

# Policies and Procedures

EFFECTIVE DATE: 2017, NOVEMBER 1

## SECTION 1: CODE OF ETHICS

Ambit Marketing Canada, ULC (Herein “Ambit,” “Ambit Marketing” or the “Company”), are guided by core principles established by our Co-Founders that emphasize integrity, excellence, commitment and enthusiasm in all that we do. Everything we do is based on our commitment to improve the lives of our Customers, employees and Independent Consultants (“Consultants”). We want Consultants who will embrace these values with us. Therefore, we insist that Consultants operate within the following Code of Ethics, which are part of, and form the foundation of, the Policies & Procedures.

**1.1: Integrity and Responsibility.** Consultants will conduct themselves with integrity and responsibility and will make the Golden Rule of “do unto others as you would have them do unto you” as the cornerstone on which they build their business.

**1.2: Deceptive and Unlawful Practices.** Consultants will uphold the values of Ambit and will not engage in any deceptive, unlawful or unethical consumer or recruiting practices that may be detrimental or reflect poorly on Ambit, the network marketing industry or themselves. Consultants will support and advocate the Policies & Procedures and will respect the spirit and intent in which they were written.

**1.3: Honesty in Representing the Ambit Opportunity.** Consultants will familiarize themselves with Ambit’s Compensation Plan and energy service and will represent those to their Customers and prospective Independent Consultants realistically and without misleading or providing false expectations. Any claims, representations or statements Consultants make regarding Ambit will be those included in the Ambit literature.

**1.4: Downline Support.** Consultants will, to the best of their ability, accept and fulfill their responsibilities to train, motivate, support and encourage all Independent Consultants who join their sales organization. Consultants will treat their business like any other prestigious enterprise and will fulfill commitments they make to their Customers, their fellow Consultants and employees of the Company.

**1.5: Adherence with Laws.** Consultants will abide by local, provincial and federal laws that govern their

independent business. Consultants understand that it is their responsibility to comply with these laws, the laws of their industry and with Ambit’s Policies & Procedures, as they may be amended from time to time.

**1.6: Compliance with Code of Ethics.** Consultants will uphold this Code of Ethics and recognize that its success will require diligence to create awareness among all of Ambit’s Independent Consultants. Consultants will not, in any way, attempt to persuade, induce or coerce another party to breach this Code. Any such action is considered a violation of this Code and, thereby, a violation of Ambit’s Policies & Procedures.

## SECTION 2: INTRODUCTION

**2.1: Policies and Compensation Plan Incorporated into Consultant Agreement.** These Policies & Procedures, in their present form and as amended at the sole discretion of Ambit Marketing Canada, ULC (hereafter referred to as “Ambit” or the “Company”), are incorporated into, and form an integral part of, the Ambit Consultant Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Ambit Consultant Application and Agreement, these Policies & Procedures, the Ambit Compensation Plan and the Ambit Business Entity Application (if applicable). These documents are incorporated by reference into the Ambit Consultant Agreement (all in their current form and as amended by Ambit). It is the responsibility of each Consultant to read, understand, adhere to and ensure that he or she is aware of and operating under the most current version of these Policies & Procedures. When sponsoring or enrolling a new Consultant, it is the responsibility of the sponsoring Consultant to ensure that the applicant is provided with, or has online access to, the most current version of these Policies & Procedures and the Ambit Compensation Plan prior to his or her execution of the Consultant Agreement.

**2.2: Purpose of Policies.** Ambit is a direct sales company that markets its products through Independent Consultants. It is important to understand that your success and the success of your fellow Consultants depends on the integrity of the men and women who market our products and services. To clearly define the relationship that exists between Consultants and Ambit, and to explicitly set a standard for acceptable business conduct, Ambit has established the Agreement.

Ambit Consultants are required to comply with all of the Terms and Conditions set forth in the Agreement which Ambit may amend at its sole discretion from time to time, as well as all federal, provincial and local laws governing their Ambit business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an independent contractor, and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from anyone in your upline or Ambit.

**2.3: Changes to the Agreement.** Because federal, provincial and local laws, as well as the business environment, periodically change, Ambit reserves the right to amend the Agreement and its prices at its sole and absolute discretion. By signing the Consultant Agreement, a Consultant agrees to abide by all amendments or modifications that Ambit elects to make. Amendments shall be effective upon notice to all Consultants that the Agreement has been modified. Notification of amendments shall be published in official Ambit materials. No amendment shall apply to a dispute of which Ambit has actual notice on the date of amendment. The Company shall provide, or make available to all Consultants, a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official website; (2) electronic mail (email); (3) inclusion in Company periodicals; (4) inclusion in product bonus checks; (5) special mailings ; or (6) Ambit-provided Consultant back office application (PowerZone). The continuation of a Consultant's Ambit business, or a Consultant's acceptance of bonuses or commissions, constitutes acceptance of any and all amendments.

**2.4: Delays.** Ambit shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply or government decrees or orders.

**2.5: Policies and Provisions Severable.** If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

**2.6: Waiver.** The Company never gives up its right to

insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Ambit to exercise any right or power under the Agreement or to insist upon strict compliance by a Consultant with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the agreement, shall constitute a waiver of Ambit's right to demand exact compliance with the Agreement. Waiver by Ambit can be effectuated only in writing by an authorized officer of the Company. Ambit's waiver of any particular breach by a Consultant shall not affect or impair Ambit's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Consultant. Nor shall any delay or omission by Ambit to exercise any right arising from a breach affect or impair Ambit's rights as to that or any subsequent breach. The existence of any claim or cause of action of a Consultant against Ambit shall not constitute a defense to Ambit's enforcement of any term or provision of the Agreement.

**2.7: Copyright.** As an Ambit IC and without further consideration or compensation, I consent to the use (full or in part) of my name, voice, image, likeness, and any and all attributes of my personality in any marketing or promotional material created or used in connection with Ambit products and services, or the Ambit Independent Consultant Opportunity, and each such item of marketing or promotional material will be considered a "work" for purposes of this agreement. I irrevocably assign to Ambit any and all claims of copyright I may have in and to such works, and the exclusive and perpetual right throughout the world to use, print, produce, publish, copy, display, perform, exhibit, transmit, broadcast, disseminate, market, advertise, sell, lease, license, transfer, modify, and create derivative works from such works in any media or format, now known or unknown, for any purpose whatsoever. I waive any right to inspect or approve such work. I hereby indemnify and hold harmless Ambit, its legal representatives and assigns, all persons acting under its authority, and those for whom it is acting, from all claims, causes of action and liability of any kind, now known or unknown, in law or in equity, based upon or arising out of such works or this agreement including, without limitation, claims of libel, slander, invasion of privacy, right of publicity, defamation, trademark infringement, and copyright infringement. This agreement will be binding upon my heirs, successors, representatives, and assigns.

**2.8: Rights in Magazine Data and Works.** As an Ambit IC, I agree that Ambit is the owner of all right, title, and interest in all materials, all documentation related to such materials, all media upon which any such materials and documentation are located (including tapes, disks,

and other stage media) and all related material that are used by, developed for, or on behalf of Ambit, or paid for by Ambit, in connection with the creation, development and publishing of the *Success From Home* magazine. Full and exclusive rights and ownership in *Success From Home* magazine and in any and all related trademarks and copyrights with respect to the *Success From Home* magazine and any other proprietary rights with respect to the *Success From Home* magazine, which consultant possesses or is entitled to, shall vest in and are assigned to Ambit as of the date of this agreement. Except as allowed for the marketing of Ambit's business, Consultant shall retain no right, ownership or title in the data and works comprising *Success From Home* magazine or in any directly related trademarks, copyrights or any other proprietary rights with respect to *Success From Home* magazine. The parties hereto agree that the data and works comprising *Success From Home* magazine and all such rights are being conveyed in their entirety to Ambit for whatever use it desires, and nothing contained herein shall be deemed to constitute a license or franchise in Ambit.

