RULES OF ENGAGEMENT

**PREMISS:**

Adventace’s philosophy is to encourage and foster new business development efforts by all Licensees.

Adventace recognizes that for all Licensees to be encouraged to invest in the marketing of Adventace products, they have to be assured – to the point of absolute confidence - that their interests will be protected and respected by Adventace, and all Adventace licensees. Specifically, that means that all Licensees can be certain that their successful investments of time, resources and money in marketing to prospects and the development of client relationships will not be subject to forfeiture through inappropriate or unethical activities of others and only subject to forfeiture in the most extreme cases. Further, Adventace will actively protect the Licensees' prospect relationships (within the parameters defined below) and client relationships from any incursions from alternate sources of Adventace products.

Adventace wants to establish positive, rational and ethical standards for Rules of Engagement that clearly exist to primarily avoid channel conflicts through collective understandings by Adventace Licensees. By doing this, it is felt that both internal (Licensee) and external (client) conflicts can be avoided.

To encourage investment by all Licensees, assure and guarantee their continuing confidence and provide for the optimum treatment of potential clients as well as ongoing clients, Adventace has initiated the following policy:

**Rules & Process:**

All Licensees shall abide by the following Rules of Engagement:

1. Adventace will protect the client relationships of its Licensees. Adventace will not offer protected geographies, vertical markets or industry specializations that would prohibit other Licensees from pursuing such potential.
2. Licensees shall gain ownership of a prospect and earn the designation of 'protected client' when a fee-based activity has taken place with a prospect. Once ownership has been achieved, it shall remain so in perpetuity except as follows:

* No fee-based business has been realized from the ‘protected client’ by the Licensee for a period of a year.
* The Licensee has voluntarily relinquished exclusive marketing rights to the ‘protected client’.
* The client has communicated to Adventace directly that significant and chronic problems between them and the Licensee exist in the business relationship.
* No activity as measured in terms of forecasts, sales calls, proposals, letters, e-mails, invitations to seminars, or similar marketing activity is evident for a period of a year.
* The Licensee has exhibited behavior that is unethical, illegal, in violation of their Adventace agreement or egregiously inconsistent with the attributes of acceptable contemporary business practice.
* Another Licensee has indicated interest, and one or more of the above criteria exist.

1. Adventace shall afford Licensees with protected status on a bona fide prospect through the Licensees submission to Adventace of the Licensees' Letter of Understanding to a Power Promoter, including an Action Plan (i.e., an 'A' prospect). The prospect will remain protected while the Action Plan is being executed. Adventace will notify all Licensees of the protected status of a prospect through email or other means if requested to do so in writing by the Licensee.
2. Licensees can also receive protected status on a prospect prior to achieving the point of a Letter of Understanding to a Power Promoter if and only if the Licensee provides, in writing to the three-member Rules of Engagement Committee, a cogent reason for requesting the protected designation, and be able to articulate their strategy to pursue the business. To be fair to all Licensees in this open-territory system, and given the fact that our competitors too either already will have or will be seeking a relationship with the same prospects*, the threshold to be given protected status in this case will be extremely high.* Examples of factors the Rules of Engagement Committee will take into consideration may include but not be limited to the Licensees' proven ability to sell Adventace products to Executives, situations where the Licensee has succeeded in getting a client at a regional level to adopt Adventace as their standard and now has a plan to access key buyers to expand their relationship worldwide, and whether the prospect is already a client of the Licensee through the previous sale of an Adventace Alliance Partner product and the licensee can articulate a plan to now sell Adventace into the client. The Licensee must also request the reasonable duration of time they wish to protect the prospect. The Rules of Engagement Committee will solicit the Licensee network to determine if other Licensees are currently pursuing opportunities with the prospect. The Rules of Engagement Committee will either deny the request for protection, provide protection with limitations, or provide full protection, for a finite period of time. After the prescribed period of time, protection can only be achieved through progress demonstrated in a Letter of Understanding to a Power Promoter, including an Action Plan.
3. Adventace will not accept a prospect as a ‘protected prospect' for purely speculative, competitive or avaricious reasons. It would be outside the spirit of ‘protected prospect’ principles for Licensees to attempt to do so.
4. The ‘protected prospect’ or ‘protected client’ status may have limitations or restrictions placed on its status which would clearly define a specific division, location, geographic region, subsidiary or other defining characteristic that fixes the limits of protection afforded the Licensee.
5. Adventace will create and make best efforts to keep current a list of Adventace clients and prospects that have been designated as ‘protected prospect’ or ‘protected client’ by Adventace, and make this list available on request to a Licensee. That list will show the name, address and principle contact of the ‘protected prospect’ or ‘protected client’, the Licensee who has been assigned protected status, and any limitations noted above.
6. No alternate delivery channel will be given permission to market to the ‘protected prospect’ or ‘protected client’ of another Licensee by Adventace or Adventace Licensees.
7. Licensees are obligated to check the list of ‘protected prospects’ or ‘protected clients’ before initiating any marketing activity.
8. Only one Licensee will have exclusive permission to market to a ‘protected prospect’ or ‘protected client’, however, that Licensee may of his/her own accord, choose to collaborate with another Licensee to pursue potential in that ‘protected prospect’ or ‘protected client’. Such collaboration can be transparent to Adventace, and the entire responsibility for defining and managing the partnership will be that of the Licensee afforded the ‘protected prospect’ or ‘protected client’ status by Adventace.

