is an independent entrepreneur developing his/her own business using the business model of the VILAVI company, by selling VILAVI products and attracting new partners to the business with VILAVI.

2.2.1. By concluding the Representation Agreement with the VILAVI company, the Representative undertakes to comply with all Rules and agrees with all Procedures of the Company.

3. REPRESENTATION AGREEMENT

3.1. Any legally competent citizen of Russia or another country older than 14 can become a VILAVI Representative. In order to become a Representative, it is necessary to conclude the Representation Agreement (register on the official website of the company: www.vilavi.com).

3.1.1. According to the law of the Russian Federation, minor citizens (aged 14 to 18) have to provide one of the following additional documents to sign the Representation Agreement:

- a notarized consent of his/her parents, adoptive parents or the guardian for entrepreneurial activities by the minor citizen;
- a copy of the decision of the custody and guardianship agency on declaring the minor citizen legally competent;
- a copy of a court decision on declaring the minor citizen legally competent;
- a copy of the minor's marriage certificate (if applicable).

3.2 The **Representation Agreement** is a contract between the Company and the Representative determining positions of the parties. The Representation Agreement is published on the website www.vilavi.com and is a public offer. Registration on the official website of the Company www.vilavi.com following the Procedure described in clause 10.2. of the Rules and Procedures is considered the acceptance of the offer (the fact of signing the Representation Agreement).

3.2.1. When accepting the Representation Agreement offer, the Representative provides his/her consent to the Company and to its authorized persons for processing his/her personal data through the acceptance of the conditions of the Consent to Personal Data Processing, which is published on the website of the Company, www.vilavi.com, and is an integral part of the Provisions on Personal Data Protection of the Company.

The personal data is processed in connection with activities as a Company's Representative and includes collecting, recording, systematization, accumulation, storage, refinement (updating, modifying) retrieval, utilization (including with a view to sending messages via telecommunication networks, SMS and e-mail); depersonalization, blocking, transmission to third parties, deletion, and destruction of personal data.

3.3. After the Representation Agreement is signed (the offer is accepted via registration on the website www.vilavi.com), the Representative gets:

- An ID - his/her personal identifier in the Company's database;
- Access to the Personal Account and materials in it;
- A possibility to register new Representatives in his/her Personal group.
- Access to the Store in his/her Personal Account to make purchases.

3.4. In order to become a valid Representative and be eligible for bonuses and compensations under the VILAVI Marketing Plan, the Representative has to make an Initial Purchase. The Initial Purchase can be formed from any products in the Company's catalog. To do this, you need to go to the "Store" section, add the required quantity of goods to the cart and make your first purchase.

3.5. VILAVI offers two possible types of Representation Agreements for conclusion - individual or family agreement.

3.5.1. An Individual Representation Agreement is concluded between the Company and one Representative.

3.5.2. A Family Representation Agreement is concluded between the Company and officially married spouses.

и For the conclusion of the Family Representation Agreement, first, one of the spouses is registered as a representative, then the data of the other spouse is added to the already registered profile (for agreements concluded after 15 December 2017).

3.6. If one of the spouses is already a VILAVI representative, the other spouse may also join the business with VILAVI using one of the following ways:

- Conclusion of a family "Representation Agreement". In this case, the couple will have one ID and one account; To do this, you need to contact the Company by sending an e-mail to info@vilavi.com and leave a request for a "family agreement". It is necessary to send a copy of the marriage certificate, a statement from the two spouses about their intention to create a "family agreement" and the spouse's contact details (name, phone number and e-mail address).

After receiving all the necessary data, changes are made within three (3) business days.

- Conclusion of a new Individual Representation Agreement, having specified the spouse's ID during registration as the sponsor's ID;
- Conclusion of a new Individual Representation Agreement under the same sponsor as his/her spouse.

3.7. Registration of Individual Representation Agreements by spouses under different sponsors when joining the business is not allowed. In the case of detection of such Agreements, the procedures stipulated in clause 10.3 of the Rules and Procedures shall apply. The only exception is the case when already registered Representatives get married (clause 3.8. of the Rules and Procedures).

3.8. In the case of the marriage of two registered Representatives, they can choose one of the two options for their further activities in VILAVI:

- to keep their independent Representation Agreements and to continue further independent activity in building a Personal Group.
- to combine their Representation Agreements into one family Representation Agreement, having selected one of the spouses' ID for its registration.
The second Representation agreement is canceled in accordance with the procedures provided for in sub-clauses 10.4.1 and 10.4.2. of these Rules and Procedures.

3.9. In the case of dissolution of a marriage between Representatives that have a Family Representation Agreement, or in the case one of the spouses wishes to terminate the relationship with VILAVI, the family agreement is terminated in one of the following ways:

- The family agreement is changed into an Individual Representation Agreement in the name of one of the spouses, with the preservation of the ID and the Personal group in accordance with the procedure provided for in sub-clause 10.4.3. of these Rules and Procedures.
- The agreement is canceled completely; the structure is transferred to the parent sponsor in accordance with the procedure provided for in sub-clause 10.4.6. of these Rules and Procedures. Six months after the Agreement is terminated, the spouses may conclude new Representation Agreements and begin to work as independent Representatives. In this case, there is a possibility to conclude new Agreements under different sponsors.
- The family agreement is changed into an Individual Representation Agreement in the name of one of the spouses, with the preservation of the ID and the Personal group in accordance with the procedure provided for in sub-clause 10.4.3. of these Rules and Procedures. The second participant is registered with a new Individual Representation Agreement under the same sponsor, with the transfer of the rank from the Family Agreement.

