

# **Living R3. LLC**

## **STATEMENT OF POLICIES AND PROCEDURES**

*Effective June 3, 2024*

*Last Revised June 3, 2024*

### **SECTION 1.0 – INTRODUCTION**

- 1.1 PURPOSE OF POLICIES AND INDEPENDENT CONTRACTOR STATUS
- 1.2 MUTUAL COMMITMENT STATEMENT
- 1.3 POLICIES AND COMPENSATION PLAN INCORPORATED INTO THE INDEPENDENT BUSINESS OWNER AGREEMENT
- 1.4 CHANGES, AMENDMENTS, OR MODIFICATIONS
- 1.5 DELAYS

### **SECTION 2.0 –BASIC PRINCIPLES**

- 2.1 BECOMING AN INDEPENDENT BUSINESS OWNER
- 2.2 NEW INDEPENDENT BUSINESS OWNER REGISTRATION
- 2.3 RIGHTS GRANTED
- 2.4 IDENTIFICATION NUMBERS
- 2.5 ONE BUSINESS PER INDEPENDENT BUSINESS OWNER
- 2.6 RENEWALS AND EXPIRATIONS OF THE INDEPENDENT BUSINESS OWNER AGREEMENT
- 2.7 BUSINESS ENTITIES
- 2.8 GOVERNMENTAL APPROVAL OR ENDORSEMENT

### **SECTION 3.0 –INDEPENDENT BUSINESS OWNER RESPONSIBILITIES**

- 3.1 TRAINING AND LEADERSHIP
- 3.2 CONSTRUCTIVE CRITICISM; ETHICS
- 3.3 NON-DISPARAGEMENT
- 3.4 REPORTING POLICY VIOLATION
- 3.5 SPONSORSHIP
- 3.6 CROSS SPONSORING PROHIBITION
- 3.7 ADHERENCE TO LAWS, REGULATIONS AND ORDINANCES
- 3.8 COMPLIANCE WITH APPLICABLE INCOME TAX LAWS
- 3.9 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED PARTIES
- 3.10 SOLICITATION FOR OTHER COMPANIES; OTHER BUSINESS RESTRICTIONS
- 3.11 PRESENTATION OF THE SALES OPPORTUNITY
- 3.12 COMPENSATION PLAN GOVERNS SALES REQUIREMENTS

### **SECTION 4.0 – ORDERING**

- 4.1 GENERAL ORDER POLICIES
- 4.2 CORRECT ADDRESS
- 4.3 INSUFFICIENT FUNDS
- 4.4 ERRORS OR QUESTIONS

## **SECTION 5.0 – PAYMENT OF COMMISSIONS AND BONUSES**

- 5.1 BONUS AND COMMISSION QUALIFICATIONS
- 5.2 BONUS AND COMMISSION ADJUSTMENT FOR RETURNS

## **SECTION 6.0 – REFUNDS/RETURNS**

- 6.1 CUSTOMER AND INDEPENDENT BUSINESS OWNER RETURN/REFUND POLICIES
- 6.2 PHYSICAL PRODUCT RETURN PROCESS

## **SECTION 7.0 – PRIVACY POLICY**

- 7.1 INTRODUCTION
- 7.2 EXPECTATION OF PRIVACY
- 7.3 EMPLOYEE ACCESS TO INFORMATION
- 7.4 RESTRICTIONS ON THE DISCLOSURE OF ACCOUNT INFORMATION
- 7.5 SECURITY AND SECURITY BREACHES

## **SECTION 8.0 – PROPRIETARY INFORMATION**

- 8.1 PROPRIETARY INFORMATION AND DATA MANAGEMENT RULE
- 8.2 OBLIGATION OF CONFIDENTIALITY
- 8.3 BREACH AND REMEDIES
- 8.4 RETURN OF MATERIALS

