

safe

**MARKETING
SYSTEM**

Sustainable Agriculture
& Food Enterprises Pty Ltd



SAFE Marketing System

SAFE is a unique health food company whose members desire a whole food approach to their health and wellbeing. In addition to offering a broad range of health supplements, SAFE also provides skincare, pet care, as well as environmentally-friendly products for household cleaning and gardening.

SAFE is regarded by its customers as having a personalised approach to service, with all members having direct access to SAFE's team of naturopaths and support staff. Whilst maintaining wholesale pricing, SAFE continues to offer a high quality of product and service. With a focus on education, SAFE provides members with information on health conditions and products, empowering members to make informed choices about their wellbeing.

A distinguishing aspect of SAFE's philosophy is the sustainability of the environment, incorporated in its motto "health from the ground up".

What benefits can SAFE offer you?

Free to join, SAFE provides members with a lifetime membership. Each new member receives a membership folder and a personalised membership card.

SAFE members benefit from:

- premium quality products
- wholesale prices
- free naturopathic advice via phone, email and face-to-face
- discounted naturopathic services
- comprehensive health and dietary information
- rewards and financial benefits

What can you do with your SAFE membership?

A SAFE membership allows members to:

- earn Reward Points on every purchase made
- purchase products for themselves and others
- onsell products (if desired)
- introduce family and friends to the benefits of a SAFE membership
- access the SAFE naturopath team
- purchase products and speak with naturopaths at the SAFE shop on the Gold Coast
- receive discounts on a range of services offered by SAFE, including Live Blood Microscopy and Hair Mineral/Toxic Element Analysis.

How can you join SAFE?

When joining SAFE, customers have a number of options from which to choose:

1. Self-use
2. Networking Business
3. Industry Bulk Buyer



1. Self-use

Choosing to become a Self-use member provides customers with the freedom to purchase what they want with no pressures such as minimum purchase quantities.

Rewards

Members earn Reward Points (RPs) for purchases made directly from SAFE of product and services. Reward Points accumulate and can be redeemed for rewards. For a special introductory period, Reward Points will be calculated at a rate of 1 point for every \$4 spent. From 1st July, 2009, the rate will become 1 point for every \$5 spent.

Once accumulated, these points can be converted to a range of goods and services depending on the number of points being redeemed. Electronics, white goods, vouchers for SAFE products and services, spa treatments, fuel vouchers, accommodation and travel will be included in goods and services for selection. Please visit www.safe.com.au for the latest offers or contact SAFE for more information or suggestions.

Reward Points are calculated on purchases net of GST, after deduction of any discounts and before postage and other charges.

Ordering

Members may purchase products via phone, fax, mail, internet or direct from the SAFE shop. Payments can be made by cheque, cash (shop only), EFTPOS (shop only) and credit card. Payment in full is required before orders can be dispatched. Orders received by SAFE prior to midday will be dispatched the same day. For fax and mail orders, please use the order form provided in your membership folder. Members may purchase product either directly from SAFE or from a Distributor in their area. Reward Points can only be allocated to purchases of product made directly from SAFE.

Discounts

Available to Self-use members are the following bulk purchase discounts:

| Value of purchases # | Quantity discount* |
|----------------------|--------------------|
| ≥\$500 | 5% |
| ≥\$1,000 | 7.5% |
| ≥\$2,000 | 10% |

Shipping

Free shipping is available for orders where purchases of \$100 (net of GST) and over are made on an individual order. Please refer to the latest SAFE Price List or Order Form for the current postage rate.

International Shipping

SAFE offers standard product pricing across all countries. Parcels being sent to countries outside Australia will be charged at applicable Australia Post international rates. Please visit www.safe.com.au or call SAFE direct to calculate international shipping when placing an overseas order.

Retailing

Members may elect to onsell products to a third party at a suitable markup (a RRP is supplied as a guide on the Price List), should they intend to operate their membership as a business. Members wishing to onsell products to the public or to other SAFE members can register with SAFE and become a Distributor.

Marketing

Details of any meetings being conducted by SAFE members can be included in SAFE's mailouts/updates.

Supervisor/Director Status

Members that reach 10,000 and 20,000 Rewards Points will attain Supervisor and Director status respectively. Once achieved, Supervisors will be awarded a 10% bonus when redeeming Reward Points for goods/services. Directors will receive a 20% bonus. Additionally, Directors will be entitled to conduct training seminars.

Contacts

A member introducing others to SAFE through a membership will be known as an Introducer. A new member will be the Contact of the Introducer. Please refer to the Networking Business section should you wish to operate as a business and earn rebates/commissions.

Value of purchases is net of GST and is calculated after deduction of any discounts and before postage and other charges.

