

STATUTE

OF POLSKIE STOWARZYSZENIE SPRZEDAŻY
BEZPOŚREDNIEJ
(THE DIRECT SELLING ASSOCIATION OF
POLAND)

Chapter 1

GENERAL PROVISIONS

§1. The name of the organisation is Polskie Stowarzyszenie Sprzedaży Bezpośredniej (the “Direct Selling Association of Poland”), abbreviated “PSSB” (hereinafter only “the Association”).

§2. The Association has been established and operates under the regulations of the Association Act of April 7, 1989 and the present Statute.

§3. The Association is subject to court registration and acquires legal capacity upon legalisation of the registration.

§4. The Association operates within Poland and its seat is the capital city of Warsaw.

§5. The Association is entitled to use a logo.

§6. The Association is entitled to belong to international federations of associations and organisations operating toward the same or similar statutory objectives. The membership in these organisations cannot undermine the self-government of the Association and obligations resulting from international agreements, to which Poland is a party.

§7. In foreign relations the Association is entitled to use the translation of its name into foreign languages.

Chapter 2

OBJECTIVES AND MEANS OF THEIR ATTAINMENT

§8. The objective of the Association is to:

- 1/ establish and promote ethical standard of direct selling and to monitor whether they are observed;
- 2/ promote direct selling as a modern form of marketing characterised by personal contact with the client and to undertake actions aimed at popularisation thereof, including promotion of entrepreneurship;
- 3/ integrate the circles connected with direct selling,
- 4/ present to the public the position of the Association members on matters relating to direct selling,
- 5/ carry out educational activity, including education of students, in particular popularisation of knowledge of direct selling, operating business activity and entrepreneurship development.

§ 9.1. The Association attains its objectives by means of:

- 1/ creating, disseminating and compliance with codes of conduct and other sets of rules for direct selling,
- 2/ striving at associating in the Association the highest possible number of members observing direct selling ethical standards;

- 3/ disseminating among the public the knowledge of direct selling and explaining its modes, scope, economic importance, and advantages for consumers and for the Polish economy,
- 4/ representing its members and presenting their opinions on the outside, in particular before state authorities and other institutions, including economic and political organisations, broadcasting and television stations, the press, and consumer institutions,
- 5/ organizing collective and individual exchange of experience between members, as well as support by solving problems which are material for the members of the Association;
- 6/ initiating and organising conferences, symposiums, seminars, and lectures,
- 7/ establishing and developing co-operation with the institutes of science, schools of higher education, social organisations, and associations by similar statutory objectives,
- 8/ conducting market research and popularisation of results thereof,
- 9/ organization of lectures, seminars, trainings and workshops for students and persons operating or intending to open business activity concerning in particular direct selling, operating business activity and entrepreneurship development.

Chapter 3

MEMBERS, THEIR RIGHTS AND RESPONSIBILITIES

§10. The members of the Association include:

- 1/ common members;
- 2/ associate members;
- 3/ out-of-sector associate members.

§11.1. Common membership is open to Polish and foreign individuals if they are employees, associates, or members of the board of directors or partners in a legal entity or an organizational unit without legal personality running a direct selling, or if they are natural persons running such enterprise which is an associate member or an out-of-sector member of the Association, as well in a legal entity or an organizational unit affiliated (belonging to the same group of entities) with the legal person or organizational unit running a direct selling enterprise, as well as to Polish and foreign individuals, who are operating business activity and have obtained the status of an associate member or an out-of-sector member of the Association.

2. If a common member loses the above status described in sec. 1 above being the basis for the member's membership in the Association, and if within 6 months from the loss of this status the member does not become an employee, associate, board member or a partner of another associate member of the Association, the General Assembly can make a decision on excluding him from the list of the common members.

§12. Founders become common members upon legalisation of the Association's registration decision.

§13.1. Common members are admitted by the General Assembly on the basis of the applicant's written declaration. The declaration includes the applicant's commitment to comply with the statute, codes of conduct, and the Association's authorities' resolutions.

2. Probation period for an associate member candidate described in § 14 sec. 3 below, pertains also to a common member candidate who is an employee, associate, board member or a partner of an entity applying for the status of an associate member. Paragraph 14

sec. 4 applies accordingly. After the probation period and a full assessment, the General Assembly of Members makes a final decision on admission to the Association. First when the decision described in the preceding sentence is made, a candidate obtains the status of a common member. Before such decision is made, the candidate does not enjoy the rights of a common member of the Association.

3. The applicant whose application for membership has been accepted by the General Assembly or a common member candidate is obliged to pay a registration fee within 30 days after being notified about the acceptance of his or her application. The amount of the fee is determined by the General Assembly.

4. Resolutions of the General Assembly concerning the admission of the members are passed by a majority of three quarters of the votes cast.