## **SECTION 9.0 – ADVERTISING, PROMOTIONAL MATERIAL, USE OF NAMES AND TRADEMARKS**

- 9.1 LABELING, PACKAGING, AND DISPLAYING PRODUCTS
- 9.2 USE OF NAMES AND PROTECTED MATERIALS
- 9.3 E-MAIL LIMITATIONS
- 9.4 INTERNET AND THIRD-PARTY WEBSITE RESTRICTIONS
- 9.5 SOCIAL NETWORKING AND SOCIAL MEDIA
- 9.6 ADVERTISING AND PROMOTIONAL MATERIALS
- 9.7 TESTIMONIAL PERMISSION
- 9.8 TELEMARKETING LIMITATIONS
- 9.9 INTERNATIONAL MARKETING POLICY

## **SECTION 10.0 – CHANGES TO AN INDEPENDENT BUSINESS OWNER’S BUSINESS**

- 10.1 MODIFICATION OF THE INDEPENDENT BUSINESS OWNER AGREEMENT
- 10.2 CHANGE SPONSOR OR PLACEMENT FOR ACTIVE INDEPENDENT BUSINESS OWNER
- 10.3 CHANGE SPONSOR OR PLACEMENT FOR INACTIVE INDEPENDENT BUSINESS OWNER
- 10.4 UNETHICAL SPONSORING

- 10.5 SELL, ASSIGN, DELEGATE OPPORTUNITY
- 10.6 SEPARATING A BUSINESS
- 10.7 SUCCESSION
- 10.8 RESIGNATION OR VOLUNTARY TERMINATION
- 10.9 INVOLUNTARY TERMINATION
- 10.10 EFFECT OF CANCELLATION

## **SECTION 11.0 – WARRANTIES AND LIMITATIONS OF LIABILITY**

- 11.1 WARRANTY; DISCLAIMER
- 11.2 LIMITATION OF LIABILITY

## **SECTION 12.0 – DISCIPLINARY SANCTIONS**

- 12.1 IMPOSITION OF DISCIPLINARY ACTION – PURPOSE
- 12.2 CONSEQUENCES AND REMEDIES OF BREACH

## **SECTION 13.0 – GRIEVANCES AND DISPUTE RESOLUTION**

- 13.1 GRIEVANCES
- 13.2 GOVERNING LAW
- 13.3 TIME LIMITATION
- 13.4 LIQUIDATED DAMAGES
- 13.5 DISPUTE RESOLUTION

## **SECTION 14.0 – MISCELLANEOUS**

- 14.1 SEVERABILITY
- 14.2 WAIVER
- 14.3 SUCCESSORS AND CLAIMS

## **SECTION 15.0 – DEFINITIONS**

## **POLICIES AND PROCEDURES**

### **1.0 INTRODUCTION**

#### **1.1 Purpose of Policies and Independent Contractor Status**

- A. Living R3, LLC (hereafter “Living R3” or simply the “Company”) markets products and services via direct sales channels to retail customers (“Customers”) through a network of independent business owners, known as IBOs. To clearly define the relationship that exists between IBOs and Company and to explicitly set a standard for acceptable business conduct, Company has established these Policies and Procedures.
- B. Company IBOs are required to comply with: (i) all of the terms and conditions set forth in the IBO Agreement, which Company may amend from time to time in its sole discretion; (ii) all federal, state and/or local laws governing their Company business; and (iii) these Policies and Procedures and all agreements incorporated herein.
- C. Company IBOs must review the information in these Policies and Procedures carefully. Should an IBO have any questions regarding a policy or rule, the IBO is encouraged to seek an answer from their Sponsor or any other upline IBO. If further clarification is needed, the IBO may contact Company Customer Service [support@livingr3.com](mailto:support@livingr3.com)
- D. Independent Business Relationship; Indemnification for Actions

**A Company IBO is an independent contractor and not a purchaser of a franchise or sales opportunity. Therefore, each IBO’s success depends on their independent efforts.**

**The Agreement between Company and its IBOs does not create an employer/employee relationship, agency, partnership, or joint venture between Company and the IBO.**