### SECTION 3: BECOMING A CONSULTANT

**3.1: Requirements to Become a Consultant.** To become an Ambit Consultant, each applicant must:

**3.1.1:** Must be at least 18 years of age;

**3.1.2:** Reside in Canada or country that Ambit has officially announced is open for business;

**3.1.3:** Have a valid Social Insurance Number (SIN), Individual Tax Number (ITN), Business Number (BN);

**3.1.4:** Submit a properly completed Consultant Application and Agreement to Ambit.

**3.2: No Product Purchase Required.** No person is required to purchase Ambit services to become a Consultant.

**3.2.1: Second-Party Purchase of the Optional Ambit Support and Services Program.** Ambit strictly prohibits the purchase of the optional Support and Services Program by anyone other than the Consultant receiving that package. Purchase of the optional Support and Services Program for a Consultant by a second party (including his/her sponsor or any other Consultant) may result in termination of either or both party's positions from Ambit's program. No Consultant may lend or advance money to a prospect in order to pay for the optional Support and Services Program to begin the business or to promise reimbursement of any kind to the

prospective Consultant. A Consultant who purchases the optional Management Services Program via a Personal Website must pay with his/her own credit card.

**3.3: Consultant Benefits.** Once a Consultant Application and Agreement has been accepted by Ambit, the benefits of the Compensation Plan and the Consultant Agreement are available to the new Consultant. These benefits include the right to:

**3.3.1:** Sell Ambit products and services;

**3.3.2:** Participate in the Ambit Compensation Plan (receive bonuses and commissions, if eligible);

**3.3.3:** Sponsor other individual Consultants into the Ambit business and, thereby, build a marketing organization and progress through the Ambit Compensation Plan;

**3.3.4:** Receive periodic Ambit literature and other Ambit communications;

**3.3.5:** Participate in Ambit-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and

**3.3.6:** Participate in promotional and incentive contests and programs sponsored by Ambit for its Consultants.

**3.4: Term and Renewal of Your Ambit Business.** A Consultant's Ambit Agreement will remain in force so long as: (a) the Consultant does not voluntarily cancel his or her Consultant agreement, (b) become involuntarily cancelled, or (c) become cancelled for inactivity.

**3.5: Processing Fee.** Ambit Energy Canada Consultants are not charged a processing fee for their automated commission payments. They are charged only an initial enrolment fee and a monthly website fee.

### SECTION 4: OPERATING AN AMBIT BUSINESS

**4.1: Adherence to the Ambit Compensation Plan.**

Consultants must adhere to the terms of the Ambit Compensation Plan as set forth in official Ambit literature. Consultants shall not offer the Ambit opportunity through, or in combination with, any other system, program or method of marketing other than that specifically set forth in official Ambit literature. Consultants shall not require or encourage other current or prospective Customers or Consultants to participate in Ambit in any manner that varies from the program as set forth in official Ambit literature. Consultants shall not require or encourage other current or prospective Customers or Consultants to execute any agreement

or contract other than official Ambit agreements and contracts in order to become an Ambit Consultant. Similarly, Consultants shall not require or encourage other current or prospective Customers or Consultants to make any purchase from, or payment to, any individual or other entity to participate in the Ambit Compensation Plan other than those purchases or payments identified as recommended or required in official Ambit literature.

## **4.2: Advertising.**

**4.2.1: General.** All Consultants shall safeguard and promote the good reputation of Ambit and its products. The marketing and promotion of Ambit, the Ambit Opportunity, the Compensation Plan and Ambit products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

**4.2.2: Use of Company-Produced Advertising Materials Only.** To promote both the products and services, and the opportunity Ambit offers, Consultants must use only the sales tools and support materials approved by Ambit in writing. Accordingly, Consultants must not use any of their own literature, advertisements, sales tools, promotional materials or web pages in promoting Ambit's services or the Ambit business unless they first submit it to Ambit in writing and receive specific written approval for its use.

**4.2.3: Consultant Websites.** All Ambit Consultants are eligible to subscribe to an Ambit Personal Website. The Ambit Personal Website is a personalized online store through which Ambit Consultants may promote and market Ambit's services and recruit other Ambit Consultants over the Internet. Consultant Personal Website Addresses (URLs) and all subdomains of a Personal Website address are wholly owned by Ambit. Ambit reserves the right to limit advertising of its websites. Only approved advertising and online promotional tools may be used.

**4.2.4: Independently Produced Websites.** Ambit allows its Independent Consultants to place approved advertising on the Internet to promote the Ambit Opportunity, Ambit services and designated Ambit websites only. However, any websites (or URLs designating these websites) on which such advertisements or links are placed may not be obscene, pornographic or otherwise deemed harmful to Ambit's reputation as determined by Ambit at its sole discretion. Additionally, URLs of websites used for advertising the Ambit Opportunity, Ambit products and services and designated Ambit websites may not contain any term that is a trademark, service mark or copyright that violates any other proprietary right held by another,

including Ambit Marketing Canada, ULC Approved advertising includes only those advertising tools made available to Ambit Consultants through PowerZone. Ambit prohibits the use of unapproved online advertising to promote the Ambit Opportunity, Ambit products and services or any Ambit website address (URL) or subdomain of an Ambit URL.

Other than through an Ambit-provided Consultant Personal Website, Ambit Consultants are prohibited from using websites to take orders for the Ambit Opportunity or for Ambit products and services.

**4.2.5: Links to an Ambit Website.** Personal website subscribers are granted a limited, non-exclusive right to create a hypertext link to the subdomain provided by Ambit that designates the Consultant's personal store (example: [www.<uniquename>.joinambit.ca/](http://www.<uniquename>.joinambit.ca/)), provided such link does not portray Ambit and/or its affiliates or any of their respective products and services in a false, misleading, derogatory or otherwise defamatory manner. Also, a Consultant cannot create an impression that any subdomain is part of his or her own or other non-Ambit-maintained site. This limited right may be revoked at any time. Frames or framing techniques cannot be used to enclose any Ambit trademark, logo or proprietary information, including the images found at this website and the content of any text of the layout/design of any page or form contained on a page without Ambit's express written consent. Except as noted above, Ambit Independent Consultants are not conveyed any patent, trademark, copyright or proprietary right of Ambit Marketing Canada, ULC, any of its affiliated companies or any third party.

**4.2.6: Banner Advertising.** From time to time, Ambit makes banner ads and other online advertising tools available to Ambit Consultants through PowerZone. These tools may be used by Ambit Consultants to promote Ambit services and the Ambit Opportunity as they are intended and as Consultants are directed to use them in PowerZone. As with any Ambit online promotions, these tools may not be placed on websites or linked to websites or URLs that are obscene, pornographic or otherwise deemed harmful to Ambit's reputation as determined by Ambit at its sole discretion.

**4.2.7: Domain Names.** Consultants may not use or attempt to register any of Ambit's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. For example, [www.<yourname>.ambit.ca](http://www.<yourname>.ambit.ca).

**4.2.8: Trademarks and Copyrights.** Ambit will not allow the use of its trade names, trademarks, designs or



symbols by any person, including Ambit Consultants, without its prior, written permission. Consultants may not produce for sale or distribution any recorded Company events and speeches without written permission from Ambit, nor may Consultants reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

**4.2.9: Keyword Advertising.** Consultants may not engage in keyword advertising using the trademarks of Ambit, any competitor of Ambit (such as, for example, ATCO, Fortis Alberta, Direct Energy, Just Energy, AltaGas, etc.) or other keywords that are obscene, pornographic or otherwise deemed harmful to Ambit's reputation or business as determined by Ambit at its sole discretion.