§14.1. Associate membership is open to legal entities, if they are legally established direct selling enterprises, to organizational units with no legal personality which run direct selling enterprises as well as to natural persons who run such enterprises, as well as to legal entities or organizational units affiliated (belonging to the same group of entities) with the legal person or organizational units running a direct selling enterprise. A condition for applying for the status of an associate member is to operate business activity in Poland for at least a year. The requirement of operating business activity in Poland for at least one year does not apply to candidates who belong to a group of entities operating direct selling activity abroad, if at least one entity from this group has been operating activity for the period of at least one year and is a member of a direct selling association in another state. An associate member is obliged to assure that other members from its group (in particular the affiliates described in the Accounting Act of 29 September 1994) act ethically and in accordance with the law, as well as that they shall not use the logo of the Association.

2. The procedure for the admission of common members specified in § 13, applies also to the admission of associate members, subject to sections 3-5 below.

3. From the Date of the General Assembly whereat a resolution on granting the status of an associate member candidate was adopted there runs a twelve-month probation period for the candidate, during which PSSB assesses the possibility of the candidate being granted the status of an associate member, in particular on the basis of the market practices of the candidate and on the information from consumer organizations and other institutions. After the expiration of the probation period and its complete evaluation, the General Assembly is obliged to make a final decision whether the probationary member will be accepted or not as an associate member of the Association. First after the decision described in the preceding sentence is made, the candidate obtains the status of an associate member. Before such decision is made, a candidate does not have the rights of an associate member, in particular the right to use the logo of the Association. An associate member candidate during the probation period is obliged to post on its webpage clear and unambiguous information that it is applying for the membership in the Association, that it is covered by a probation period and that it observes the code of conduct of the Association.

4. The General Assembly at its discretion may shorten the probation period of the applicant described in sec. 3 above.

5. A candidate during the probation period shall not have the rights of an associate member of the Association, with the reservation that the candidate can participate in General Assemblies of the Association without the right to vote.

§14¹.1. Out-of-sector associate membership is open to a legal entity or an organizational unit without legal personality whose object of activity is cooperation with members from the direct selling sector, in particular in the field of business consultancy,

advertising and teaching materials manufacturing, as well as a natural person engaged in such cooperation.

2. The procedure for the admission of common members specified in § 13 sec. 1 and sec. 3-4, applies also to the admission of out-of-sector associate members.

§15.1. A membership of the Association terminates if the member:

- 1/ submits a written statement of resignation to the Board, dies, or dissolves without having a legal successor,
- 2/ is excluded from the Association.

2. The General Assembly terminates a member's membership upon the submission of a written statement by the member, his or her death, or loss of legal personality.

3. Members can be expelled from the Association by a resolution of the General Assembly if a member fails to pay his or her membership fees for a period of 12 months even after receiving a written notice or by other means violates the provisions of the statute, the code of conduct, another set of direct selling rules, and resolutions of the Association's bodies, as well as in case described in § 11 sec. 2 above.

3¹. Loss of membership takes place upon adoption of a resolution of the General Assembly on deletion from the list or expulsion of a member from the Association.

4. Resolutions of the General Assembly on the termination of the membership require a majority of three quarters of the votes cast.

§16.1. Each common member is entitled to:

- 1/ vote and stand for election to the Association's bodies, federations and organisations , of which the Association is a member,
- 2/ table motions and postulates before the Association's bodies,
- 3/ take part in meetings, conventions, and conferences organised by the Association,
- 4/ take advantage of the support provided by the Association.

2. The associate member is entitled to enjoy all the rights specified in subsection 1 except for the right to vote and to stand for election.

3. An out-of-sector associate member shall have the rights set forth in sec. 1 points 2-

4. An out-of-sector associate member shall moreover have the right to participate in the General Assembly without the right to vote, the right to use the logo of the Association, as well as the right to sponsor events and undertakings organized or co-organized by the Association. An out-of-sector associate member may put forward an initiative to organize events and undertakings described in the preceding sentence.

§17. The members of the Association are obliged to:

- 1/ comply with the code of conduct and other direct selling rules,
- 2/ comply with the provisions of the statute, codes of conduct, and resolutions of the Association's bodies,
- 3/ actively support the objectives of the Association and engage in attaining its tasks and participate in the General Assemblies of Members,
- 4/ properly represent the Association,
- 5/ remit their registration fee and regularly pay their membership fees.

Chapter 4

BODIES OF THE ASSOCIATION

§18.1. The Association's bodies include:

- 1/ the General Assembly,
- 2/ the Audit Committee,
- 3/ the Board of Directors.

2. The members of the Association's bodies perform their duties free of charge to the association.

§19.1. The General Assembly is the supreme body of the Association.

2. The resolutions of the General Assembly are approved by open ballot by a simple majority of the members present unless further provisions of the statute stipulate otherwise. If there is a parity of votes, the vote of the Chairman is decisive. Secret ballot is adopted upon the request from one fifth of the members authorised to vote.