3.10. In the event of the death of a Representative, his/her rights under the Representation Agreement may be transferred by succession to the heirs apparent as preliminary agreed with the Company in accordance with the procedure stipulated in sub-clause 10.4.5. of these Rules and Procedures.

3.11. A Representative may assign his/her rights to the Representation Agreement to another person who is not a VILAVI Representative only with the written consent of the Company in accordance with the procedure provided in sub-clause 10.4.4. of these Rules and Procedures. The Company has the right to refuse any form of sale or transfer of the right to a Representation Agreement.

3.12. Transferring rights under the Representation Agreement to another person who is already a registered VILAVI Representative is not allowed.

3.13. One individual may conclude only one Representation Agreement with the VILAVI company. No forms of direct or indirect control of more than one Representation Agreement are allowed, such as:

- Conclusion of a second agreement in the name of a legal entity.
- Conclusion of a second agreement in the name of a counterfeit who is a physical person, even if that person is a close relative.
- Any other forms of direct and indirect control over Representation agreements.

If such facts are detected, the procedures established in clause 10.5. of the Rules and Procedures shall apply.

3.14. No transfer of a valid Representation Agreement to another sponsor is possible.

3.15. A Representative may enter into a new Representation Agreement under a different sponsor only if his/her current Representation Agreement becomes null and void:

- If the Representative makes no the Initial Purchase within 30 days after the registration;
- If the Representative does not make any purchases for 12 months;
- If the previous Representation Agreement is canceled on an application made by the Representative. In this case, the conclusion of a new Agreement is possible six months after the cancelation of the previous one.

- If the current contract was reissued to a person who is not a Company Representative, the conclusion of a new Agreement is possible only six months after the date of the transfer of rights.

3.16. The company will always consider the owner of a Representative Agreement the person who does real work to build and train the organization, and who actively participates in the company's development.

4. RIGHTS AND OBLIGATIONS OF THE COMPANY

4.1. Upon concluding a Representation Agreement, the VILAVI company has the right to:

4.1.1.

Determine the marketing strategy for the development of the Company.

4.1.2.

Make additions, amendments and improvements to the VILAVI's Marketing Plan.

4.1.3. Make additions, amendments and improvements to any documents regulating the Company's activities and its Representatives, including these Rules and Procedures.

4.1.4. Set the prices for their products, change the pricing policy.

4.1.5. Develop, produce and market new products at its sole discretion.

4.1.6. Cancel Representation Agreements and apply other sanctions against its Representatives who violate the terms of the Representation Agreement and these Rules and Procedures, as well as in other cases stipulated by these Rules and Procedures.

4.1.7. Appoint and approve members of the Company's Leadership Council in accordance with the Leadership Council Regulations (section 11 of the Rules and Procedures).

4.2. By concluding a Representation Agreement, the VILAVI company undertakes to:

4.2.1.

Create conditions for the development of their business with VILAVI by the Representatives within the Representation Agreement, namely:

- promote its brands;
- develop, produce and introduce business tools;
- provide technical, informational, and educational support to its Representatives.

4.2.2. Pay its Representatives all the bonuses and remuneration stipulated by the VILAVI's Marketing Plan on time.

- Control the quality of products.
- Make every effort to develop and improve its business proposal continuously.

4.3 The Company sets the commercial confidentiality regime as refers to any information published in the Company's resources that has current or potential commercial value by virtue of its being unknown to any third parties. The Company has the right to take appropriate measures for its protection in accordance with the legislation of the Russian Federation.

4.4. The Company sets the Confidentiality of Personal Data Policy with respect to any information on personal data of its Representatives published in the Company's resources.

The text of the Confidentiality of Personal Data Policy and the Regulations on Personal Data Protection are published on the Company's website: www.vilavi.com.

5. RIGHTS AND OBLIGATIONS OF REPRESENTATIVES

5.1 The Representative agrees to comply with Ethical Norms, Rules and Procedures, all clauses of the Representation Agreement. The Company does not tolerate improper conduct and, in the case such conduct is detected, will do its own internal investigation (the Company has the right to use all available communication channels (social networks, messengers), as well as other evidence confirming improper conduct of the Representative). The Company has the right not to reveal its sources of information.

Any violation of the above-mentioned provisions, as well as Representative's actions, which could cause moral or material harm to the reputation of the Company or cause damage to the Company may be recognized as improper conduct.

5.2. In carrying out its activities, the Representative shall bear full financial and professional responsibility and shall be a conscientious taxpayer.

The Representative shall pay all applicable taxes, including taxes chargeable during the performance of the Representation Agreement.

5.3. Being an independent partner, the Representative is not an agent or employee and has no right to claim any severance pay or other similar payments. The company does not confirm the revenue position of a representative when he/she applies for loans or credits and does not issue any respective supporting documents.

5.4. The Representative undertakes not to engage in any activities that compete with his/her activities in the VILAVI company. In particular:

5.4.1. Concluding of some form of contract or Representation Agreement by a Company's Representative with another direct selling company with any form of direct or indirect control (namely, the promotion of the company, distribution of information about his/her participation in the company, selling its products) can lead to the suspension of his/her Representation Agreement with the VILAVI company for up to one month with further contract cancellation.

5.4.2. Development of business in some other direct selling company may lead to the suspension of his/her Representation Agreement for up to three months with further contract cancellation.