**4.2.10: Media and Media Inquiries.** All media relations efforts must be coordinated through the Ambit Public Relations Department at [mediarelations@ambitenergy.com](mailto:mediarelations@ambitenergy.com). Any Consultant who is contacted by the media, or wishes to contact the media, must first contact an Ambit Public Relations representative before taking any action and/or issuing any statement. Any communications with TV, radio and print media should first be approved by Ambit Public Relations.

**4.2.11: Unsolicited Mail or Email.** Ambit does not permit Consultants to send unsolicited commercial mail or emails, unless such mail or emails strictly comply with applicable laws and regulations. Any mail or email sent by a Consultant that promotes Ambit, the Ambit opportunity or Ambit products and services must comply with the following:

- There must be a functioning return mail or email address that goes to the sender.
- There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- The mail or email must include the Consultant's physical mailing address.
- The mail or email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- The use of deceptive headlines, subject lines and/or false header information is prohibited.
- All opt-out requests, whether received by email or regular mail, must be honored. If a Consultant receives an opt-out request from a recipient of an email, the Consultant must forward the opt-out request to the Company.

Ambit may periodically send commercial emails on behalf of Consultants. By entering into the Consultant Agreement, Consultant agrees that the Company may send such e-mails and that the Consultant's physical and email addresses will be included in such emails as outlined above. Consultants shall honor opt-out requests generated as a result of such emails sent by the Company.

**4.2.12: Unsolicited Faxes.** Except as provided in this section, Consultants may not use or transmit unsolicited faxes, or use an automatic telephone dialing system, relative to the operation of their Ambit businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called using a random or sequential number generator; and (b) to dial such numbers. The term "unsolicited faxes" means the transmission via telephone facsimile of any material or information advertising or promoting Ambit, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Consultant has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between a Consultant and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Consultant; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

**4.2.13: Telemarketing Techniques.** The Canadian Radio-television and Telecommunications Commission (CRTC) has laws that restrict telemarketing practices. The CRTC has a National Do Not Call List (DNCL) as part of its telemarketing laws. Although Ambit does not consider Consultants to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling or texting someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

Therefore, Consultants must not engage in telemarketing in the operation of their Ambit businesses. The term "telemarketing" means the placing of one or more telephone calls or texts to an individual or residence to induce the purchase of an Ambit product or service. "Cold calls" or texts made to prospective Customers

that promote Ambit's products or services constitute telemarketing and are prohibited. However, telephone calls or texts placed to a prospective Customer (a "prospect") are permissible under the following situations:

- If the Consultant has an established business relationship with the prospect. An "established business relationship" is a relationship between a Consultant and a prospect based on the prospect's purchase, rental or lease of goods or services from the Consultant, or a financial transaction between the prospect and the Consultant, within the 18 months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- The prospect's personal inquiry or application regarding a product or service offered by the Consultant within the three months immediately preceding the date of such a call.
- If the Consultant receives written and signed permission from the prospect authorizing the Consultant to call. The authorization must specify the telephone number(s) that the Consultant is authorized to call.
- You may call family members, personal friends and acquaintances. An "acquaintance" is someone with whom you have, at least, a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you make a habit of "card collecting" with everyone you meet and subsequently calling them, the CRTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- In addition, Consultants shall not use or contract with a third party to use automatic telephone dialing systems (for calls or texts) relative to promoting Ambit's products or services. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called using a random or sequential number generator; and (b) to dial such numbers.

**4.2.14: Door-to-Door Marketing.** Consultants shall not engage in door-to-door marketing in relation to their Ambit Independent Consultant business.

**4.3: Contracting with Third Party Suppliers.** Use of third party suppliers to provide services related to advertising and/or marketing of your Ambit business is discouraged. Prior to engaging with a third party supplier relating to advertising and/or marketing services, approval must be obtained from Ambit Marketing. All

actions by third party suppliers are the sole responsibility of the Consultant.

**4.4: Bonus Buying Prohibited.** Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrolment of individuals or entities without the knowledge of and/or execution of an Independent Consultant Application and Agreement by such individuals or entities; (b) the fraudulent enrolment of an individual or entity as a Consultant or Customer; (c) the enrolment or attempted enrolment of non-existent individuals or entities as Consultants or Customers ("phantoms"); (d) Purchasing Ambit products or services on behalf of another Consultant or Customer, or under another Consultant's or Customer's I.D. number, to qualify for commissions or bonuses; and/or (e) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product or service purchases by end user consumers.

#### **4.5: Business Entities.**

**4.5.1: Corporations.** To become a new Consultant as a corporation, or to change the status of the corporation, you must provide Ambit with the following:

- A completed Consultant Agreement completed by an authorized officer of the corporation.
- A certified copy of the corporate Articles of Incorporation which has been registered and recorded in the province of incorporation.
- Full name, address and SIN or ITN of: (1) each shareholder of the corporation who owns more than 5% of the outstanding stock of the corporation; (2) each officer of the corporation; and (3) each director of the corporation. A copy of the official notification from the Canada Revenue Agency (CRA) issuing the BN for the corporation.
- A copy of the corporate resolution authorizing the corporation to enter into the Consultant Agreement.
- Letter of designation from the corporation designating one individual, who must be at least 18 years of age, as the responsible party for the corporation's operations and sales.

If an active Consultant desires to change the status from that of an individual Consultant to that of a corporate Consultant, the Consultant must use the Sale/Transfer Form available online through PowerZone. See "Sale/Transfer of Consultant Position" for more details. It is not permissible for stockholders, officers and directors of the corporation applying as a Consultant corporation to have been Ambit Consultants - (1) as individuals; (2) as members of a Consultant partnership; (3) as a stockholder, officer or director of

another Consultant corporation; or (4) as a trustee or a beneficiary of a Consultant trust – within six calendar months preceding the execution of the Consultant Agreement.

**4.5.2: Partnerships.** To become a new Consultant as a partnership, or to change the status of the partnership, you must provide Ambit with the following:

- A completed Consultant Agreement;
- A copy of the partnership agreement executed by all partners;
- Full name, address and Social Insurance number of each partner;
- A copy of the official notification from the CRA issuing the BN for the partnership;
- A copy of the consent of the partnership to enter into the Consultant Agreement with Ambit; and
- A letter of designation from the partnership designating one individual, who must be at least 18 years of age, as the responsible party for the partnership's operations.

It is not permissible for any partner applying as a Consultant partnership to have been an Ambit Consultant – (1) as an individual; (2) as a partner of another Consultant partnership; (3) as a stockholder, officer or director of a Consultant corporation; or (4) as a trustee or a beneficiary of a Consultant trust – within six calendar months preceding the execution of the Consultant Agreement.

**4.5.3: Trusts.** To become a new Consultant as a trust, or to change the status of the Consultant position to a trust, you must provide Ambit with the following:

- Completed Consultant Agreement signed by all trustees of the trust.
- A complete copy of the trust agreement.
- Full name, address and SIN or ITN of all trustees and beneficiaries.
- A copy of the official notification from the CRA issuing the BN for the trust.
- Letter of designation from the trustees designating one individual, who must be at least 18 years of age, as the responsible party for the trust's operations and sales.

If an active Consultant desires to change status from that of an individual Consultant to that of a trust Consultant, the Consultant must use the Sale/Transfer Form available online through PowerZone. See "Sale/ Transfer of Consultant Position for more details.

It is not permissible for any trustee or beneficiary of a trust applying as a Consultant trust to have been an Ambit Consultant – (1) as an individual; (2) as a partner

of a Consultant partnership; (3) as a stockholder, officer or director of a Consultant corporation; or (4) as a trustee or a beneficiary of another Consultant trust – within six calendar months preceding the execution of the trust Consultant agreement.