**A Company IBO shall not be treated as an employee of Company for any purposes, including, but not limited to without limitation, for federal or state tax purposes. All IBOs are responsible for paying federal, state, and local taxes due from all compensation earned as an IBO of Company. Any other compensation received by IBOs from Company will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). The IBO has no express or implied authority to bind Company to any obligation or to make any commitments by or on behalf of Company. Each IBO, whether acting as management of a Business Entity or represented as an individual, shall establish their own goals, hours, and methods of operation and sale, so long as they comply with the Terms of the IBO Agreement, these Policies and Procedures and applicable federal, state and local laws and regulations.**

The Company IBO is fully responsible for all of their verbal and written communications made regarding Company products, services, and the Compensation Plan that are not expressly contained within Official Company materials. IBOs shall indemnify and hold harmless Company, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorneys' fees and court costs incurred by Company as a result of the IBO's unauthorized representations or actions. This Provision shall survive the termination of the Company IBO Agreement.

IBOs may not answer the telephone by saying "Living R3," "Living R3, LLC" or by any other manner that would lead the caller to believe that they have reached the Company's corporate offices. An IBO may only represent that they are a Company IBO. Therefore, all correspondence and business cards relating to or in connection with an IBO's Company business shall contain the IBO's name followed by the term "IBO."

Company will collect and remit sales tax on IBO orders unless an IBO furnishes Company with the appropriate Resale Tax Certificate form. When orders are placed with Company, sales tax is prepaid based upon the suggested retail price. Company will remit the sales tax to the appropriate state, provincial and local jurisdictions. The IBO may recover the sales tax when they make a sale. Company IBOs are responsible for any additional sales taxes due on products/services marked up and sold at a higher price.

Company encourages each IBO to consult with a tax advisor for additional information for their business.

## **1.2 Mutual Commitment Statement**

Company recognizes that in order to develop a long-term and mutually rewarding relationship with its IBOs and Customers. Company and its IBOs must acknowledge and respect the true nature of the relationship between them.

- A. In the spirit of mutual respect and understanding, Company is committed to:
  - I. Providing prompt, professional and courteous service and communications to all of its IBOs and Customers;
  - II. Providing the highest level of quality products/services at fair and reasonable prices;
  - III. Exchanging the purchase or refunding the purchase price of any product, service or membership as provided in our Return/Refund Policy;
  - IV. Delivering orders accurately and expeditiously as possible;
  - V. Paying commissions accurately and timely; and

- VI. Offering IBOs an opportunity to grow with the Company.
- B. In return, Company expects that its IBOs will:
- I. Conduct themselves in a professional, honest, and considerate manner;
  - II. Present Company and product or service information in an accurate and professional manner in accordance with these Policies and Procedures and applicable laws and regulations;
  - III. Present the Compensation Plan, opportunity, and Refund/Return Policy in a complete and accurate manner;
  - IV. Not make exaggerated or unsubstantiated income claims;
  - V. Make reasonable efforts to support Customers and to support and train IBOs in their downline while exercising caution to avoid interference with other downlines;
  - VI. Not engage in cross-line recruiting, unethical competition, or unethical business practices;
  - VII. Accurately complete and submit the IBO Agreement and any requested supporting documentation in a timely manner; and
  - VIII. Refrain from acting in any way that may constitute harassment of any kind, such conduct may include, but not be limited to, derogatory or threatening comments, inappropriate sexual behavior including but not limited to unwelcomed sexual advances or requests for sexual favors, displaying visual images of a sexual nature, physical or verbal harassment, or violent behavior. IBOs are strongly encouraged to report any type of harassment incidents immediately. Company will not tolerate acts or threats of violence or other violative actions and will investigate all reports and will not hesitate to discipline or terminate an IBO who is found to have violated this provision.

### **1.3 Policies and Compensation Plan Incorporated into the Independent Business Owner Agreement**

When the terms “Agreement,” “Policies” or “Policies and Procedures” are used herein, the terms collectively refer to these Policies and Procedures, the Income Disclosure Statement, the Privacy Policy, the Compensation Plan, the IBO Agreement, if applicable, the Business Entity Registration Form, and any other items Company may incorporate from time to time that shall be a part of the contract between the Company and IBO. It is the responsibility of the Sponsoring IBO to provide the most current version of these Policies and Procedures (available on the Company website or upon request), the most updated

Income Disclosure Statement, and the Company Compensation Plan to each applicant prior to their execution of the IBO Agreement. Any IBO may receive these documents upon request to Company Compliance.