5.4.3. Offering of VILAVI's products to a customer of another Representative made without the consent of this Representative can lead to the suspension of the Representation Agreement of the first Representative for up to three months.

5.4.4. The transition of one of the members of a family agreement to another direct selling company within six months after cancellation can lead to the suspension of the Representation Agreement of the remaining member of the family agreement. The company suspends the activities of this Representation Agreement for up to one month with further cancellation of the agreement (with the exception of cases of official divorce).

5.4.5. In the case of one of the members of the family agreement executed in a free form (before 12/01/2017) transfers to another direct selling company within 6 months after removal, it may lead to the suspension of the Representation Agreement of the remaining member of the family agreement, without an investigation of the circumstances. The company suspends the activities of this Representation Agreement for up to one month with further contract cancellation. Further activities, in this case, are possible six months after the date of the contract cancellation.

5.5. The Representative undertakes to observe non-disclosure with respect to any information published in the Company's resources that has actual or potential commercial value by virtue of its being unknown to any third parties. In the case of violation of non-disclosure, the Representative shall be responsible according to the legislation of the Russian Federation.

6. NETWORK DEVELOPMENT RULES

6.1. Relationship between the Sponsor and the Representative

6.1.1. Upon attracting a person into his/her personal group, the Representative becomes his/her Sponsor.

6.1.2. The Sponsor shall:

- ❖ Train the beginner the skills of doing the business; if required, assist him/her later on in the organization of the work.
- ❖ Explain Company Rules and Procedures, provisions of the Representation Agreement.
- ❖ Involve members of his/her personal group in regional and general corporate events, as well as in campaigns announced by the Company.

6.1.3. The Sponsor has no right to:

- register representatives to his/her Personal group without their knowledge and consent, or by false suggestion.
- exaggerate possibilities of income or diminish the efforts required to achieve success, when presenting VILAVI's business proposals to newcomers, and to deliberately misinform them or form unfeasibly high expectations.
- use bulk mailing to attract newcomers;
- add new members to groups on social networks and messengers without their knowledge and consent.

In case of violation of this provision, the procedures provided for in cl. 10.5. of these Rules and Procedures shall apply.

6.2. Representation agreements:

6.2.1 Officials and employees of the VILAVI company may not be its Representatives, may not participate in the development of networks or in the distribution of Company's products. They also do not have the right to be representatives of other direct selling companies.

6.2.2 Signing of a new Representation Agreement with a change of the Sponsor and the transition into his/her personal group is impossible. Representatives have the right to build partnership relations with higher-level sponsors, without changing his/her formal Sponsor that invited him/her into the business.

6.3 The Sponsor-Representative relationship is the foundation of network stability. Representatives have no right to demand access to a representative's personal account, find out the password, get someone else's personal referral link - these are all signs of dishonest and manipulative work.

The company does not allow uncontrolled transfer from one sponsor to another. Representatives have no right to push for a transfer to another structure.

6.3.1. Changing the sponsor with a transfer to another structure is not possible. Living in different cities, lack of direct communication with a higher-level sponsor, as well as difficulties in relations are not justified reasons for moving to another structure.

- A leader can build communication with his/her representative using various means of communication - telephone, messengers, etc.
- A representative can build partnerships within the structure with higher-level sponsors, formally remaining registered under the mentor who invited him/her to the company.
- If required, a representative can contact the company to obtain contacts of senior leaders.

6.3.2 In case of detection of double Agreements (cases of registration to another structure), the company acts by default within the framework of the following algorithms.

Algorithm 1

Nonactivated and Activated Contract

If the company finds duplicate contracts, the later one is canceled. If the first account was activated, the volumes of the current period (if any) are transferred to the first Agreement.

If the Company discovers a contract (registered for a brother, mother, friend, acquaintance, etc.), under which the representative works himself, the account is transferred to the first contract along with the volume of the current period.

Important! If, as a result of work under the second agreement, the representative has a structure, it is NOT transferred to the first Agreement.

Algorithm 2

DUPLICATE OR SHAM AGREEMENTS

SITUATION 1. The Representative conceals that he/she already has an agreement and registers a duplicate agreement. At least one of the duplicate agreements is already activated. **SITUATION 2.** The Representative is waiting for the end of the activity/moratorium as refers to the first agreement. At the same time, he/she creates a sham agreement in another structure (registers a brother, friend, mother, or acquaintance) and works under the contract him-/herself. This is obvious and proven.

In these situations, the following rules apply.

SITUATION 1. The duplicate or sham agreements are canceled. The volumes of the current period (if any) are carried over to the first Agreement.

SITUATION 2. The agreement registered to a relative or friend is transferred to the first contract along with the current month volume. The first agreement remains in effect. **Important!** If, as a result of work under the second agreement, the Representative has a structure, it is NOT subject to transfer.

If the second agreement is created during the validity period of the first one, but at the time the duplicate is detected, the first contract is already deleted due to inactivity - **the later agreement is transferred to the first structure.** If as a result of working under the second agreement the representative has a structure, it is NOT subject to transfer.

Regardless of qualifications, the Representative who violated the rule has the right to register a new contract only **one year after discovering duplicates.**

Algorithm 3

OUTREACH ACTIVITY AND PARTICIPATION IN REREGISTRATION

If the sponsor, contrary to the Company Rules and Procedures, encourages a representative to reregister to his/her structure, proposes to create a duplicate, to sign a relative ostensibly, etc. These actions are considered as an outreach activity, a call for reregistering.

If the sponsor knows that he is registering an acting representative of another structure in his/her structure, this action is considered as participation in the reregistering.