3. Unless further provisions of the statute stipulate otherwise the General Assembly is valid if more than fifty per cent of the members are represented at it. Participation in the General Assembly is also possible with the use of means of electronic communication, which includes in particular a transmission of the session of the General Assembly in real time, two-way communication in real time (in conditions making it possible for members at a place other than the place of the session of the General Assembly to speak), as well as personal exercise and exercise through a proxy the right of vote before or in the course of the General Assembly. Personal exercise of the right to vote consists in casting a vote in the course of the connection with the use of means of electronic communication and in the course of the transmission from the General Assembly, which is cast at the same time as the votes of the persons directly participation in the General Assembly. Exercise of the right to vote by a proxy consists in authorising a person directly participating in the General Assembly of the Members (another common member) to vote on certain matters on the agenda of the General Assembly of Members, in which the person granting the proxy participates with the use of means of electronic communication. Exercise of the right of vote before the General Assembly consists in providing the Chairman of the Board with the information secured by a secure electronic signature containing a statement on the fact whether a given person is in favour or against a resolution, or whether they abstain. In case of a secret ballot, a person participating in the General Assembly of the Members with the use of means of electronic communication can exercise the right of vote only through a proxy directly present at the General Assembly. If a demand for a secret ballot is presented in the course of the General Assembly of Members, in which at least 1 person participates with the use of means of communication over distance and has not appointed a proxy, then a voting in this respect is removed from the agenda and the chairman obliges the Board to convene another General Assembly of Members whereat a secret ballot will takes place, as soon as possible. In case an agenda of such a General Meeting, all matters to be voted in a secret ballot need to be indicated.

4. Persons participating in the General Assembly of Members with the use of means of electronic communication are taken into account by calculation of the total number of members of the Association participating in the General Assembly, after their identification by the chairman in the manner described in section 5 below.

5. Means of electronic communication described in sec. 3 above, need to make it possible to identify the person participating in the General Assembly of Members with the use thereof. Chairman of the General Assembly of Members before commencing the agenda verifies the identity of the members participating in the General Assembly through means of electronic communication. For this purpose, the chairman can demand that such person provides their data, in particular their PESEL number, the date of birth, names of parents and other information allowing for identification of a member.

6. The chairman of the General Assembly of Members determines the results of the voting on particular matter on the agenda. By determination of the results of the voting account is taken of the votes cast by persons participating in the General Assembly with the use of means of electronic communication, which is established by the chairman directly on the basis of the transmission to the session of the General Assembly of Members of at least image or sound of such person.

§20. The General Assembly is convened by the Board at least once a year by June 30 the latest. The Board when convening the General Assembly of Members informs whether it is possible to participate therein with the use of communication over distance.

§21.1. The General Assembly can be convened by the Board upon its own initiative or upon request from the Audit Committee.

2. The Board of Directors is obliged to convene the General Assembly upon request from at least one tenth of all members, but not fewer than five members, submitted in writing and stating the purpose for convening this meeting. The General Assembly should then be held within 8 weeks of the request placement date to examine matters for which it was convened.

3. In justified cases, in particular in view of impossibility to convene the General Assembly at a date convenient for all members of the Association, the Board may decide to carry out a voting in writing on particular resolutions, without the necessity to convene the General Assembly. A motion for the Board ordering such voting can be moreover filed by a number of members of the Association described in § 21 sec. 2 above. A voting in writing consists in casting a vote in writing on the counterpart of a draft resolution by means of affixing an autograph signature together with a statement whether a given person is in favour or against, or whether they abstain. In case of a voting without convening of the General Assembly, § 19 sec. 2 and sec. 3 first sentence shall apply accordingly. It is impossible to have a secret by this type of voting.

§22. Members should be notified in writing on the day, place, and agenda of the General Assembly at least two weeks before the meeting is held unless further provisions of the statute provide otherwise.

§23. The General Assembly has the power to:

- 1/ participate in development of the Association's strategy and approve a framework plan of activities and an annual budget of the Association,
- 2/ approve the direct selling code and other direct selling rules,
- 3/ assess the Association's activities,
- 4/ review reports and motions of the Board of Directors and the Audit Committee,
- 5/ grant acknowledgement for fulfilment of duties of the Board of Directors and the Audit Committee members,
- 6/ elect and dismiss members of the Board of Directors,
- 7/ elect and dismiss members of the Audit Committee,
- 8/ approve modifications of the statute,
- 9/ admit members and terminate memberships of the Association,
- 10/ approve rules of procedure of the General Assembly,
- 11/ approve rules of procedure of the Board of Directors ,
- 12/ determine the amount of the registration fee and membership fees,
- 13/ adopt resolutions concerning the dissolution of the Association.