**4.5.4: Business Entity Transfers May Not Result in Sponsor Changes.** To prevent the circumvention of Section 4.25 (regarding transfers and assignments of Ambit business), if an additional partner, shareholder, member or other business entity affiliate is added to a business entity, the original applicant must remain as a party to the original Consultant Application and Agreement. If the original Consultant wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.25. If this process is not followed, the business shall be cancelled upon the withdrawal of the original Consultant. All bonus and commission checks will be sent to the address of record of the original Consultant.

Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 4.6, below.

**4.6: Change of Sponsor.** To protect the integrity of all marketing organizations and safeguard the hard work of all Consultants, Ambit prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Consultant and marketing organization. Accordingly, the transfer of an Ambit business or Customer account from one sponsor to another is not permitted, unless the Consultant or Customer voluntarily cancels his or her Ambit business or service and/or remains inactive (i.e., no purchases of Ambit services, no sales of Ambit services, no sponsoring, no attendance at any Ambit functions, participation in any other form of Consultant activity, no commissions earned or operation of any other Ambit business) for six full calendar months. Following the six-month period of inactivity, the former Consultant or Customer may reapply under a new sponsor. In cases in which an improper sponsor change has occurred, Ambit reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST AMBIT THAT RELATE TO, OR ARISE FROM, AMBIT'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

## 4.7: Unauthorized Claims

**4.7.1: Indemnification.** A Consultant is fully responsible for all of his or her verbal and written statements made regarding Ambit products, services and the Compensation Plan that are not expressly contained in official Ambit materials. Consultants agree to indemnify Ambit, its affiliates or subsidiaries and Ambit's directors, officers, employees and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by Ambit as a result of the Consultant's unauthorized representations or actions. This provision shall survive the termination of the Consultant Agreement.

**4.7.2: Income Claims.** In their enthusiasm to enroll prospective Consultants, some Consultants are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counter-productive because new Consultants may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At Ambit, we firmly believe that the Ambit income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, the federal Competition Bureau has laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Consultants may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact Ambit as well as the Consultant making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because Ambit Consultants do not have the data necessary to comply with the legal requirements for making income claims, a Consultant, when presenting or discussing the Ambit opportunity or Compensation Plan to a prospective Consultant, shall not make income projections, income claims or disclose his or her Ambit income (including bank statements or tax records).

**4.7.3: Product Claims.** Consultants are prohibited from making any claim regarding Ambit Energy products that deviates from the product's terms, pricing and conditions.

**4.7.4: Claiming to be the Customer.** Consultants are strictly prohibited from holding themselves out as the Customer. Consultants shall neither perform third-party verification ("TPV") for the Customer nor interfere with

TPV by guiding Customer's answers or remaining on the line during the recorded TPV call. Consultants shall not complete enrolment for the Customer, sign documents for the Customer or act on behalf of the Customer.

**4.7.5: Secondary Contact.** Consultants are strictly prohibited from being added as a secondary contact to a residential or commercial Customer account that a Consultant enrolls, unless the Consultant has the same residential address as the Customer. In addition, for all commercial accounts, Consultant must provide proof of ownership or other supporting documentation that shows the Consultant as the person authorized to make changes for the property or business to receive service, before a Consultant is allowed to become a secondary contact on the account.

**4.8: Trade Shows, Expositions and Other Sales Forums.** Consultants may display and/or sell Ambit services at trade shows and professional expositions. Before submitting a deposit to the event promoter, Consultants must contact Ambit Marketing at [MarketingTeam@ambitenergy.com](mailto:MarketingTeam@ambitenergy.com) in writing for conditional approval.

**4.9: Conflicts of interest/restrictions on activities.** Ambit is engaged in a highly competitive business and has expended considerable time and resources to develop its confidential and proprietary information and its goodwill with Consultants, customers, vendors, and others. The success of a Consultant's Ambit-related business depends in part on access to such confidential and proprietary information and the goodwill that Ambit has created. In light of Ambit's legitimate business interests in protecting its confidential and proprietary information and preventing dilution of its goodwill, Consultants are prohibited from engaging in certain activities described in this Section 4.9.

Because the multilevel, network marketing, or direct sales business is conducted through networks of independent contractors across Canada and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of the restrictions set out in Section 4.9 would be wholly ineffective. Therefore, these restrictions apply to the Consultant's activities conducted in or directed at Canada. For additional information concerning these restrictions, please see the Ambit Consultant Agreement.

**4.9.1: Activities during the term of the Ambit Consultant Agreement.** During the term of the Ambit Consultant Agreement, Consultants shall not, directly or indirectly (including through or on behalf of any other person or entity), (a) sell or solicit the sale of energy



services or other products or services offered by Ambit through any person or entity other than that specifically designated or approved in writing by Ambit; (b) participate in any other multilevel, network marketing, or direct sales business or venture that competes with the energy services or with the other products or services offered by Ambit; or (c) recruit any Ambit Consultant or customer to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner. Consultants otherwise are free to participate in non-competing multilevel, network marketing, or direct sales business or venture while an Ambit Consultant if their activities otherwise are in compliance with this Agreement.

#### **4.9.2: Activities after the term of the Ambit**

**Consultant Agreement.** For a period of one (1) year after the cancellation or termination of the Ambit Consultant Agreement for any reason, a Consultant shall not, directly or indirectly (including through or on behalf of any other person or entity), (a) recruit any Ambit Consultant to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture, provided that this restriction does not apply to Consultants that the former Consultant personally sponsored as an Ambit Consultant; or (b) recruit any Ambit customers that the former Consultant personally enrolled with Ambit, that were enrolled by Ambit Consultants in the former Consultant's downline organization, or that the former Consultant otherwise knows to be Ambit customers, to enroll or participate in, or purchase products or services from, any other multilevel, network marketing, or direct sales business or venture that competes with the energy services or with the other products or services offered by Ambit. "Recruit" for this purpose means to sponsor, solicit, enroll, encourage, or influence in any other way, or to attempt to do any of the foregoing by any means or in any manner.

#### **4.9.3: Consultant participation in other programs.**

If a Consultant is permissibly engaged in a non-Ambit multilevel, network marketing, or direct sales business or venture, it is the responsibility of the Consultant to ensure that his or her Ambit business is operated entirely separate and apart from any other business or venture. To this end, the following must be adhered to:

- Consultants shall not display Ambit promotional material, sales aids, products or services with or in the same location as any non-Ambit promotional material or sales aids, products or services.

- Consultants shall not offer the Ambit Opportunity, products or services to prospective or existing Customers or Consultants in conjunction with any non-Ambit program, opportunity, product or service.
- Consultants shall not offer any non-Ambit opportunity, products or services at any Ambit-related meeting, seminar or convention, or within two hours and a five-mile radius of the Ambit event. If the Ambit meeting is held telephonically or on the Internet, any non-Ambit meeting must be at least two hours before or after the Ambit meeting, and on a different conference telephone number or Internet address from the Ambit meeting.

#### **4.9.4: Downline activity (genealogy) reports.**

Consultants' access to their Downline Activity Reports is password protected. All Downline Activity Reports, and the information contained therein, are confidential and constitute proprietary information and business trade secrets belonging to Ambit. Downline Activity Reports are provided to Consultants in strictest confidence and are made available to Consultants for the sole purpose of assisting Consultants in working with their respective Downline Organizations in the development of their Ambit business. Consultants should use their Downline Activity Reports to assist, motivate, and train their downline Consultants. The Consultant and Ambit agree that, but for this agreement of confidentiality and nondisclosure, Ambit would not provide Downline Activity Reports to the Consultant.

A Consultant shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

**4.9.4.1:** Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;

**4.9.4.2:** Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;

**4.9.4.3:** Use the information to compete with Ambit, or for any purpose, other than promoting his or her Ambit business;

**4.9.4.4:** Recruit or solicit any Consultant or Customer of Ambit listed on any report, or in any manner attempt to influence or induce any Consultant or preferred Customer of Ambit, to alter their business relationship with Ambit; or

**4.9.4.5:** Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Consultant will return the original and all copies of

Downline Activity Reports to the Company.