* Quantity discounts are not to be used in conjunction with any other offer, unless otherwise stated. Value of purchases are calculated after deduction of any other discounts and before postage and other charges. Discounts are only applicable to individual orders being sent to one address. Please visit www.safe.com.au for an accurate calculation of orders, value of purchases and applicable discounts.

2. Networking Business

Members may elect to run a Networking Business upon payment of a \$27.50 (inc GST) annual service fee. A reminder for renewal of the service fee will appear on the monthly statement before the 12 month period expires.

All aspects outlined in the Self-use section will be applicable to members choosing to operate as a Networking Business. In addition, Networking Business members have the ability to receive rebates on their own purchases and commissions on those of their Contact Levels. Please refer to the Commission Calculation section for further information.

Qualified Status

To be able to receive a monthly rebate/commission, Networking Business members will need to achieve Qualified status by purchasing a minimum of \$600* in product and services over a rolling six month period.

Example: The following is a representation of a member's rolling six month period. In the example, July is the month for which rebates/commissions are being calculated. The member has achieved Qualified status for the month of July as \$620 of purchases have been made over the last six months. This allows the member to receive their rebates/commissions on July purchases. To retain Qualified status, the member must purchase \$110 of purchases in the current month, August. The \$110 required is calculated by deducting the \$490 (earned from March to July) from the required \$600 minimum.

| Feb | Mar | Apr | May | Jun | Jul | Aug (Current month) |
|-------|-------|------|-------|-------|------|------------------------|
| \$130 | \$150 | \$70 | \$120 | \$100 | \$50 | \$110 |

The amount of purchases required to retain/achieve Qualified status will be detailed on the monthly statement to assist members in operating the Networking Business.

New members, who elect to become a Networking Business within 1 month of joining SAFE, will automatically receive their Qualified status for the first 6 months. By the end of these 6 months, they will need to have purchased enough product to preserve their Qualified status in order to continue receiving rebates/commissions. Members who become a Networking Business after the 1 month period will need to reach their Qualified status through the purchasing of products before rebates/commissions can be paid.

Networking Business members are expected to join at least 1 new member in each 6 month period in order to retain their Qualified status.

\$600 is net of GST and is calculated after deduction of any discounts and before postage and other charges.

Contact Levels

The diagram on page 5 depicts the Contact Levels of a Networking Business member. Contact Levels are the five (or six, if Super 6 is reached) tiered levels of Contacts who have joined under a member. Contact Level 1 is comprised of the direct Contacts of a member. Contact Level 2 contains the Contacts of the members in Contact Level 1. Contact Level 3 includes the Contacts of the members in Contact Level 2 and so on.

There is no limit to the number of Contacts for any Contact Level.

Commission Calculation

A monthly rebate/commission is paid to Qualified Networking Business members based on the Reward Points earned by each of the Rebate/Contact Levels for purchases made directly with SAFE. On the various Rebate/Contact Levels, monthly rebates/commissions will be paid based on the percentages indicated. Each Reward Point (RP) is equivalent to \$1.00 multiplied by the percentage of that Rebate/Contact Level.

Example 1: If a member's own purchases have attracted a total of 50 Reward Points (RPs) for the month, then the rebate on the member's own purchases will be calculated as follows:

50 x \$1.00 x 10% = \$5.00 rebate

Example 2: If a member's Contact Level 1 has a total of 100 Reward Points (RPs) for the month, then the commission for Contact Level 1 will be calculated as follows:

100 x \$1.00 x 10% = \$10.00 commission on Contact Level 1

Example 3: If a member's Contact Level 3 has a total of 500 Reward Points (RPs) for the month, then the commission for Contact Level 3 will be calculated as follows:

500 x \$1.00 x 5% = \$25.00 commission on Contact Level 3

Please note: All rebates/commissions are calculated over a calendar month.

2. Networking Business (continued)

Super 6

Qualified Networking Business members whose own purchases and the purchases of those in their Contact Level 1 total more than \$6,000* in a calendar month will receive a commission calculated at 10% of the Reward Points in Contact Level 6 for that month.

Example: If a member achieves Super 6 and the Super 6 Level has a total of 5,000 Reward Points (RPs) for the month, then the commission for Super 6 Level will be calculated as follows:

5,000 x \$1.00 x 10% = \$500.00 commission on Super 6 Level

Payment of Rebates/Commissions

Any rebates/commissions will be retained by SAFE as a credit towards future purchases unless payment via cheque is requested.

*\$6,000 is net of GST and is calculated after deduction of any discounts and before postage and other charges.