If the facts of outreach activities or participation in the reregistering are confirmed, the company will act according to the following algorithm in respect of the representative:

1. Access to the personal account of the second contract sponsor is blocked for three months. If during this time some activity is made by client volumes and some remuneration is accrued, it is transferred to the "I Grow with Sports" charitable foundation.
2. The sponsor loses the right to make any optimizations in his/her structure for a period of one year.
3. The sponsor is not eligible for recognition for one year: he/she is not accounted in the ratings, he/she is not recognized at events and at the President's monthly webinars.
4. If the sponsor is a member of the Drive Club Vilavi program and has already received a car, he/she makes payments for three months on his/her own. If a representative fulfils the conditions and submits an application that is in the consideration phase, he/she is denied for a year.

If, as a result of work under the second agreement, the Representative has a structure, it is NOT subject to transfer.

What can be evidence of reregistration and reaching out for reregistration?

Screenshots, a copy of correspondence, audio messages, payments for orders under a sham agreement with a personal card, placing agreements and referral links in someone else's (dummy) account.

Systematic detection of duplicate contracts in the structure of the same sponsor, about which he/she "does not know" every time.

The representative may conclude a new Agreement under another sponsor in the event that his/her current Agreement ceases to be in force, in accordance with clause 3.15. of Company Rules and Procedures.

6.3.3 Relatives can have agreements in different structures. However, if a relative (father, mother, brother, sister, daughter, or son) is registered in another structure and simultaneous termination of the turnover (personal volume) under a previously registered agreement - the Company reserves the right to consider the registration of the relative as a way of reregistration to another structure and to act in accordance with clause 6.3.2.

6.3.4. Changing the mentor is possible if mistakes made during registration are corrected (registration is made by chance, out of ignorance, etc.). To do it, it is necessary to contact the company (during the starting period) by sending a written request through the official communication channels.

Messages must come from the sponsor under which the registration was made and from the representative who was registered in error.

The current month volumes are carried over.

7. PROMOTION AND SALE

7.1. Sales

- 7.1.1. The VILAVI Company has a uniform price list for all products. All Representatives of the Company, regardless of their rank and skills, acquire products at the same price and have no price advantages.
- 7.1.2. The Representative does not have the right to sell products to customers at prices lower than the prices set by the Company. In the case of dumping, the Company has the right to take in respect of the Representative some actions under clause 10.6 of the Rules and Procedures up to the cancellation of the Representation Agreement.
- 7.1.3. The Representative buys Products from the Company and sells them to the end user. The Representative may not sell Products to another Representative or a client of another Representative without his/her knowledge and consent.
- 7.1.4. Because the relationship between the Company and the Representative is a partnering relationship, and the Company pays bonuses and compensation to the Representative for the promotion of products, the cost of providing third party services (delivery, financial transactions, etc.) is paid by the Representative.

7.2. Advertising

- 7.2.1. The Representative undertakes to provide only true and complete information on the product to clients. The Representative does not have the right to misinform clients or misrepresent information about the product stated in official documents and publications of the Company.
- 7.2.2. The Representative does not have the right to use VILAVI owned names, logos, trademarks and other symbols without the written permission of the Company. In addition, the Representative may not make any changes to the information on the packaging of the Company's products, in the promotional materials or trademarks.
- 7.2.3. Any copying of printed information, audio and video recordings for commercial use without formal permission is prohibited.

- 7.2.4. The Representative may not produce his/her own marketing materials using brand names, logos, emblems, names and other symbols of the Company without its permission.
- 7.2.5. To create personal business cards, the Representative should use business card templates available in the Knowledge database.
- 7.2.6. If these rules are not observed, the Company has the right to take measures in accordance with clause 10.6.

7.3. Internet promotion

- 7.3.1. VILAVI is the owner of all information posted on the official websites www.vilavi.com , www.tayga8.com , store.vilavi.com, and in corporate accounts in social networks. All types of content, including illustrations, photographs, video and audio clips, trademarks, names, logos, and brand images are protected by the Civil Code of the Russian Federation.
- 7.3.2. The Representative agrees not to misrepresent the information provided on official websites and in official groups, and not to claim it his/her own.
- 7.3.3. The Representative is forbidden from creating sites that duplicate the Company's official sites.
- 7.3.4. When promoting VILAVI products and business on the Internet (on a personal website, in a blog, social networks), the Company Representative has the right to:
- ☐ Call him/herself a Representative of VILAVI, publish his/her contact details (telephone, e-mail, personal websites and accounts in social networks, ID);
 - ☐ provide links to the Company's official websites and its accounts in social networks;
 - ☐ tell others about his/her success in developing the business, share experience, publish the results of using the Company's products - his/her own or clients';
 - ☐ post his/her referral link and/or the third-level domain provided by the Company in his/her blog, on a personal website, in a personal account in social networks.

7.4. In order to protect the reputation of the VILAVI Company and the TAYGA8 brand in social networks, Representatives undertake to adhere to the Company's reputation policy.

- ☐ To avoid aggressive and obtrusive advertising, namely: placing advertisements in other communities and comments to posts of other people, or sending spam emails.
- ☐ To not use the VILAVI or Tayga8 brand names in the account name. It is allowed to use names of brands in the signature to accounts to be identified as a VILAVI Representative.
- ☐ To not create separate regional groups and communities in social networks without the Company's approval.
- ☐ To not use profanity in his/her messages.
- ☐ To avoid aggression in his/her words and actions towards other network users.
- ☐ To not publish materials violating the law.

