

# Appendix I LYONESS Reimbursements and Types of Payment

## 1) LYONESS reimbursements

### 1. Immediate reimbursements

Every one of your purchases made with LYONESS from LYONESS Partner Companies brings you an immediate 1-2% reimbursement on your account. (details on the percentage of the immediate reimbursement can be found in point 3). In this way an increasing amount accumulates in your personal reimbursement account. When this reaches an amount of € 10,- or more, this is transferred into your personal bank account without deductions.

### 2. Friendship bonus

#### 0.5% Direct Friendship Bonus and 0.5% Indirect Friendship Bonus

For every purchase made by your direct Customers (Customers whom you have introduced to LYONESS) with LYONESS from LYONESS Partner Companies you receive 0.5% of all purchase totals into your reimbursement account. For every purchase made by your indirect Customers (Customers who your direct Customers have directly introduced to Lyonesse) with LYONESS from LYONESS Partner Companies, you also receive 0.5% of all purchase totals into your reimbursement account. (The exception are friendship bonuses which are less than 0,5% resulting from purchases of the direct or indirect Customers. This can occasionally result due to margin agreements between Lyonesse and a partner company which are less than the standard minimum margin rate.)

#### Payment/accounting period (point 1 and 2)

Payment or transfer like all other reimbursements is made every Tuesday. All transactions made up to midnight on Monday are included. The information concerning the reimbursement amount will be sent to you via SMS. If you have not accumulated € 10,- during the week in question, the system will wait again until the minimum amount has been reached.

#### Pre-Condition

As a registered Lyonesse Customer you will receive a direct friendship bonus if you have introduced direct Customers to the Lyonesse system who then also make purchases with Lyonesse. As a registered Lyonesse Customer you will receive an indirect friendship bonus if your direct Customers also directly introduce new Customers to the Lyonesse system who then also make purchases with Lyonesse.

### 3. System commission

The system commission is calculated according to the "binary system". Binary means that behind every position 2 further positions are set up. This is called "above and below". The positions arising from your purchases and the positions from pre payments (see Clause 15 in the General Business Terms) are allocated to your accounting system in accordance with this principle. You can decide in which free space you want to place your new positions.

#### Establishing the (remaining discount) margin for the position account

With every purchase a "margin" is created for the Customer's position account. This is the remaining discount after deduction of the immediate reimbursement and the direct and indirect friendship bonus which is available according to the trade margin code (TMC) for calculating accounts within the LYONESS shopping community. Each Partner Company has a TMC allotted to them. The TMC is a letter which stands for the trade margin in the system. The TMC can also be viewed on the LYONESS website in the internal Customer zone under Infos & Services/Downloads. If the total margin offered by the specific Partner Company is 3%, this means an instant reimbursement of 1% is given. If the total margin offered by the specific Partner Company is 4% or more, an instant reimbursement of 2% is given.

#### Position in the accounting system

By making various different purchases with LYONESS you collect varying amounts in your personal position account, which arise due to remaining discounts. As soon as you have accumulated € 50,- in your position account through purchases, a position is created. As soon as another € 50,- has accumulated in your position account, the next position is created. For example: you buy clothing valued at € 300,-. The total discount from this Partner Company is 8% (TMC H). You receive 2% immediate reimbursement into your reimbursement account, 0.5% of your purchasing total is booked to the reimbursement accounts of your respective direct and indirect recommenders, and the remaining 5% is sent to your position account. This means that € 15,- is transferred to your personal position account.

#### Placing accounting positions

The first accounting position in each business category is placed by the recommender or can be suggested by the system. Each further accounting position can be placed by the LYONESS Customer himself/herself or by the system ("Best Place") and cannot be changed afterwards. NB: positions are placed only according to recommendation order. The first position (7/3/3) in your own accounting system per business category always has to follow the personal accounting system of your recommender.

#### Payment/accounting period

A production week runs from Tuesday at 13.00 to the following Tuesday at 13.00 (see production dates on the Lyonesse website under downloads). Payment is made in each case on the second Tuesday after the end of production. System commission will be paid out in steps for each position resulting in the amount

(above and below) the following positions.