**4.9.5: Violations/remedies.** This Section 4.9 may be enforced by Ambit or any other Ambit-related entity (collectively, the “Ambit Companies”). In the event that a Consultant breaches any provision of this Section 4.9, the Ambit Companies shall be entitled to equitable relief, including by way of injunction or specific performance preventing future breaches, in addition to any other remedies available at law. Also in addition to any remedies at law or in equity that the Ambit Companies may have, any violation of this Section 4.9 will result in forfeiture of any of Consultant’s rights as a Consultant, including to receive commissions, bonuses, and payments of any kind. Further, any violation of this Section 4.9 will cause irreparable harm to the Ambit Companies and one such violation by Consultant will entitle the Ambit Companies to an injunction against future violations without evidence or proof of the likelihood of future violations.

**4.10: Targeting other direct sellers.** Ambit does not condone Consultants specifically or consciously targeting the sales force of another multilevel, network marketing, or direct sales business or venture to sell Ambit products or to become Consultants for Ambit, nor does Ambit condone Consultants’ solicitation or enticement of members of the sales force of another multilevel, network marketing, or direct sales business or venture to violate the terms of their contract with such other company. Should Consultants engage in such activity, they bear the risk of being sued by the other multilevel, network marketing, or direct sales business or venture. If any lawsuit, arbitration or mediation is brought against a Consultant alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Ambit will not pay any of Consultant’s defense costs or legal fees, nor will Ambit indemnify the Consultant for any judgment, award or settlement.

**4.11: Cross-Sponsoring.** Actual or attempted cross-sponsoring is strictly prohibited. “Cross-sponsoring” is defined as the enrolment of an individual who, or entity that, already has a current Customer or Consultant Agreement on file with Ambit, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse’s or relative’s name, trade names, DBAs, assumed names, corporations, partnerships, trusts, BNs or fictitious ID numbers to circumvent this policy is prohibited. Consultants shall not demean, discredit or defame other Ambit Consultants in an attempt to entice another Consultant to become part of the first Consultant’s marketing organization. This policy shall not prohibit the transfer of an Ambit business in accordance

with Section 4.5.

If cross-sponsoring is discovered, it must be brought to the Company’s attention immediately. Ambit may take disciplinary action against the Consultant that changed organizations and/or those Consultants who encouraged or participated in the cross-sponsoring. Ambit may also move all or part of the offending Consultant’s downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Ambit is under no obligation to move the cross-sponsored Consultant’s downline organization, and the ultimate disposition of the organization remains within the sole discretion of Ambit. Consultants waive all claims and causes of action against Ambit arising from or relating to the disposition of the cross-sponsored Consultant’s downline organization.

**4.12: Slamming.** Consultants must never switch, or attempt to switch, any individual or entity to Ambit Energy’s services unless the person has authorized the transfer by signing a Letter of Authorization consenting to change their service to Ambit’s service.

**4.13: Contacting Suppliers.** Under no circumstances may a Consultant contact any Ambit supplier of energy service, or other Ambit supplier of services, without prior written authorization from an authorized officer of Ambit Energy. Further, under no circumstances may a Consultant directly contact a competitive energy provider on behalf of Ambit or in connection with any Ambit business without receiving prior written authorization from an authorized officer of Ambit.

**4.13.1: Contacting Regulatory Agencies.** Under no circumstances may a Consultant contact any Regulatory agency on behalf of a Customer or to request information related to their business. All such inquiries should be made to Consultant Care.

**4.14: Errors or Questions.** If a Consultant has questions about or believes any errors have been made regarding commissions, bonuses, downline activity reports or charges, the Consultant must notify Ambit in writing within 30 days of the date of the purported error or incident in question. Ambit will not be responsible for any errors, omissions or problems not reported to the Company within 30 days.

**4.15: Governmental Approval or Endorsement.** Neither federal nor provincial regulatory agencies nor officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Consultants shall not represent or imply that Ambit or its Compensation Plan have been “approved,” “endorsed” or otherwise sanctioned by any government agency.

**4.16: Identification.** Every Ambit Independent

Consultant will be assigned a unique identification number "code" which will become their identification number and will be used in all correspondence. Every Ambit identification number must have a corresponding SIN, ITN, or BN provided by the Consultant during the application process. Only SINs, ITNs, or BNs issued by the Government of Canada or CRA, for use by the individual or organization filling out the Consultant Agreement, will be accepted. Providing a false or invalid SIN, ITN, or BN to Ambit will subject a Consultant to termination. All identification numbers will be kept strictly confidential, except where properly and legally required.

#### **4.17: Naming your Independent Consultant Business.**

The name of a Consultant position is determined by the name identified on the Consultant Agreement. No other name may be used in conjunction with a Consultant business. To alter the Consultant name (including the addition or deletion of a spouse, a change in last name, creating a D.B.A., "Doing Business As," or any other name change), the Sale/Transfer Packet must be used. In these cases, the \$45 administrative fee will be waived. Using a name other than the one appearing on the Consultant account is strictly prohibited.

**4.18: Taxes.** This section is for informational and educational purposes only. It is not to be considered as a substitute for the personalized counsel of your own tax advisor. You should retain competent tax counsel, preferably a professional accountant specializing in tax matters, or a tax attorney, to give you specific advice and guidance to assist you in properly accounting for the income and expenses of your business. Each Consultant is responsible for paying and/or withholding all relevant Canadian federal, provincial, and/or local income taxes, self-employment taxes, and any and all other taxes required in respect of their business under Canadian federal, provincial, or other applicable taxing laws. Each Consultant acknowledges that as an independent contractor, they will not be treated as an employee for purposes of, but not limited to, Canadian federal and provincial income tax source withholding requirements, provincial employment standards rules, provincial workers' compensation deductions, and EI and CPP deductions, and that Ambit is not responsible for any withholdings, and shall not withhold or deduct from your bonuses and commissions, if any, taxes of any kind. Income earned annually in excess of \$500 CAD will be reported via Form T4A to the Canada Revenue Agency (CRA).

A non-resident Consultant also falls under the guidance of this Section 4.18. However, if a non-resident Consultant engages in business activity within the

physical boundaries of Canada there are other income tax considerations: (1) the non-resident may be subject to Canadian federal withholding by Ambit unless a withholding exemption waiver is applied for 30 days prior to the initial payment for service, (2) Canadian revenue will be reported to each non-resident Consultant on Canadian Form T4A-NR, whether there was withholding or not, and (3) if the Consultant is a U.S. resident, all worldwide income will be reported on U.S. Form 1099-MISC. A non-resident who doesn't have a Social Insurance Number (SIN) may be required to obtain an Individual Tax Number (ITN). The ITN can be obtained by completing Form T1261, "Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents."

Goods and Services Tax (GST)/Harmonized Sales Tax (HST) - Ambit Marketing Canada ULC ("Ambit Canada") has been approved by the CRA to use the Network Sellers Method (NSM) for GST/HST compliance related to network commissions and sales aids. All Consultants are required to file a joint election with Ambit Canada at the time of enrolment, and retain a copy for their records. While this Agreement is in effect, the network commissions charged by a sales representative to a network seller are not subject to GST/HST. If the CRA revokes an approval, Ambit Canada is required to immediately notify all of its Consultants. Under the NSM method, GST/HST does not apply to sales aids or website fees charged to Consultants. As a result of the NSM rules, sales representatives do not include their network commissions in their calculation to determine whether they are small suppliers. Consequently, most Consultants will not need to register for GST/HST purposes. The NSM is only applicable to Consultants signed up directly under Ambit Marketing Canada ULC. Therefore, a Consultant that is earning a commission from Canadian-sourced income, but not signed up under Ambit Canada, may have a GST responsibility on commissions from their Canadian business if the Consultant exceeds the threshold of qualifying as a small business in Canada (exceeds \$30,000 worldwide in the last 4 consecutive calendar quarters)

**4.19: Independent Contractor Status.** Consultants are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Ambit Marketing Canada, ULC, and its Consultants does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the Consultant. A Consultant shall not be treated as an employee for his or her services or for Federal or Provincial tax purposes. All Consultants are responsible for paying local, state and federal taxes due from all compensation earned as a Consultant

of the Company. The Consultant has no authority (expressed or implied), to bind the Company to any obligation. Consultants shall not hold themselves out as an employee or affiliate of Ambit Marketing Canada, ULC, or any affiliates or subsidiaries. Each Consultant shall establish his or her own goals, hours and methods of sale, so long as he or she complies with the terms of the Consultant Agreement, these Policies and Procedures and applicable laws.