If violation of the reputation policy is discovered, some measures as determined in clause 10.5 of the Rules and Procedures shall apply.

8. REMUNERATION OF REPRESENTATIVES

8.1. Representatives are paid bonuses and remuneration according to the VILAVI's Marketing Plan.

8.2. The remuneration is calculated at the end of the accounting period in accordance with the VILAVI's Marketing Plan.

8.3. Remuneration is credited to the Representative's personal account in two weeks if the following conditions are observed:

- ☐ An account is opened and verified in the Advanced Cash system.
- ☐ Minimum withdrawal amount in rubles: 5,000 rubles.
- ☐ Minimum withdrawal amount in dollars: \$100

If any of these conditions are not observed, the accrued remuneration remains on the Representative's Monetary account.

9. DISCIPLINE AND TERMINATION OF THE REPRESENTATIVE'S BUSINESS

9.1. The Representative has the right to stop his/her activities, having notified the Company in writing, in accordance with the procedure provided for in clause 10.4.6 of the Rules and Procedures.

9.1.1. If the Representative stops his/her activity, he/she loses all rights, benefits and privileges associated with the Company's activity.

9.1.2. For the avoidance of misunderstanding, the Representative who wishes to terminate his/her activity in the Company must submit an application and independently take all required actions connected with the taxation of the Representative's activity.

9.1.3. Restoration of a Representation Agreement cancelled upon personal application is impossible.

9.1.4. Six months after the cancellation of a Representation Agreement upon application of the Representative, he/she has the right to enter into a new Representation Agreement with the same personal data. Transfer of the rank, qualification and Personal Group of the Representative from the previous Representation Agreement into the new agreement is not allowed.

9.2. The Company reserves the right to cancel a Representation Agreement or deprive this person of the right to sign an agreement with the Company and join another Company Representative as a co-applicant for a limited or unlimited period in the following cases:

9.2.1. If, during the registration of a new Agreement, the Representative already has a concluded Representation Agreement with the Company. In this case, the procedures provided for in clause 10.3. of these Rules and Procedures shall apply.

9.2.2. If, at the time of registration of a new Representation Agreement, the period after the refusal from the previous Agreement is less than six months.

9.2.3. The account is deleted if the registered Representative does not show any activity:

- No Initial Purchas is made within thirty days from the date of the Representation Agreement registration.

- within 12 months from the date of payment of the last order (purchase of any product, except for souvenirs). If the Representative does not confirm his activity, after the expiration of the term, the account is automatically deleted and cannot be restored.

9.3. If the Representative does not observe the Rules and Procedures, the Company reserves the right to use one of the measures stated in clause 10.6 of the Rules and Procedures, to the extent of the Representation Agreement cancellation.

9.4. In the case of cancellation (termination) of the Representation Agreement, bonuses on the Representative's account are accounted as the income of the enterprise.

9.4.1. After the Representation Agreement is canceled, no bonuses are paid.

9.4.2. The Personal Group is transferred to the first line of the upper-level Sponsor with the preservation of the position in the binary tree.

10. VILAVI PROCEDURES

10.1 Official communication channels

- Hot line: 8-800-700-68-88
- E-mail: info@vilavi.com
- Chat in the Personal account: office.vilavi.com
- Offline application in your Personal account: office.vilavi.com
- Telegram
- VKontakte: by clicking the Write a message in the Tayga8 official|Vilavi|SibXP®Complex group
- Facebook: by clicking the Send a message button on the VILAVI page.

10.2. Registration of a new Representative.

10.2.1. A new representative can sign up at www.vilavi.com independently or with the help of his/her informational sponsor.

10.2.2. During the registration, the new Representative and his/her sponsor bear full responsibility for the correctness of the personal data entered in the system for the new representative.

10.2.3. To register, click Personal Account in the upper right corner on www.vilavi.com, and select Sign In in the window that opens. Next, provide the following data:

- Sponsor's ID - the person to whose Personal Group the new representative is registered.
- password - at least six characters. It is possible to change the password after the registration in the Representative's Personal account.
- surname, name and patronymic
- E-mail
- mobile phone number
- select the country of residence, city, region
- timezone

10.2.4. After entering and verifying personal data, the user must read VILAVI's **Rules and Procedures, Terms of Representation Agreement, Confidentiality Policy** and **Consent to personal data processing** and put a check in the box "I have read it and agree."

10.2.5. It is necessary to enter the control number in the captcha field and click the Sign In button.

10.2.6. By clicking Sign In, the user accepts the terms of the Representation Agreement. From this moment, the Agreement is considered signed, and the registered user becomes a Representative of VILAVI.

10.2.7. To enter the Personal Account of a representative, the ID received during the registration is used and the password specified by the user during the registration.

After the registration, the Representative must verify his/her e-mail address and the phone number specified during the registration. To do this, it is necessary to log into the Personal Account and go to Profile.

- To confirm the e-mail address, it is necessary to follow the link in the letter received to the specified e-mail address.
- To confirm the phone number, it is necessary to click Confirm in the profile and enter the verification code from the SMS message received to the phone number into the window that opens.

10.2.8. To conclude a **family** Representation Agreement, it is necessary to send a written application to the Company's Customer service.

10.2.9. To get all the bonuses and compensations, and to perform any financial operations as a registered VILAVI Representative, it is necessary to sign up and pass verification in the Advanced Cash payment system at <https://advcash.com/> according to the rules established by this payment system.