(All amounts given in Euros)

Above / Below	BC I	BC II	BC III	BC IV	BC V
3/3	€ 8,-	€ 24,-	€ 80,-	€ 240,-	€ 800,-
5/5	€ 12,-	€ 36,-	€ 120,-	€ 360,-	€ 1.200,-
10/10	€ 16,-	€ 48,-	€ 160,-	€ 480,-	€ 1.600,-
15/15	€ 24,-	€ 72,-	€ 240,-	€ 720,-	€ 2.400,-
20/20	€ 32,-	€ 96,-	€ 320,-	€ 960,-	€ 3.200,-
25/25	€ 40,-	€ 120,-	€ 400,-	€ 1.200,-	€ 4.000,-

#### Pre-condition

You require 4 direct Customers with at least one position in the system (regardless of which business category the position is in, and of whether the position was created by remaining discounts from purchases or by pre payments for future purchases) for the weekly reimbursements. The system accumulates commission for as long as you fulfil this requirement and then pays out this system commission.

### 4. Purchase reimbursement and shopping credit

You receive purchase reimbursement for positions arising from your purchases (remaining discounts). You will receive shopping credit for positions created by pre payments for future purchases. When you have completely filled a position in your accounting system which arose from purchases (position account) or by pre payments (TMC), you then receive the following reimbursement, depending on the business category (BC):

In Business category I at 35/35 (above and below):	€ 450,-
In Business category II at 30/30 (above and below):	€ 850,-
In Business category III at 25/25 (above and below):	€ 1.600,-
In Business category IV at 25/25 (above and below):	€ 4.800,-
In Business category V at 25/25 (above and below):	€ 16.000,-

#### Payment/accounting period

For purchase reimbursements, like the shopping credit and the system commission, the production week is from Tuesday at 13.00 to the following Tuesday at 13.00. Payment is made to your personal account (purchase reimbursements) on the second Tuesday respectively after the end of production. The credit on your shopping account (shopping credit) is also made every second Tuesday after the close of production.

#### Pre-conditions

No further conditions are necessary. (No commission entitlement).

### 5. Partner bonus

#### Direct and indirect partner bonus

For all system commission from your direct Customers you receive 18.75% as a direct partner bonus. The system commission from direct Customers is unaffected by this. In addition you receive 6.25% of all system commission from your indirect Customers. You can find out the amount of system commission and partner bonuses from the "Reimbursement and Business Plan" which you can download in your download zone on the LYONESS website.

#### Payment/accounting period

Payment is made together with the system commission on the second Tuesday after the end of production respectively.

#### Pre-conditions

The same entitlement to commission applies as for the system commission (please see clause 3 of this Appendix). If no commission entitlement is available, the partner bonus which has arisen in your recommendation line is moved upwards until it reaches a Customer with commission entitlement.

### 6. Business team – Career

The LYONESS career system is designed for building up a business. In this, the complete production of your Lifeline\* is evaluated in a points system. \*The concept "Lifeline" includes all direct and indirect (however remote) recommendations and onwards to the infinite recommendation line.

Business Category	I	II	III	IV	V
Position in Euro (remaining discounts / pre payments)	50	150	400	1.200	4.000
Career points per unit	1	3	8	24	80

The career system is divided into 8 levels. The calculation of the reimbursement is made according to Euro per point.

Level	1	2	3	4	5	6	7	8
Total Points	100	200	500	1,200	3,000	8,000	20,000	50,000
Euro per Point	1,250	1,625	1,875	2,125	2,375	2,625	2,875	3,125

#### Total Points

All positions, including balance rebates from past purchases or pre payments for future purchases, of your personal lifeline are taken into account and are converted into points.

## Qualification

To achieve a level in the Business Team, qualification is necessary in one production month and confirmation in the subsequent production month. This means achieving the required number of total points for one level, taking into account the 50% rule within one production month. Points reimbursement, level presents and the business bonus will be paid or given only after confirmation of a level.

## Confirmation

If a qualified level is confirmed in the subsequent month, i.e. sufficient amount from your total points for one level were achieved within one production month, taking into account the 50% rule, a claim to points reimbursement and the business bonus arises. The claim for the equivalent level present results if a level has been confirmed for the first time (except for the confirmed first level via the purchase of a business package). When receiving or utilising the equivalent level presents no legal, in particular no legal working relationship can be assumed (see point 2.1). Furthermore, in the three following production months a full claim to points reimbursement for the relevant level arises.

## Prolongation

If within these three production months the level is confirmed at least once, the entitlement to reimbursement is extended in the relevant level by a further three months. This possibility of prolongation is only possible once after the first confirmation of a level. If this is not achieved, the next three months will be reimbursed in the level below.

## Perfection

If, within levels 4 to 8, at least 5 lifelines have also confirmed their level within one production month, then this level is acknowledged as a level of perfection. Due to this, an unlimited claim concerning reimbursement per point is applicable.

Minimum requirements for the levels of perfection 4 to 8.