Monthly Statement

Networking Business members will be provided with a monthly statement by SAFE in order to help them manage their Qualified status and to provide information on the Reward Points and rebates/commissions received from their Rebate/Contact Levels. Only the names and monthly purchase volumes for Contact Level 1 will be shown. Contact Levels 2 to 5 and Super 6 Level will be summarised to retain privacy for non-direct Contacts.

The accumulated Reward Points balance will be displayed on the monthly statement.

The monthly statement will be dispatched to Networking Business members prior to the end of the month in order to allow members to make purchases that may be required to retain their Qualified status. Members who have not received their monthly statement should contact SAFE before the end of the month to check their Qualified status.

You (Rebate Level)
Rebate on Purchases: 10%
1 RP = \$0.10

Contact Level 1

Commission: 10%
1 RP = \$0.10

Contact Level 2

Commission: 10%
1 RP = \$0.10

Contact Level 3

Commission: 5%
1 RP = \$0.05

Contact Level 4

Commission: 5%

1 RP = \$0.05

Contact Level 5

Commission: 5%
1 RP = \$0.05

Super Level 6

Commission: 10%
1 RP = \$0.10

3. Industry Bulk Buyer

Businesses interested in bulk purchases may contact SAFE for information on bulk buy discounts. Any business must hold an ABN and operate within a related industry to be eligible. No Rewards Points will be allocated to Industry Bulk Buyer purchases. Industry Bulk Buyers are ineligible to operate their membership simultaneously within a network.

Once a member establishes themselves as an Industry Bulk Buyer, this membership may not be converted to a Self-use or Networking Business membership. Additionally, Self-use and Networking Business memberships cannot be converted to an Industry Bulk Buyer membership.

Important Information

GST: Goods and Services Tax (GST) is charged on all products and services offered by SAFE, unless they are exempt under the GST legislation. Goods being sent overseas will not attract Australian GST. Overseas customers may be charged a tax or duty by customs in their own country. SAFE is required to pay GST on rebates/commissions paid to members who operate as Australian businesses registered for GST. SAFE will generate tax invoices on behalf of those members.

Privacy Policy: Only a member's name and monthly Reward Points will be stated on their Introducer's monthly statement (if their Introducer is registered as a Networking Business). No further information will be provided by SAFE to other members. A copy of the Application Form will not be forwarded to a member's Introducer. Should an Introducer be requiring contact details of their Contact, these will need to be obtained directly from the Contact.

Definitions

Commissions: Qualified Networking Business members will obtain a monthly commission based on the Reward Points allocated to the purchases of the members within their Contact Levels. Please refer to the Commission Calculation section under Networking Business for further information.

Contact: A person that has been introduced to SAFE and has joined under an existing member (Introducer).

Contact Levels: The five (or six, if Super 6 is applicable) tiered levels of Contacts who have joined under a member. Contact Level 1 is comprised of the direct Contacts of a member. Contact Level 2 contains the Contacts of the members in Contact Level 1. Contact Level 3 includes the Contacts of the members in Contact Level 2 and so on. Contact Levels will be used for the calculation of commissions for Qualified Networking Business members.

Distributor: A member who has registered with SAFE to onsell products to the public and other members.

Introducer: An existing member who introduced you to SAFE. In the case that you wish to nominate that member, they will become your Introducer and could, if registered as a Networking Business, receive commissions based on your purchases. This person may be responsible for assisting you with product advice. Once nominated, a change in Introducer cannot be made. (Please refer to the Privacy Policy section under Important Information for details of information provided about you to your Introducer.)

Monthly statement: A document which assists a Networking Business member to achieve Qualified status. The monthly statement details rebates/commissions received and provides an accumulated Reward Points balance. Please refer to the Monthly Statements section under Networking Business for further information.

Qualified Status: In order to receive rebates/commissions, Networking Business members are required to purchase at least \$600 worth of product and services over a rolling 6 month period. Please refer to the Qualified Status section under Networking Business for further information.

Rebates: Qualified Networking Business members will obtain a monthly "refund" based on the Reward Points allocated to their own purchases. Please refer to the Commission Calculation section under Networking Business for further information.

Rebate Level: The level assigned to the purchases and rebates of a Networking Business member.

Rewards: Reward Points can be redeemed on a range of rewards offered by SAFE. Please refer to the Rewards section under Self-use for further information.

Reward Points: Reward Points (RPs) are earned on purchases of product and services from SAFE. Reward Points accumulate and can be redeemed for rewards. Please refer to the Rewards section under Self-use for further information.

Super 6: Qualified Networking Business members whose own purchases and the purchases of those in their Contact Level 1 total more than \$6,000 in a calendar month will receive a commission calculated at 10% of the Reward Points in Contact Level 6 in that month. Please refer to the Super 6 section under Networking Business for further information.



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