10.3. The second Representation Agreement (double registration, reregistration)

10.3.1. If a Representative mistakenly registers under his/her first Agreement, or under the same sponsor, he/she must:

- handwrite an application in the name of the Company for the removal of the duplicate account, having indicated the reasons for its emergence. Representative's signature is obligatory.
- send a scan of the application to the company's e-mail address specified in clause 10.1. of these Rules and Procedures, or bring it in person to the Company's office or showroom.
- The maximum period of application processing after its receipt and registration in the Company - three business days.

10.3.2. If the Representative registers under a different Sponsor and makes the Initial Purchase (becomes activated) with the existence of a valid Representation Agreement:

- The Sponsor who is the first one to sign the Representative to the business sends a letter of explanation to the Company using any convenient communication channel provided for in clause 10.1. of these Rules and Procedures.

The letter must be accompanied by evidence of the second Representation Agreement.

- The later Agreement is canceled, the volumes of the current period (if any) are transferred to the first Agreement.
- If, as a result of work under the second agreement, the Representative forms a structure, it is NOT transferred to the first Agreement.
- The Sponsor and the Representative which conclude a second contract with each other receive an official warning from the Company.
- In the case of repeated violation, payments under the Agreements of both breachers (the Representative, and his/her second Sponsor) may be blocked.

10.3.3. If the Representative registers again under another sponsor, but does not make the Initial Purchase (is not activated):

- Until the Initial Purchase is made, the second Representation Agreement is considered null and void.
- If no Initial Purchase is made within thirty days from the date of the second Representation Agreement registration, it is canceled and deleted from the VILAVI database automatically.
- If the Initial Purchase is made under the second Representation Agreement, Procedure 10.3.2. shall apply.

10.4. Procedures applicable to the existing Representation Agreements during the period of their activities in the Company:

10.4.1. Unification of Representation Agreements of spouses registered under the same Sponsor into one family Representation Agreement:

- It is necessary to contact the Company through a written request sent to info@vilavi.com. One of the spouses handwrites an application for the cancellation of his/her Representation Agreement in connection with the execution of a family agreement. The Representative's signature is obligatory. A scan copy of the application shall be sent to the Company's e-mail. The Representative can also bring the application in person to the Company's office or showroom.
- The second spouse also sends a scanned copy of a free-form application to the specified mail about entering the spouse's data into his/her individual Representation Agreement. A copy of the marriage certificate must be attached to the letter.
- In this procedure, it is possible to unite Personal Groups of Representation Agreements of the spouses in one Agreement.
It's a paid service. To obtain the service, a handwritten application (a scan) from both Representatives has to be submitted. Personal signatures are obligatory.
- In the absence of an application for Personal Groups unification, the Personal group of the canceled Representation Agreement is transferred to the first line of the higher level Sponsor. Its position in the binary tree remains the same.
- The maximum period for application processing and implementation of this procedure - three business days.

10.4.2. Unification of Representation Agreements of spouses registered under different Sponsors into one family Representation Agreement:

- For the implementation of this procedure, a copy of the marriage certificate and four applications for the cancellation of one of the Agreements and the transfer of a Representative to another structure are required - from the spouse whose Agreement is cancelled, from his/her Sponsor, from the spouse to whose Personal Group the Representative is to be transferred, and from his/her Sponsor.
- The applications are written by hand, and personal signatures are obligatory.

- The Representatives can bring the applications to the Company in person or send scanned copies of the application to the e-mail specified in clause 10.1. of these Rules and Procedures.
- In this procedure, Personal groups of the Representatives are not merged.
The Personal Group of the cancelled Representation Agreement is transferred to the first line of the higher level Sponsor. Its position in the binary tree is preserved.
- The maximum period for application processing and implementation of this procedure - three business days.

10.4.3. Transition of a family Representation Agreement into an individual Representation Agreement in the case of dissolution of the marriage, or in the case one of the spouses desires to quit the VILAVI business:

- To carry out this procedure, it is necessary to submit three applications - from the Sponsor, under whom the family Representation Agreement is concluded, and from both spouses.
- The applications are written by hand, and signatures are obligatory.
- The Representatives can bring the applications to the Company in person or send scanned copies of the application to the e-mail specified in clause 10.1. of these Rules and Procedures.
- The family agreement is converted into an individual one; data of the spouse, who quits the Agreement is removed from VILAVI'S database.
- The Personal Group under the family Agreement, as well as all accumulated bonuses, remain in the individual Agreement without any changes.
- The maximum period for application processing and implementation of this procedure is three business days.
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10.4.4. The transfer of rights under the Representation Agreement to another person who is not a VILAVI Representative:

- For the implementation of this procedure, three applications are required: from the Representative, from his/her Sponsor and from the person to whom the rights under the Representation Agreement are transferred. The applications are written by hand, and signatures are obligatory.
- The statement from the person to whom the rights under the Representation Agreement are transferred has to contain his/her personal data:
 - o Full name
 - o Date of birth
 - o Contact phone number o E-mail

- The Representative transfers to the new Representative the data (the ID and the password) for entering the Personal Account.
- After the applications are processed and the Representation Agreement is reregistered, the new Representative has to confirm his/her phone number and e-mail address.
To do this, it is necessary to log into the Personal Account and go to Profile.
- To confirm the e-mail address, it is necessary to follow the link in the letter received to the specified e-mail address.
 - To confirm the phone number, it is necessary to click Confirm in the profile and enter the verification code from the SMS message received at the phone number into the window that opens.
- The service of the transfer of rights under a valid Representation Agreement is chargeable:
 - o RUB 1,500 for Representatives in a rank under 1 Carat
 - o RUB 2,500 for Representatives in the rank of 1 Carat and above who are in the binary.
- The maximum period for application processing and implementation of this procedure - three business days.