Level	1	2	3	4	5	Results in level of perfection
8	7	7	6	6	5	Results in level of perfection 8
7	6	6	5	5	4	Results in level of perfection 7
6	5	5	4	4	3	Results in level of perfection 6
5	4	4	3	3	2	Results in level of perfection 5
4	3	3	2	2	1	Results in level of perfection 4

## Business Package

By purchasing a business package (7 x BC I, 3 x BC II, 3 x BC III) all produced points for the upcoming month and for the following 3 months will be calculated as for level 1 (=confirm level 1, jump start by saving 2 months).

## 50% rule

For qualification or confirmation of a level, a maximum of 50% of the total points requirement in a direct line are evaluated. For example: Level 3 = 500 total points; a maximum of 250 points in a direct line are evaluated. (All points are paid out on the basis of calculation for the current level).

## Reimbursement per point

The total points achieved are reimbursed in the current level (total points x Euro per point) less the reimbursements for the lines which occupy one level in the business team.

## Payment/accounting period

Payment is always made on the second Tuesday after the last production week of a production month (current production dates).

## Pre-conditions

The same pre-conditions are to be applied for a confirmed level 3, as for the commission requirements, in order to receive a system commission (see point 3).

## 7. Business bonus

The business bonus is an integral part of the career system. The claim to a business bonus arises for every production month in which a level is confirmed (by taking the 50% rule into account). If only a level below this is achieved, only a claim to a business bonus of the level below also arises.

Level	1	2	3	4	5	6	7	8
Business Bonus in Euro	-	200	500	1.200	3.000	8.000	20.000	50.000

## Reimbursement/accounting period

Payment is always made together with the career payment on the second Tuesday after the last production week of a production month (current production dates). The reimbursement of the business bonus results in Euros. Lyoness reserves the right to pay out the career points reimbursement or the business bonus in Euros.

## Pre-conditions

(see point 7) Only confirmed levels will be reimbursed.

## 8. Bonus position (special reimbursement without charge)

Every time a position is passed through (pre payment/position account (remaining discounts) / bonus position) in the system, you receive 4 bonus positions in each case. For the bonus positions you receive the full system commission and bonus positions for the relevant business category. These give further entitlement to

position conversions. However, you will receive no purchase reimbursements or shopping credit (see also "Reimbursement and Business Plan" in the download zone of the LYONESS website).

The position numbers of bonus positions

In business category I 15001 upwards  
In business category II 25001 upwards  
In business category III 35001 upwards  
In business category IV 45001 upwards  
In business category V 55001 upwards

## The creation of bonus positions

5/5 (positions above/below). A European bonus position is created.

This is set automatically on the next free space, from left to right and from top to bottom, starting from the very first position in the relevant business category.

## 10/10 (positions above/below)

A personal bonus position is created.

This is set automatically on the next free space, from left to right and from top to bottom, starting from the position which contained it.

## 15/15 (positions above/below)

A national bonus position is created.

This is set automatically on the next free space, from left to right and from top to bottom, starting from the very first position in the country in the relevant business category.

## 20/20 (positions above/below)

Again a European bonus position is created.

## Setting/calculation period

The production week for bonus positions again runs from Tuesday 13.00 to the following Tuesday at 13.00. The bonus positions are set after calculating accounts for the production week. Bonus positions are entered in colour in the accounting system after setting and are therefore only paid in the next settlement. Hint: After a national or continual bonus position (e.g. European bonus position) the holder of the relevant created bonus position may only set a maximum of two further personal positions (above / below) via pre payment on future purchases. Further pre payment orders cannot be placed after the above mentioned.

## Pre-conditions

The same is applied to a confirmed level 3 in which the same commission requirements are applied as for the system commission (see point 3).

## 9. Position conversion (special reimbursement without charge)

Every position in the system (pre-payment / remaining discounts / bonus positions / position conversion) can be converted into the next highest business category. The position number is always retained. The position conversions received the full claim to system commission, bonus positions and also the further position conversion in the next business category. However, you have no claim to purchase reimbursement or shopping credit. See also "Reimbursement and Business Plan" in your download zone on the LYONESS website.

## Position conversion to the next business category

35/35 from business category BC I to BC II  
30/30 from business category BC II to BC III  
25/25 from business category BC III to BC IV  
25/25 from business category BC IV to BC V

## Setting position conversions

On the first conversion into the next highest business category, the following basic rule applies: The first conversion, regardless of from which business category, follows the recommender the first time, if he has already been converted, otherwise it follows his/her recommender etc. Further position conversions and those of direct Customers follow their own first-converted position until the latter converts to the next business category. When this basic rule has been fulfilled, conversions follow your own positions with the latest placing date (positions from position account, pre-payments, position conversions and bonus positions) until they in their turn have reached the next business category. If no position can be found, which is generated by remaining discounts, pre-payments or position conversions, then bonus positions are taken into account.