**Remedy Process:**

In the event that an exception condition described in Clause 2 above occurs resulting in the question as to whether the 'protected client' status should be maintained:

1. In all such cases, Adventace will notify the Licensee by email that the ‘protected client’ status is under review. The Licensee will be given a remedy period of 90 days from receipt of notice from Adventace to produce convincing evidence to Adventace that the situation does not exist or is remedied. Adventace will take no action with the ‘protected client’ during the remedy period whatsoever, and the client will not be made aware of the internal review. Adventace will work to first resolve any existing issues, so the preponderance of situations will be resolved without a change in Licensee.
2. If such evidence is accepted by Adventace using reasonable standards, the email placing the ‘protected client’ under review shall be formally withdrawn, and the Licensee shall continue exclusive marketing rights to the ‘protected client’, uninterrupted.
3. If such evidence is not accepted by Adventace using reasonable standards, the ‘protected client’ status will be removed.
4. It is insufficient to justify removal of the status of ‘protected clients’ for the following reasons:

* Solely the desire by Adventace directly or another Licensee to market to a ‘protected client’ currently on another Licensee’s list.
* The desire by Adventace to make the ‘protected client’ a house account.
* Common and solitary issues that periodically develop between buyers and sellers such as invoicing problems, missed telephone calls, immaterial personality conflicts, unfounded rumors, or similar innocuous issues.
* The fact or feeling that more business could be obtained from the ‘protected client’ by another source of Adventace products.
* Issues unrelated to the ‘protected client’ that are problematic between Adventace and the Licensee.
* Organizational issues such as merger or acquisition, except when that merger or acquisition is with another ‘protected client’.

1. A Licensee by contractual agreement with Adventace shall not solicit, or attempt to solicit, the business of any prospect or client that is identified by Adventace as a 'protected prospect' or ‘protected client’ of another Licensee. Violation is subject to punitive measures as defined in Article 8 and in particular Article 8c of the Adventace License Agreement.
2. Licensees of Adventace are encouraged to collaborate and cooperate to increase the potential of the entire group, not compete.

**Process for Appealing a Decision by Adventace or the Rules of Engagement Committee, or for Resolving Disputes Between Licensees:**

1. Should a Licensee (or Licensees) disagree with any conclusion or action taken by Adventace, or disagree with any conclusion or action taken by the Rules of Engagement Committee, relating to the Rules of Engagement, that Licensee can appeal in writing within two weeks of a decision. Licensee(s) will be granted a conference with the Rules of Engagement Committee to reevaluate the conclusion of Adventace management or the Rules of Engagement Committee.
2. If an issue between Licensees relating to the Rules of Engagement proves to be unresolvable, the Licensees can request and will be granted a conference with the Rules of Engagement Committee to decide the dispute.
3. The Rules of Engagement Committee will consist of the CEO of Adventace, and two other Adventace Licensees. If any member of the Committee is deemed to have a potential conflict of interest, that member will remove him/herself from deciding that issue and the Committee will appoint another member.
4. The Rules of Engagement Committee will make a final, binding decision within one week of hearing an appeal or dispute. The Committee will review the situation in a fair and equitable way, and provide an opportunity for the Licensee(s) to discuss their perspective, and reasons for appeal or dispute, and present any written documentation they deem pertinent.
5. The Licensee(s) agree to comply with the final decision of the Rules of Engagement Committee, and the issue will be terminated fully.

**Merger or Acquisition of Adventace ‘protected clients’:**

1. Following an acquisition/merger, ideally one of the two Adventace Licensees will become the sole Licensee for the ‘protected client’. For accepted good business practice, only one organization will be responsible for the account, as this will provide clarity/continuity for the client.
2. The only exception to this rule should be if the client unilaterally and without coercion expresses an explicit desire to continue to have a separate commercial interface with both Licensees for separate and distinct parts of the clients organization. If this becomes the case, there will be two ‘protected clients’ named, as in the case of different divisions of a global organization. It is mandatory in this case, that each licensee’s marketing activity would not overlap, and solutions of a global nature would not be proposed, making such a division tenable, logical and in the client’s overall best interests.
3. In the case of a clear and published **acquisition**, the Licensee who receives ‘protected client’ status of the new entity is the Licensee who was previously assigned **acquiring** company. In this case, the two involved Licensees may fashion a methodology for working together, but the Licensee of the new entity has no obligation to do so.
   1. In the case of a real merger, documented by published information, the two Licensees will be encouraged to negotiate a plan with each other, consistent with the Adventace Rules of Engagement, and acceptable to the CEO of Adventace. If a successful negotiation is unattainable, the appeal process will be invoked automatically by the CEO of Adventace. The Rules of Engagement Committee will consider in part the following:
   2. Any valid written evidence (where valid means a document signed by the client), held by either Licensee, indicating the amount of future work which that Licensee could reasonably have expected had the acquisition/merger not taken place (e.g. a forward volume contract)
   3. The extent to which either Licensee is financially compensated by the client for the cancellation of any such forward volume agreement (e.g. as the result of the exercise of a cancellation clause)
   4. The notion of a diminishing degree (over time) of revenue sharing, and a final cut-off point.
4. The successful negotiation between the two Licensees will define such things as who will be assigned the ‘protected client’ status, if two ‘protected clients’ will be formed (conforming to paragraph 2 in the Merger or Acquisition of Adventace ‘protected clients’ section of this document), a fair and mutually accepted revenue sharing arrangement for a specified term, how the client will be consulted and notified and how future engagements will be handled including who will deliver courses.
5. Until the negotiation is finalized, all written communications with the client by either Licensee, must be copied to the other Licensee, and pertinent non-written information shared.

**Changes to Rules of Engagement:**

1. All changes to the existing Rules of Engagement will be made by the CEO of Adventace after careful and extensive consultations with Licensees. Licensees will be given an opportunity by the CEO of Adventace to react or make suggestions and changes to proposed changes to this vital policy prior to the changes being adopted.