The names of Ambit Energy, Ambit and other names as may be adopted by Ambit, are proprietary trade names, trademarks and service marks of Ambit. As such, these marks are of great value to Ambit and are supplied to Consultants for their use only in an expressly authorized manner. Use of the Ambit name on any item not produced by the Company is prohibited, except as follows: • Consultant's Name • Independent Ambit Consultant. All Consultants may list themselves as an "Independent Ambit Consultant" in a telephone directory under their own name using only a personal email address, personal website and personal contact information. Consultants are prohibited from listing any and all Ambit Energy or Ambit Marketing contact information in any directory. No Consultant may place telephone directory display ads using Ambit's name or logo. Consultants may not answer the telephone by saying "Ambit," "Ambit Incorporated" or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of Ambit.

**4.20: Insurance.** You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present homeowner's policy.

**4.21: Adherence to Laws and Ordinances.** Consultants shall comply with all federal, provincial and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Consultants because of the nature of their business. However, Consultants must obey those laws that do apply to them. If a city or county official tells a Consultant that an ordinance applies to him or her, the Consultant shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Ambit. In most cases there are exceptions to the ordinance that may apply to Ambit Consultants.

**4.22: Minors.** A person who is under the age of 18 may not be an Ambit Consultant. Consultants shall not enroll or recruit minors into the Ambit program.

#### **4.23: Family Businesses.**

**4.23.1: One Ambit Business per Couple.** Ambit permits a husband and wife, regardless of where each lives, to operate only one position in Ambit, unless each individual is sponsored by the same Consultant, or unless each individual had a separate Consultant position prior to marriage. A husband and wife, by operating as a single Consultant, represent to Ambit that each of them: (1) is bound by the terms of the Consultant Agreement and these Policies and Procedures; (2) is responsible for any and all conduct by his or her spouse, even though only one spouse is designated as a Consultant; and (3) understands that if the spouse of any Consultant acts in a manner that would be a violation of the Consultant Agreement and/or these Policies and Procedures, such violation will be attributed to the Consultant position, and thus to both the husband and wife.

#### **4.23.2: Family Members within the Same Household.**

All Consultants and their children, siblings, parents and in-laws residing in the same household may, at the time one or more of them is being sponsored, have the same sponsor or may have one Ambit business. By way of example, a parent and adult child living in the same home may operate one Consultant position or may sign up under the same sponsor. Similarly, if spouses do not elect to operate as a single Consultant, each spouse must sign up under the same sponsor.

#### **4.23.3: Actions of Household Members or Affiliated Individuals.**

If any member of a Consultant's immediate household engages in any activity which, if performed by the Consultant, would violate any provision of the Agreement, such activity will be deemed a violation by the Consultant and Ambit may take disciplinary action pursuant to the Statement of Policies against the Consultant. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Ambit may take disciplinary action against the entity.

#### **4.24: Customer Without a Designated Consultant.**

Only the sponsoring Consultant may claim an orphan Customer. A Consultant may claim a Customer who lacks a designated Consultant when all three of the following criteria are met: (i) the Consultant can provide the name and Ambit account number of the Customer; (ii) the Customer's enrolment date is no more than seven (7) days prior to the Consultant's start date; and (iii) the Customer is in Pre-verification, Pending or Active status.



Ambit management may authorize, at its discretion, a Consultant to claim a Customer without meeting all of the above criteria if there is a data entry mistake, system error, or similar event that impedes or prohibits the Consultant from meeting the criteria.

#### **4.25: Sale, Transfer or Assignment of Ambit**

**Business.** Subject to Ambit's prior review and approval, which Ambit may grant at its sole option and discretion, a Consultant may sell or transfer his/her Consultant position to an individual, partnership, trust or corporation. The review and approval process will not begin until Ambit has received all of the documentation required in accordance with the requirements set forth in the Position Sale/Transfer Packet, including a payment for the applicable processing fees from the Consultant who is selling or transferring the position. Processing fees for Sales are determined by the level of promotion the Consultant position has achieved at the time of the sale.

A Transfer will be defined as a change in name and/or identification number in which the Consultant still retains any financial interest in the Consultant position upon completion of the transfer. Some examples of transfers are: transfer from one spouse to the other spouse; transfer from an individual to a corporation, trust or partnership or vice versa, in which the transferor or any individuals having an interest therein still retains a financial interest; and transfer from SIN or ITN to BN, or vice versa. In all cases, the transferor retains a financial interest/ownership interest after the transfer. There is a \$45 transfer request processing fee that must be paid.

A Sale will be defined as a change in which the individual(s) selling the Consultant position no longer maintain(s) a financial interest in the Consultant position upon completion of the sale.

Sale processing fee by position title due from both seller and buyer:

- Marketing Consultant - \$45
- Regional Consultant - \$125
- Senior Consultant - \$350
- Executive Consultant - \$750
- National Consultant - \$2000

Ambit reserves the right, at its sole option and discretion, to determine a sale versus a transfer. A Sale/Transfer Form can be obtained online by downloading it from PowerZone. All sales, transfers, and assignments of Consultant positions must first be approved by Ambit. Ambit will not approve any sale or transfer of a Consultant position for which Ambit receives a Notice of Levy from the CRA or a court-ordered garnishment (e.g., child support) against the transferring position. Ambit will also revoke any sale or transfer of a Consultant position that occurs within a 60-day period in which

Ambit receives a Notice of Levy from the CRA or a court-ordered garnishment. Ambit also will not approve any sale or transfer of a Consultant position that involves a Consultant currently under investigation. Any position purchased begins vesting requirements from the date of the purchase. Once the sale or transfer of a position has been completed, the transferring Consultant may not operate or have a financial interest in another Consultant position for six months from the date of the sale or transfer.

#### **4.26: Separation of an Ambit Business.**

**4.26.1: Divorce.** Should a married couple operating a single Consultant position divorce, they must provide Ambit with: (1) a certified copy of the final decree of divorce that sets forth ownership of the Consultant position; (2) a completed Sale/Transfer Form dated no later than ten (10) business days after the date of the final decree of divorce; and (3) a \$45 nonrefundable check for processing fees. Until Ambit receives proper documentation, the Consultant position will retain its pre-divorce ownership and no changes to the Consultant position will be implemented.

**4.26.2: Business Entity Dissolution.** Upon the dissolution of a business entity (trust, partnership, corporation, etc.), the owners of the business entity shall provide Ambit with written instruction on who shall be the proper party(s) to continue to operate the business, and a \$45 processing fee shall apply. The written instruction shall be signed by all owners, shareholders, partners or trustees, and all signatures shall be notarized.

**4.26.3: No Commission or Downline Division.** Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Ambit split commission and bonus payment between divorcing spouses or members of dissolving entities. Ambit will recognize only one Downline Organization and will issue only one commission payment per Ambit business per commission cycle. Commission payment shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion, as determined by the Company, the Consultant Agreement shall be involuntarily cancelled.