10.4.5. Transfer of a Representation Agreement by inheritance (under the Will).

- If the Agreement is inherited, it is necessary to provide the following documents to the Company:
 - o an application from the heir
 - o an application-waiver of inheritance rights from other heirs apparent (children, parents, or spouses)
- - o copy of the death certificate.

If the Agreement is cancelled, it is necessary to provide to the Company:

 - o disclaimer of inheritance from all heirs of the 1st line (children, parents, or spouses).
 - o copy of the death certificate.

- The applications are written by hand, and signatures are obligatory. Scanned copies of the applications and documents have to be sent to the Company to the e-mail specified in clause 10.1. of these Rules and Procedures, or brought to the Company office or showroom in person.
- The maximum period for application processing and implementation of this procedure is three business days.

10.4.6. Cancellation of a Representation Agreement on Representative's application:

- The Representative has to send an application for the cancellation of his/her Representation Agreement to the Company. The application can be brought in person to the Company's office or showroom, or its scanned copy can be sent to the e-mail specified in clause 10.1. of these Rules and Procedures.
- The application is written by hand, and the signature is obligatory.
- The maximum period for application processing and implementation of this procedure is three business days.
- Bonuses of the Representative are accounted as the income of the enterprise. After the Representation Agreement is canceled, no bonuses are paid.
- The Personal Group is transferred to the first line of the upper-level Sponsor with the preservation of the position in the binary tree.

10.5 Procedures, applied if the conditions of the Representation Agreement or these Rules and Procedures are broken unless otherwise provided.

10.5.1 These procedures apply to the Representatives who violate conditions of the Representation Agreement or the Rules and Procedures, namely:

- Direct or indirect control of more than one Representation Agreement (clause 3.13)
- Violation of the standards of ethical conduct by representatives, or unethical behavior (clause 5.1)
- Actions of a Representative, which can cause moral or material harm to the Company's reputation or cause damage to the Company (clause 5.1.)
- Actions of a Representative, which compete with his/her activities in VILAVI (clause 5.4.)
- Unethical actions of the Sponsor when signing up new Representatives (sub-clause 6.1.3.)
- Dumping (sub-clause 7.1.2.)
- Intentional misrepresentation of information about a product provided in official sources (sub-clauses 7.2.1, 7.3.2)
- Infringement of intellectual property rights and unauthorized use of Company symbols (sub-clauses 7.2.2.-7.2.4., 7.3.1.)
- Violation of the Company's reputation policy (clause 7.3).

10.5.2 When the above violations are discovered, the following measures are consistently applied to the Representative:

10.5.2.1 Informal Verbal Warning:

It is made to the Representative at the request of the Company by the Sponsor - the immediate one or a superior one.

- Official written warning:

It is made by the Company via Personal messages sent in the Representative's Personal Account, and also to the e-mail specified during the registration.

- Suspension of activity:

The decision on the suspension of the Representative's activities is adopted by the Company manager based on the information received.

During the suspension of activities under a Representation Agreement, no action with Personal Account of the Representative is possible;

In the case of temporary suspension of activities under a Representation Agreement, the Company reserves the right to make a decision about the renewal or termination of the Representation Agreement;

In the case a decision is made to terminate the Representation Agreement, all bonuses at the internal account of the Representative are accounted as income of the enterprise, and no subsequent bonuses are paid;

In the case a decision is made to reactivate a suspended Representation Agreement, the Company Representative can continue his/her work without the preservation of the accumulated bonuses and the achieved rank;

The Company can consider the reactivation of the activities under a Representation Agreement with the preservation of the bonuses and the achieved rank on a case-by-case basis.

10.6 Cancellation of Representative and client orders:

When making a refund for an order placed in the previous reporting period:

- in case of cancelation of the initial purchase, all bonuses accrued for this purchase are subject to debiting from the direct sponsor. If a retail premium is provided for the Initial Purchase, it is debited from the Representative's personal account in full, if the funds are withdrawn to the wallet, the amount is withheld from the refund amount or the superior sponsor. In this case, the Company has the right to terminate the contract of the Representative who made the return.

- in the case of canceling repeated executive purchases - all bonuses for this purchase, credited to the Representative and to his/her sponsor for this purchase are subject to write-off from the Representative and the sponsor.

- in the case of cancellation of customer orders, all bonuses accrued to the sponsor for this purchase shall be nullified.

10.7 Procedure for joining the DRIVE CLUB VILAVI Car Program

10.7.1 To join the program, it is necessary to cancel or confirm the CARAT or higher qualification and keep the specified number of qualifying periods according to the VILAVI's Compensation Plan.

10.7.2 After the fulfillment of the conditions provided for in sub-clause 10.6.1., the Representative sends the Company an application in a free form for the participation in the Car Program to the Company's e-mail specified in clause 10.1 of these "Rules and Procedures".

10.7.3 The application is considered by the Company managers. In the case of a positive decision, the Company sends the Representative a set of documents required for the participation in the Car Program, including:

- An agreement between the Representative and the Company for the participation in the Car Program;
- a list of documents required for the application to be considered.

10.8 Transfer of a Representative to be under another sponsor:

10.8.1 Partners of the Company, who get to the Carat rank 3, have the right to move a first-line partner who has not achieved the 1 Carat qualification, to another representative of their structure, to any level. A Representative can be transferred only once.