## System setting

Setting position conversion is carried out after calculating accounts for the production week. Position conversions, like bonus positions, are entered in colour after positioning in the accounting system and are therefore only counted in the next calculation of account.

## Pre-conditions

The same pre-conditions are to be applied for a confirmed level 3, as for the commission requirements, in order to receive a system commission (see point 3).

## II) TYPES OF PAYMENT IN DETAIL:

10. LYONESS shopping coupons (online coupons and original partner company coupons)

10.1 The LYONESS Customer can order LYONESS coupons using the form issued by LYONESS either (after identification) through his/her personal access

code via the internet portal on the LYONESS website (the online coupon) or via the LYONESS telephone service. LYONESS makes out the LYONESS coupon requested after receipt of the written order completed in full, or after complete input of all the necessary details (and confirmation of these details by the LYONESS Customer using the 4-digit access code) and after receipt of payment for the whole amount of the coupon by LYONESS. When the LYONESS coupon is issued to the LYONESS Customer, LYONESS also transmits a copy of this LYONESS coupon to the partner company. The Customer can also order original coupons for the LYONESS partner companies online. In order to place this order on the LYONESS website the Customer must log in using his/her personal username and password and additionally, accept the terms and conditions of the LYONESS online stores. These are available online. The order can be placed via the LYONESS online store and is submitted once the Customer confirms it with his/her 4-digit pin code, providing there are sufficient funds in the Customer's shopping account.

10.2 After issuing the LYONESS coupon, LYONESS undertakes to forward the amount paid by the Customer to acquire the LYONESS coupon to the relevant partner company immediately, in accordance with LyoneSS' agreement with the partner company.

10.3 LYONESS coupons are non-transferable and can only be redeemed by the Customer with the relevant partner company; to do so, it is essential for the coupon to be presented.

10.4 LYONESS coupons give entitlement solely to the purchase of goods and services from the respective partner company shown on the LYONESS coupon for the amount shown on the LYONESS coupon. Redemption of the LYONESS coupon in cash, with other partner companies or with LYONESS or any other company in the LYONESS group of companies is not possible, nor is it possible for LYONESS to take back the coupon or to offset it against claims of any sort whatsoever.

10.5 Once LYONESS has received the amount of the coupon from the LYONESS Customer and either has issued the LYONESS coupon requested or the LYONESS Customer has chosen the partner company with whom the LYONESS coupon is to be redeemed, it is no longer possible for the LYONESS coupon to be cancelled by the LYONESS Customer, nor for there to be a return of the amount of the coupon, nor for it to be exchanged for another coupon. The LYONESS Customer then only has the option of redeeming the LYONESS coupon with the (still to be chosen) partner company in question within the context of obtaining goods or services from this partner company.

10.6 The LYONESS Customer is entitled to obtain goods and services from the partner company in question after obtaining the LYONESS coupon. The LYONESS Customer must exercise this right within a reasonable time.

10.7 Every LYONESS coupon is valid for one year, calculated from the date on which it is issued. This does not apply only if the coupon is an original partner company coupon which has a longer period of validity specified on it. After expiry of the one-year period of validity, the LYONESS coupon expires automatically, without any claims by the LYONESS Customer arising against LYONESS, any company in the LYONESS group of companies or the partner company, unless the original coupon specifies a longer period of validity. LYONESS nonetheless accepts no liability for the partner company accepting the coupons after expiry of the one-year period.

## **11. LYONESS Cashback Card**

The LYONESS Cashback Card is only intended to simplify recording and transmission of Customer data by electronic means using card-reading equipment; payment cannot be made with it (ie. unlike an electronic payment card).

The LYONESS Customer gives the LYONESS Cashback Card to the partner company when paying the bill; the partner company reads off the essential data (partner company, Customer, date, amount of purchase) via a terminal and this is transmitted to the LYONESS server. In application of the conditions agreed with the partner company, LYONESS subsequently transmits a commission calculation to the partner company; after receipt of payment, the LYONESS Customer receives the agreed benefits from LYONESS.

## **12. Cash transaction**

A cash transaction (depending on the partner company) means that the LYONESS Customer pays the partner company directly. A copy of the invoice with the authorisation to pay using LYONESS will be sent to LYONESS by the LYONESS Customer. LYONESS will send a calculation of the introduction commission to the partner company on the basis of the conditions agreed with the partner company. After receipt of payment by LYONESS, the agreed reward will be provided to the LYONESS Customer.