If a former spouse has completely relinquished all rights in the original Ambit business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member or other entity affiliate who retains no interest in the business must wait six calendar

months from the date of the final dissolution before re-enrolling as a Consultant. In either case, however, the former spouse or business affiliate shall have no rights to any Consultants in their former organization or to any former retail Customer. They must develop the new business in the same manner as would any other new Consultant.

**4.27: Sponsoring.** All active Consultants in good standing have the right to sponsor and enroll others into Ambit. Each prospective Customer or Consultant has the ultimate right to choose his or her own Sponsor. If two Consultants claim to be the Sponsor of the same new Consultant or Customer, the Company shall regard the first application received by the Company as controlling.

**4.28: Succession.** Upon the death or incapacitation of a Consultant, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Consultant should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever an Ambit business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Consultant's marketing organization provided the following qualifications are met. The successor(s) must: (1) execute a Consultant Agreement; (2) comply with terms and provisions of the Agreement, and (3) meet all of the qualifications for the deceased or incapacitated Consultant's status.

Bonus and commission payment of an Ambit business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Ambit with an "address of record" to which all bonus and commission payment will be sent.

If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer identification number. Ambit will issue all bonus and commission checks, and one, to the business entity.

**4.28.1: Transfer Upon Death of a Consultant.** In addition to complying with the above provisions of Section 4.25, to effect a testamentary transfer of an Ambit business, the successor must provide the following to Ambit: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the Ambit business; and (3) a completed and executed Consultant Agreement.

**4.28.2: Transfer Upon Incapacitation of a Consultant.** In addition to complying with the above provisions of Section 4.25, to effectuate a transfer of an Ambit

business because of incapacity, the successor must provide the following to Ambit: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Ambit business; and (3) a completed Consultant Agreement executed by the trustee.

**4.29: Prospective Consultant and Customer Information.** Buying or selling, or inducing others to buy or sell, Customer or Consultant or prospective Customer or Consultant information is strictly prohibited at all times. Consultants shall not provide any type of incentive for action(s) or proposed action(s) to induce a Consultant or third party to sell any information pertaining to an Ambit Energy Customer or Consultant or prospective Customer or Consultant.

## SECTION 5: RESPONSIBILITIES OF CONSULTANT

**5.1: Change of Address, Telephone and E-Mail Addresses.** Consultants must report any change of address, email address or telephone number by calling Consultant Support or by sending written notice to Ambit at the following address:

Ambit Marketing Canada, ULC  
Attention: Consultant Support,  
P.O. Box 864589  
Plano, Texas 75086

Written notification of an address change must be signed by all parties when a position is owned by more than one individual (e.g., husband and wife). When mail is returned to Ambit because Ambit has not been informed of an address change, the Consultant is placed on inactive status.

**5.2: Continuing Development Obligations.**

**5.2.1: Ongoing Training.** Any Consultant who sponsors another Consultant into Ambit must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Ambit business. Consultants must have ongoing contact and communication with the Consultants in their Downline Organizations. Examples of such contact and communication may include, but are not limited to, newsletters, written correspondence, personal meetings, telephone contact, voice mail and electronic mail, as well as the accompaniment of downline Consultants to Ambit meetings, training sessions and other functions. Upline Consultants are also responsible to motivate and train new Consultants in Ambit product knowledge, effective sales techniques, the Ambit Compensation Plan and compliance with Company Policies and Procedures. Communication with and the training of downline

Consultants must not, however, violate Section 4.2 (regarding the development of Consultant-produced sales aids and advertising materials).

Consultants must monitor the Consultants in their Downline Organizations to ensure that downline Consultants do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Consultant should be able to provide documented evidence to Ambit of his or her ongoing fulfillment of the responsibilities of a Sponsor.

**5.2.2: Increased Training Responsibilities.** As Consultants progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge and understanding of the Ambit program. They will be called upon to share this knowledge with lesser experienced Consultants within their organization.

**5.2.3: Ongoing Sales Responsibilities.** Regardless of their level of achievement, Consultants have an ongoing obligation to continue to personally promote sales through the generation of new Customers and through servicing their existing Customers.

**5.3: Nondisparagement.** Ambit wants to provide its Independent Consultants with the best products, compensation plan and service in the industry. Accordingly, we value your constructive criticism and comments. All such comments should be submitted in writing to Ambit's Consultant Support Department. While Ambit welcomes constructive input, negative comments and remarks made in the field by Consultants about the Company, its directors, officers, employees, its products or the compensation plan serve no purpose other than to sour the enthusiasm of other, and prospective, Ambit Consultants. For this reason, and to set the proper example for their downline, Consultants must not disparage, demean or make negative remarks about Ambit, other Ambit Consultants, Ambit's products, the Marketing and Compensation plan or Ambit's directors, officers or employees.

**5.4: Providing Documentation to Applicants.** Consultants must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Consultants before the applicant signs a Consultant Agreement. Additional copies of Policies and Procedures can be downloaded from Ambit's website.

**5.5: Reporting Policy Violations.** Consultants observing a Policy violation by another Consultant should submit a written report of the violation directly to the attention of the Ambit Field Compliance Department. Details of the

incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report. All submissions will be fully investigated. Any submissions deemed to be submitted with malicious intent will result in disciplinary actions as outlined in section 9.1.

For questions regarding compliance with Ambit's Policies and Procedures, or to report known or suspected Consultant misconduct, you are encouraged to contact Ambit Energy's Field Compliance Department by: (1) email at [fieldcompliance@ambitenergy.com](mailto:fieldcompliance@ambitenergy.com); (2) fax at 877-431-0689; or (3) mail to Ambit Energy  
Attention: Field Compliance,  
1801 North Lamar Street, Suite 600,  
Dallas, Texas 75202

If you are contacted by either Ambit Energy or a government authority regarding policy violations that you either have knowledge of, or that you are alleged to have committed, you agree to fully assist with such investigation.

## SECTION 6: SALES REQUIREMENTS

**6.1: Product Sales.** The Ambit Compensation Plan is based on the sale of Ambit products and services to end consumers. Consultants must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

**6.2: Full Cost Disclosure.** When enrolling Customers, you must provide to them all of the costs involved with the service. This includes all of the following, if applicable: cost per kilowatt-hour or gigajoule, monthly service fees, one-time fees, taxes and surcharges, time-of-day or other usage limitations, and other costs. All of this information is available for download in PowerZone.

**6.3: No Territory Restrictions.** There are no exclusive territories granted to anyone. No franchise fees are required.

**6.4: Sales Receipts.** All Consultants must provide their retail Customers with two copies of an official Ambit sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee, as well as any consumer protection rights afforded by federal or provincial law. Consultants must maintain all retail sales receipts for a period of two years, and furnish them to Ambit at the Company's request. Remember that Customers must receive two copies of the sales receipt. In addition, Consultants must orally inform the buyer of his or her cancellation rights.

## SECTION 7: BONUSES AND COMMISSIONS

**7.1: Right of Offset.** A Consultant is not required to subscribe to any Ambit service in order to become an Ambit Independent Consultant. However, if the Consultant selects Ambit as the Consultant's retail energy provider, billing must be paid when due. If a Consultant becomes 60 days past due in paying any Ambit bill, Ambit may, at Ambit's sole option, deduct the amounts owed by the offending Consultant from his or her commission payment and may terminate the Consultant. In addition, Ambit may offset any amount owed to Ambit by a Consultant against commissions or other amounts owed to such Consultant by Ambit.