#### **1.4 Changes, Amendments, or Modifications**

- A. Because federal, state, and local laws and regulations, as well as the business environment, periodically change, Company reserves the right to amend the Agreement and the prices of Company products/services in its sole and absolute discretion. Notification of amendments shall appear in Official Company Materials. Amended provisions shall not apply retroactively to conduct that occurred prior to the effective date of the amendment(s) except where indicated, and only in the event that the IBO expressly agrees to the amendment applying retroactively.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY ABOVE, ANY AMENDMENT BY THE COMPANY TO THE DISPUTE RESOLUTION SECTION HEREIN SHALL ONLY TAKE EFFECT UPON AN IBO'S EXPRESS AGREEMENT TO SUCH AMENDMENT. AN IBO MAY INDICATE THEIR AGREEMENT TO SUCH PROPOSED AMENDMENT BY FOLLOWING THE INSTRUCTIONS ACCOMPANYING THE PROPOSED AMENDMENT THAT WILL APPEAR WHEN LOGGING IN TO THE CORPORATE WEBSITE OR THE IBO'S PERSONAL WEBSITE. COMPANY MAY TERMINATE THE IBO AGREEMENT OF ANY IBO WHO DOES NOT AGREE TO A PROPOSED AMENDMENT TO THE DISPUTE RESOLUTION SECTION WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE OF THE AMENDMENT. ANY SUCH AMENDMENT SHALL APPLY TO ALL CLAIMS BROUGHT BY COMPANY OR THE IBO ON OR AFTER THE EFFECTIVE DATE OF THE AMENDMENT, REGARDLESS OF THE DATE OF OCCURRENCE OR ACCRUAL OF ANY FACTS UNDERLYING SUCH CLAIM.**

- B. For purposes of this Section and others within these Policies and Procedures, it is imperative for IBOs to keep all contact information up to date for any such amendment, change, or modification shall be effective immediately upon notice by one of the following methods:
- I. Posting on the official Company website;
  - II. Electronic mail (e-mail); or
  - III. In writing through Company newsletters or other Company communication channels.

## **1.5 Delays**

Company shall not be responsible for delays or failures in performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, riot, war, fire, weather, pandemic, curtailment of a source of supply, or government decrees or orders. Company shall inform IBOs and Customers with any updates on any delays on a reasonable basis to the best of Company's ability for the particular circumstance behind such delay.

## **2.0 BASIC PRINCIPLES**

### **2.1 Becoming An Independent Business Owner**

- A. To become an IBO, an applicant must comply with the following requirements:
  - I. Be at least eighteen (18) years of age;
  - II. Have a valid address in (i) the United States; (ii) the territories of Puerto Rico or United States Virgin Islands (collectively, "U.S. Territories"); or (iii) a U.S. military base or U.S. embassy (i.e., an Army/Air Post Office, Fleet Post Office, or Diplomatic Post Office address) (collectively, "U.S. Jurisdictions"). You cannot use a post office box (other than on a U.S. military base or at a Diplomatic Post Office).
  - III. Have a valid taxpayer identification number (i.e., Social Security Number (SSN), Federal Tax ID Number (Employer Identification Number-EIN), Individual Taxpayer ID Number (ITIN)) that is not associated with an existing IBO account;
  - IV. Submit a properly completed and signed IBO Agreement to Company;
  - V. Submit payment of a \$55 (plus applicable tax) non-commissionable enrollment fee;
  - VI. Provide an e-mail address that is not already associated with an existing IBO account; and
  - VII. Submit, if applicable, the Business Entity Registration form if the IBO is to enroll as a business entity.