§24.1. The Board of Directors is composed of 3 up to 6 members, including the Chairman and the Vice-Chairman, elected by the General Assembly.

2. The Board's meetings are convened by the Chairman or the Vice-Chairman at least 4 times a year.

3. The resolutions of the Board of Directors are approved by a simple majority of the members present.

§25. The Board of Directors has the power to:

- 1/ attain statutory objectives,
- 2/ prepare draft strategies for the Association, plans, business programs and annual budget of the Association, as well to coordinate performance of the same.
- 3/ run and manage the Association's activities, represent the Association, and properly administer the Association's property in the ordinary course of business,
- 4/ implement resolutions adopted by the General Assembly,
- 5/ prepare management plans, reports, and draft budgetary estimates,
- 6/ convene the General Assemblies,
- 7/ undertake actions not reserved for the competence of other bodies of the Association.

§26.1. The Board of Directors represents the Association in relations with third parties, acquires rights as well as makes property commitments on behalf of the Association. The Chairman individually or any two Directors jointly are entitled to act on behalf of the Board of Directors.

2. Acts made on behalf of the Association and concerning property rights and responsibilities, become effective upon signing them by authorised persons beneath the Association's name.

3. Division of work among the members of the Board of Directors, mode of debating and adopting resolutions, and other organisational matters are specified in the rules of procedure approved by the General Assembly.

§27.1. The Audit Committee, elected by the General Assembly, is composed of 3 persons, included the Chairman.

2. The resolutions of the Audit Committee are approved by a simple majority of the members present.

§28.1. The Audit Committee has the power to:

- 1/ supervise the Association's financial management,
- 2/ control the Association's accounting and audit the annual accounts,
- 3/ report its findings to the General Assembly, submit its comments on the Board's annual accounts, and table motions concerning the adoption of the of the Board members' activities.

2. Activities of the Audit Committee shall be lead by the Chairperson.

3. The Audit Committee controls the Association at least once a year after the end of the financial year.

4. Divisions of work among the members of the Audit Committee, mode of debating and adopting resolutions, and other organisational matters are specified in the rules of procedure approved by the General Assembly.

§29. The Audit Committee and the Board of Directors are elected for the period of 2 years, whereby the mandates of the Audit Committee and the Board of Directors members terminate no earlier than on the day the General Assembly is convened to approve the annual

report of the Board for the previous full calendar year. If the approval of the financial statement for the previous full calendar year takes place before the end of the term of office, it does not result in shortening or loss of the mandate.

§30. If a membership of the Audit Committee or the Board of Directors is terminated prematurely for whatever reason, than a new member is elected by the General Assembly for the time in office that his predecessor would have had, had he completed a full term at the next General Assembly, however no later than within 120 days from the date of expiration of a mandate.

Chapter 5

PROPERTY OF THE ASSOCIATION

§31. The property of the Association includes movables, cash resources, and other property rights acquired by the Association in the course of its activity.

§32. The Association's income derives from the following sources:

- 1/ membership and registration fees,
- 2/ donations,
- 3/ the Association's property,
- 4/ income producing activity conducted in accordance with the law in this field.
- 5/ interest on finds located on interest-bearing bank deposits.

§33.1. The Association's income are allocated to fund the attainment of statutory objectives, subject to sections 2 and 3 below.

2. Income from donations can be used for all statutory objectives of the Association, unless the donors specified in detail the means of the resources' allocation.

3. Income from interest on funds located on interest-bearing bank deposits may be allocated only to fund the attainment of the objective described in § 8 point 5 above.

Chapter 6

AMENDMENT OF THE STATUTE AND THE DISSOLUTION OF THE ASSOCIATION

§34.1. An amendment to the Association's statute comes into effect after being approved in a General Assembly resolution by a majority of two thirds of the votes cast. Validity of such resolution requires the presence of more than 50% of the members.

2. Members should be notified in writing on the day, place, and agenda of the General Assembly at least two months before it is held.

3. An amendment to the statute should be placed on the agenda to be submitted to the Association's members' notice.

§35.1. The dissolution of the Association can come into effect upon a General Assembly resolution adopted by a majority of three quarters of the of votes cast. Validity of such resolution requires the presence of more than 50% of the members.

2. Members should be notified in writing on the day, place, and agenda of the General Assembly at least two months before it is held.

§36. If there is a liquidation surplus after the conclusion of the liquidation procedure, it is divided among other associations, foundations or social organisations as defined in a General Assembly resolution.

Association authorities

Michał Guzowski, Chairman of the Board of Directors

Konrad Szalkiewicz, Deputy Chairman of the Board of Directors

Agnieszka Isa, Member of the Board of Directors

Ewa Kudlińska-Pyrz, Member of the Board of Directors

Marcin Klódkiewicz, Member of the Board of Directors

Janusz Potoczny, Member of the Board of Directors