**7.2: Reports.** All information provided by Ambit in online or telephonic downline activity reports, including, but not limited to, personal and group sales volume (or any part thereof) and downline sponsoring activity, is believed to be accurate and reliable. Nevertheless, due to various factors including, but not limited to: the inherent possibility of human and mechanical error; the accuracy, completeness and timeliness of orders; denial of credit card and electronic check payments; returned products; and credit card and electronic check chargebacks, the information is not guaranteed by Ambit or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR, BUT WITHOUT LIMITATION, THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, AMBIT AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL, IN NO EVENT, BE LIABLE TO ANY CONSULTANT OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF, OR ACCESS TO, PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING, BUT NOT LIMITED TO: LOST PROFITS, BONUSES OR COMMISSIONS; LOSS OF OPPORTUNITY; AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY OR LOSS OF THE USE OF THE INFORMATION), EVEN IF AMBIT OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, AMBIT OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO

RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Ambit's online reporting services, and your reliance upon such information, is at your own risk. All such information is provided to you "as is." If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Ambit's online and telephone reporting services and your reliance upon the information.

**7.3: Receiving Payments.** To receive payment, Ambit Energy Canada Consultants are required to enroll in direct deposit or other payment methods made available by the Company through PowerZone Canada.

**7.4: Minimum Commission Payment.** There is a minimum \$10 threshold before any commission will be paid to Consultants by Ambit Energy Canada or its affiliated companies.

## SECTION 8: ORDER CANCELLATION AND SALES TOOL INVENTORY RE-PURCHASE

**8.1: Return of Inventory and Sales Aids by Consultants Upon Cancellation.** Upon cancellation of a Consultant's Agreement, the Consultant may return any products and sales aids held in his or her inventory for a refund. Consultants may only return sales aids that he or she personally purchased from Ambit (purchases from other Consultants or third parties are not subject to refund), and which are in resalable condition. Upon receipt of a resalable sales aid, the Consultant will be reimbursed 90% of the net cost of the original purchase price(s). Shipping charges incurred by a Consultant when the sales aids were purchased will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account.

## SECTION 9: DISCIPLINARY SANCTIONS AND DISPUTE RESOLUTION PROCEEDINGS

**9.1: Disciplinary Sanctions.** Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Consultant that, in the sole discretion of the Company, may damage the Company's reputation or goodwill (such damaging act or omission need not be related to the Consultant's Ambit business), may result, at Ambit's discretion, in one or more of the following corrective measures:



- Issuance of a written warning or admonition requiring the Consultant to take immediate corrective measures; Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission payment;
- Withholding from a Consultant of all or part of the Consultant's bonuses and commissions during the period that Ambit is investigating any conduct allegedly in violation of the Agreement (if a Consultant's business is cancelled for disciplinary reasons, the Consultant will not be entitled to recover any commissions withheld during the investigation period);
- Suspension of the individual's Consultant Agreement for one or more pay periods;
- Involuntary termination of the offender's Consultant Agreement;
- Termination and/or suspension of the offending Consultant's Ambit Marketing website or website access;
- Any other measure expressly allowed within any provision of the Agreement, or which Ambit deems practicable, to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Consultant's policy violation or contractual breach;
- If the situation is deemed appropriate by Ambit, the Company may institute legal proceedings for monetary and/or equitable relief.

## 9.2: Dispute Resolution.

**9.2.1: Mediation.** Prior to entering into arbitration, Ambit (on behalf of the Ambit Companies) and the Consultant shall meet in good faith and attempt to resolve any dispute arising from, or relating to, the Agreement through non-binding mediation. One individual who is mutually acceptable to Ambit (on behalf of the Ambit Companies) and the Consultant shall be appointed as mediator.

The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between Ambit (on behalf of the Ambit Companies) and the Consultant. Each party shall pay its portion of the anticipated shared fees and costs at least ten days in advance of the mediation. Each party shall pay its own attorneys' fees, costs and individual expenses associated with conducting and attending the mediation. Mediation shall be held in the Province of Alberta, and shall last no more than two business days.

## 9.3: Governing Law, Jurisdiction and Venue.

Jurisdiction and venue of any matter shall reside exclusively in Canada, except that any action to enforce

a judgment may be brought in any court of competent jurisdiction. The law of Canada shall govern all other matters relating to, or arising from, the Agreement.

## SECTION 10: INACTIVITY AND CANCELLATION

**10.1: Effect of Cancellation.** So long as a Consultant remains active and complies with the terms of the Consultant Agreement and these Policies and Procedures, Ambit shall pay commissions to such Consultant in accordance with the Compensation Plan. A Consultant's bonuses and commissions constitute the entire consideration for the Consultant's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Consultant's voluntary or involuntary cancellation of his or her Consultant Agreement (all of these methods are collectively referred to as "cancellation"), the former Consultant shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. A Consultant whose business is cancelled will lose all rights as a Consultant. This includes the right to sell Ambit products and services, and the right to receive future commissions, bonuses or other income resulting from the sales and other activities of the Consultant's former downline sales organization. In the event of cancellation, Consultants agree to waive all rights they may have, including, but not limited to, property rights to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.

Following a Consultant's cancellation of his or her Consultant Agreement, the former Consultant shall not hold himself or herself out as an Ambit Consultant, and shall not have the right to sell Ambit products or services. A Consultant whose Consultant Agreement is cancelled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

**10.2: Inactive Status.** To remain "active," a Consultant must sponsor a new Consultant or enroll a new energy Customer within the preceding four months, or maintain a minimum of 20 pending or energized Customer points. If a Consultant does not sponsor a new Consultant or enroll a new energy Customer in the preceding four months, or maintain a minimum of 20 pending or energized Customer points, the Consultant's Ambit business will be placed into inactive status and no commission will trigger until the position is reactivated

by sponsoring a new Customer or Consultant. This rule does not apply in the Consultant's first year.

**10.3: Involuntary Cancellation.** A Consultant's violation of any of the terms of the Agreement, including any amendments that may be made by Ambit at its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her Consultant Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed or delivered by an express courier to the Consultant's last known address (or fax number), or to his/her attorney or when the Consultant receives actual notice of cancellation, whichever occurs first.

**10.4: Voluntary Cancellation.** A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address, which is:

Ambit Marketing Canada, ULC,  
Attention: Consultant Cancellation,  
1801 North Lamar Street, Suite 600,  
Dallas, Texas 75202

The written notice must include the Consultant's signature, printed name, address and Consultant I.D. number. If a Consultant is also a Customer of Ambit Energy, Ambit will continue to provide energy services to the Customer and invoice the Customer for such services, unless he or she also specifically requests that his or her energy services also be cancelled.

## SECTION 11: DEFINITIONS

**Active Consultant:** A Consultant who has sponsored a new Consultant or enrolled a new energy Customer in the preceding four months.

**Active Rank:** This term refers to the current rank of a Consultant, as determined by the Ambit Compensation Plan, for any month. To be considered "active" relative to a particular rank, a Consultant must meet the criteria set forth in the Ambit Compensation Plan for his or her respective rank.

**Agreement:** The contract between the Company and each Consultant includes the Consultant Application and Agreement, the Ambit Policies and Procedures, and the Ambit Compensation Plan, all in their current form and as amended by Ambit at its sole discretion. These documents are collectively referred to as the "Agreement."

**Cancel:** The termination of a Consultant's business. Cancellation may be either voluntary, involuntary, through non-renewal or inactivity.

**Customer:** The term "Customer" means current, past and prospective Ambit Energy Customers.

**Consultant Report:** A monthly report generated by Ambit that provides critical data relating to the identities of Consultants, sales information and enrolment activity of each Consultant's Marketing Organization. This report contains confidential and trade secret information which is proprietary to Ambit.

**Official Ambit Material:** Literature, audio or video tapes or disks, and other materials developed, printed, published and distributed by Ambit to Consultants.

**Resalable:** Sales aids shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) it is returned to Ambit within one year from the date of purchase; (5) the product contains current Ambit labeling. Any sales aids that are clearly identified at the time of sale as nonreturnable, discontinued or a seasonal item shall not be resaleable.

**Retail Customer:** An individual who purchases Ambit services from a Consultant, but who is not a participant in the Ambit compensation plan.

**Upline:** This term refers to the Consultant or Consultants above a particular Consultant in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Consultant to the Company.