### **2.2 New Independent Business Owner Registration**

- A. A potential new IBO may self-enroll on the Company corporate website or a Sponsor's replicated website. Company will accept an electronic IBO Agreement by way of web-enrollment and one's "electronic signature" in place of a signed, physical copy. This electronic signature signifies that the new IBO has accepted the terms and conditions of



the IBO Agreement. ***Please note that such electronic signature constitutes a legally binding agreement between you and the Company.***

- B. Company reserves the right at its sole discretion to require signed paperwork for any account, regardless of origin.
- C. If requested, the signed IBO Agreement must be received by Company within seven (7) days of enrollment, unless otherwise stated in writing to the contrary.
- D. Signed documents are legally binding contracts which must not be altered, tampered with, or changed in any manner after they have been signed. False or misleading information, forged signatures or alterations to any document made after a document has been signed may lead to sanctions, including but not limited to involuntary termination of the IBO's business.
- E. In the event a MCM decided to later become a VIP Customer and to not participate within the Compensation Plan, Company will refund the difference between the MCM enrollment fee and the VIP enrollment fee if the request is submitted within thirty (30) days of enrollment. Otherwise, the ordinary cancellation procedures shall govern. Company reserves the right to act in its sole discretion in implementing this particular policy. As with all potential discretionary modifications, Company is not required to make such exceptions uniform to all individuals. Every request will be determined at the time submitted in conjunction with the facts submitted of each occasion.

### **2.3 Rights Granted**

- A. Upon Company's acceptance of IBO's registration, Company hereby grants to the IBO a non-exclusive right, based upon the terms and conditions contained in the IBO Agreement and these Policies and Procedures to:
  - I. Purchase Company products/services at a discount;
  - II. Promote and sell Company products/services; and
  - III. Sponsor new IBOs and Customers in the countries in which Company is operating.

### **2.4 Identification Numbers**

Upon enrollment, the Company will provide a unique IBO/Company Identification Number to the IBO by which they will be identified. This number will be used to place orders, structure organizations, and track commissions and bonuses.

### **2.5 One Business Per Independent Business Owner.**

An IBO may operate or have an ownership interest, legal or equitable, as an individual, sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Company business. No individual may have, operate or receive compensation from more than one Company business. Individuals of the same family unit may each enter into or have an interest in their own separate Company businesses only if each subsequent family position is placed frontline to the first family member enrolled. A “family unit” is defined as spouses and dependent children living at or doing business at the same address. The term family unit may be expanded at the discretion of the Company on a case-by-case basis for the purpose of fulfilling the intent of this provision.

## **2.6 Renewals and Expiration of the IBO Agreement**

- A. An IBO must submit payment of any and all renewal fees and fulfill all obligations within the Company Compensation Plan to remain active and eligible for commissions within the opportunity.
- B. If the IBO allows their IBO Agreement to lapse due to not fulfilling any of the obligations required, the IBO will lose any and all rights to their downline organization unless the IBO re-activates within sixty (60) days following the expiration of the Agreement or receives written communication from the Company to the contrary.
- C. If the former IBO re-activates within the 60-day time limit, the IBO will resume the rank and position held immediately prior to the expiration of the IBO Agreement. However, such IBO’s paid as level will not be restored unless their position or their entity qualifies at that payout level in the new month. The IBO is not eligible to receive commissions for the time period that the IBO’s business was inactive/expired.
- D. Any IBO who was terminated or whose Agreement has expired and lapsed the 60-day grace period is not eligible to re-apply for a Company business for twelve (12) months following the expiration of the IBO Agreement absent the Company granting an exception at Company’s sole discretion for that particular IBO.
- E. The downline of the inactive/expired IBO will roll up to the immediate, active upline Sponsor, or as otherwise determined at Company’s sole discretion so as to protect the integrity of the genealogy and to avoid any potential manipulation thereof.

## **2.7 Business Entities**

- A. A Business Entity may hold an IBO position by way of the Business Entity Registration Form. This IBO business and position will remain *temporary* until the proper documents are submitted. The Business Entity Registration Form stipulates the specific documents necessary for submission for the particular entity type, including but not limited to: Certificate of Incorporation, Articles of Organization, IBO Agreement or appropriate Trust documents. Company must receive these documents within seven (7) days from the date the IBO Agreement was signed, unless the Company states otherwise in a signed writing.