B No transfer of a representative is possible in the binary World of Retail tree (Mir Torgovli); it can be done only in the Vilavi structure.

10.8.2 To transfer a partner to another representative in his/her structure, it is necessary to send a request to the Company (in accordance with clause 10.7) not later than on the 24th day of the current month, as well as written consents from the persons involved (current sponsor, representative, new sponsor).

10.8.3 Limitations:

Transfer of partners in a binary branch is forbidden.

A partner from the first line is transferred to be under the partner who has a higher rank than the transferred partner.

If a partner from the first line is transferred to be under a partner below in the same rank as the transferred partner, the accumulated volume of the new partner has to be bigger than the accumulated volume of the transferred partner. A prerequisite is that the transferred partner has not yet accumulated 3,000 PV.

10.8.4 For the implementation of this procedure, three applications are required - from the Representative, from his/her current Sponsor (with the rank of 3 CARAT and higher) and the new Sponsor.

10.8.5 The applications are written by hand, signatures are obligatory.

10.8.6 The Representatives can bring the applications to the Company in person or send scanned copies of the application to the e-mail specified in clause 10.1 of these Rules and Procedures.

10.8.7 Dates:

- applications are accepted from the 2nd till the 24th day of the current month;
- the transfer is performed, and all representatives are notified within five business days.
- applications received by the Company from the 25th day till the 1st day are processed during the next month.
- The service is chargeable at the rate of 1,500 rubles.

11. PROVISIONS ON VILAVI'S LEADERSHIP COUNCIL

Leadership Council of the VILAVI Company is an advisory body composed of VILAVI Representatives and administering the network development strategy together with the managers of the VILAVI Company.

11.1. Aims and objectives of the Leadership Council

11.1.1. Forming Company's development strategy and tactics.

11.1.2. Enhancement of sales volumes of products and an increase in the number of Representatives in the network.

11.1.3. Control over the abidance of Representatives by the Rules and Procedures, Representation Agreement terms and Ethical Standards (including members of the Leadership Council). Solving issues related to violations.

11.1.4. Active participation in the organization and holding of all Company's events at the regional and federal levels.

11.1.5. Organization and implementation of leadership training courses: clubs, webinars, business trips, etc.

11.2. Terms of membership in the Leadership Council

11.2.1. The Leadership Council consists of Representatives who confirmed the Sapphire and higher qualifications for 12 consecutive months.

11.2.2. During voting, participants of a family Representation Agreement have only one vote.

11.2.3. The composition of the Leadership Council is regularly replenished as new candidates appear who have fulfilled the main condition for entry.

11.2.4. Each candidate agrees in writing to the membership in the Leadership Council and agrees with this Provision.

11.3. Rights and Obligations

11.3.1 A Leadership Council member has the right:

To participate in forming the strategy for the development of the Network and in all events organized by the Company in this line - Leadership Council meetings, workshops, brainstorming, etc.; to attract to such activities, if required, the most active and successful Representatives from their structures.

To make suggestions to improve the network operation as refers to holding Events, Clubs, webinars, campaigns, promotions, training activities, etc.

To make proposals for the renewal of the Leadership Council composition, to propose nominates and to give them recommendations.

11.3.2 A Leadership Council member is obliged:

To attend all meetings of the Leadership Council - in person or online, to take part in all votes of the Council. In the case of participation online, the Representative has to ensure an uninterrupted and stable network connection, be in a quiet place; the connection has to be via video communication.

To participate in the preparation and holding of regional events initiated by VILAVI managers.

Organize and conduct Leadership training - regular Clubs, webinars, meetings, etc. according to collectively compiled Training Schedule.

Strictly abide by the Rules and Procedures, the Representation Agreement terms and Ethical Standards of the VILAVI company.

A Leadership Council member can be excluded from the Council for non-compliance with this Provision. The decision about expulsion is made by a Leadership Council vote and is considered adopted if more than 50% of the Council members vote for it and if it is approved by Company managers.

11.3.3 A Representative who is expelled from the Leadership Council for the violation of the rules has the right to return to the Leadership Council in one year, provided he/she satisfies the criteria and conditions for entering the Council.

11.3.4 A representative who leaves the Council on own accord has the right to return to the Leadership Council in one year, provided he/she satisfies the criteria and conditions for entering the Council.

11.3.5 During their activity, members of the Leadership Council have to maintain qualifications not lower than Sapphire. If a representative does not get the required qualifications in one of the months, it is necessary to confirm it in the next billing period. During the year, only one period in total is allowed when the Representative does not confirm the required qualification. If this criterion is violated, the Representative is excluded. In order to join the Leadership Council again, the representative has to fulfill the main condition again - to confirm qualifications of Sapphire and higher for 12 months in a row.

11.3.6 The Leadership Council meeting is held once a month, subject to an approved agenda. The agenda is formed and approved by the Chairman, who is elected by voting. The representative who receives the most votes is elected Chairman.

11.3.7 Functions of the Chairman:

- drawing up the agenda for the monthly meeting
- approval of the agenda with the Company's managers
- moderation of the Leadership Council chat
- finalization of the results of monthly meetings.

11.3.8. A Leadership Council member has to attend all meetings. It is allowed to miss three meetings per year. A representative who misses more than two meetings in a row shall retire for three months.

11.3.9 In the event a member of the Leadership Council disseminates some destructive information in the network to the leaders of parallel branches, below their first line or in the first line to partners below in rank, the Representative is excluded from the Council.