- B. An IBO may change their status under the same Sponsor from an individual to a Business Entity or from one business entity to another upon application to the Company. Each IBO must immediately notify the Company of any changes to the type of Business Entity they utilize in operating their Company business and the addition or removal of business associates. The IBO Agreement form must be signed by all of the shareholders, partners, or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to the Company. Company shall be responsible for contacting the business entity via the email or other contact information provided and Company has no obligation to contact all parties who may be associated with the Business Entity.

## **2.8 Governmental Approval or Endorsement**

There are no federal or state approvals for any direct sales companies or their compensation plans. Any statement to the contrary is false and a direct violation of these Policies and Procedures.

## **3.0 INDEPENDENT BUSINESS OWNER RESPONSIBILITIES**

### **3.1 Training and Leadership**

- A. Any IBO who sponsors another IBO into Company must perform an authentic assistance and training function to ensure their downline is properly operating their Company business. Sponsoring IBOs should have ongoing contact and communication with the IBOs in their downline organizations. Examples of communication may include, but are not limited to, newsletters, written correspondence, telephone, team calls, voicemail, e-mail, personal meetings, accompaniment of downline IBOs to Company meetings, training sessions and any other related functions the IBO finds necessary to further their independent business.
- B. A Sponsoring IBO should monitor the IBOs in their downline organizations to ensure that downline IBOs do not make improper product, income, or opportunity claims or engage in any illegal or inappropriate conduct.
- C. Upline IBOs are encouraged to motivate and train new IBOs about Company's products and services, effective sales techniques, the Company Compensation Plan and compliance with Company Policies and Procedures.

### **3.2 Constructive Criticism; Ethics**

- A. Company desires to provide its independent IBOs with the best products, services, and Compensation Plan in the industry. Accordingly, Company values constructive criticism and encourages the submission of written comments addressed to Company Compliance Department [support@livingr3.com](mailto:support@livingr3.com)
- B. **Code of Ethics**

- I. IBOs must show fairness, tolerance, and respect to all people associated with Company, regardless of race, gender, sexual orientation, social class, religion, or otherwise, thereby fostering a positive atmosphere of teamwork, good morale and community spirit.
  - II. IBOs shall strive to resolve business issues without Company intervention, including situations with upline and downline IBOs, by emphasizing tact, good will and taking care not to create additional problems. As independent contractors, IBOs are responsible for their own actions and disputes. Company shall intervene only in extreme situations where disputes cause further issues to the Company as a whole.
  - III. IBOs must be honest, responsible, professional and conduct themselves with integrity at all times.
  - IV. IBOs shall always present accurate information like proper disclaimers and access to the Income Disclosure Statement when encouraging prospects to join the Company. Moreover, as an IBO you agree to never intimidate nor engage in unlawful recruiting practices, including any suggestion that excessive inventory purchases are necessary to participate in Company or to be successful as a Company IBO.
  - V. IBOs shall always present the income claims and the opportunity in a presentable and truthful manner and to never present atypical income claims that would mislead or deceive a prospective IBO.
- C. Company may take appropriate action against an IBO if it determines, in its sole discretion, that an IBO's conduct is detrimental, disruptive, or injurious to Company or to other IBOs.

### **3.3 Non-Disparagement**

IBOs shall not make any oral, written, or electronic statement that disparages, defames, or reflects adversely upon the Company or any of Company's affiliates, vendors, owners, board members, directors, officers, employees, other IBOs, Company's products or services, or the Company Compensation Plan. IBOs shall also not make statements that unreasonably offend, mislead or coerce others. Such conduct represents a material breach of these Policies and may result in Company sanctioning or otherwise disciplining the IBOs in accordance with these Policies and Procedures as Company deems appropriate at its sole discretion for the particular instance in question.

This non-disparagement provision shall in no way be construed to apply to those individuals or entities that are merely purchasing and/or consuming the products or services of the Company. The Consumer Review Fairness Act (CRFA) prohibits prohibition on consumer reviews, but

Company is fully within its right to prohibit disparaging comments from those individuals or entities that act as employees or independent contractors marketing and selling Company products. The CRFA therefore does not apply here to IBOs who are independent contractors in all respects.

### **3.4 Reporting Policy Violation**

- A. An IBO who observes a policy violation by another IBO should submit a written and signed letter (*e-mail will not be accepted*) of the violation directly to the Company Corporate office. The letter shall set forth the details of the incident as follows:
  - I. The nature of the violation and specific facts to support the allegations;
  - II. Dates and number of occurrences;
  - III. The person/people involved; and
  - IV. Supporting documentation.
- B. Once the matter has been presented to Company, the Company Compliance Department will investigate the report thoroughly and decide what, if any, action should be taken.
- C. This Section refers to the general reporting of policy violations as observed by other IBOs for the mutual effort to support, protect, and defend the integrity of the Company business and sales opportunity. If an IBO has a grievance or complaint against another IBO which directly relates to their Company business, the steps set forth in these Policies and Procedures must be followed.

### **3.5 Sponsorship**

- A. The Sponsor is the person who introduces an IBO to Company, helps them complete their enrollment, and supports and trains those in their downline.
- B. Company recognizes the Sponsor as the name(s) shown on the first:
  - I. Physically signed Company IBO Agreement on file; or
  - II. Electronically signed IBO Agreement from either the corporate website or an IBO's replicated website.

- C. An IBO Agreement that contains notations such as “by phone” or the signatures of other individuals (i.e., Sponsors, spouses, relatives, or friends) is not valid and will not be accepted by Company.
- D. Company recognizes that each new prospect has the right to ultimately choose their own Sponsor, but Company will not allow IBOs to engage in unethical sponsoring activities.
- E. All active IBOs in good standing have the right to Sponsor and enroll others into Company. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one IBO may engage the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first IBO who presented a comprehensive introduction to Company products/services or sales opportunity with any dispute as to this definition to be resolved by the Company at the Company’s discretion.
- F. A Protected Prospect is a guest of any Company IBO who attended a Company event or conference call. For sixty (60) days following the event, a Protected Prospect cannot be solicited or sponsored by any other Company IBO who attended the same event. A Company event can be defined as, but not limited to, the following:
  - I. Any Company training session;
  - II. Conference call;
  - III. Fly-in meeting; or
  - IV. Presentation, including but not limited to a Company at home presentation, whether sponsored by Company, an IBO, a Customer, or an agent or agency designated by Company.

### **3.6 Cross Sponsoring Prohibition**

- A. “Cross sponsoring” is defined as the enrollment into a different line of sponsorship of an individual or Business Entity that already has a signed IBO Agreement. Actual or attempted cross sponsoring is strictly prohibited and may subject IBO to disciplinary sanctions including but not limited to termination.
- B. The use of another’s name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, fictitious ID numbers, or otherwise to evade or circumvent this policy is not permitted. Company has the absolute right to reject any IBO application or terminate any IBO Agreement when the Company reasonably believes this has been done.
- C. This policy does not prohibit the transfer of a Company business in accordance with Company Sale or Transfer Policy set forth herein and shall be left to the discretion of the Company on a case-by-case basis.

### **3.7 Adherence to Laws, Regulations, and Ordinances**

As independent contractors and business owners, IBOs are responsible for complying with all federal, state, and local laws and regulations. Cities and counties also have laws regulating certain home-based businesses, and IBOs shall be aware of their local ordinances to ensure they are operating appropriately.

### **3.8 Compliance with Applicable Income Tax Laws**

- A. Company will automatically provide a complete 1099-NEC form (nonemployee compensation) to each U.S. IBO whose earnings for the year is at least \$600 or who has purchased more than \$5,000 of Company products for resale, or who received trips, prizes or awards valued at \$600 or more. If earnings and purchases are less than stated above, these forms will be sent only at the request of the IBO, and Company may charge a fee to the IBO.
- B. IBOs accept sole responsibility for and agrees to pay all federal, state and local taxes on any income generated as an independent IBO, and further agrees to indemnify Company from any failure to pay such tax amounts when due.
- C. The IBO is fully responsible for providing any tax-exempt status to the Company.
- D. Company encourages all IBOs to consult with a tax advisor for additional information for their business. Company is shall not be held responsible for any tax implications IBOs may experience.

### **3.9 Actions of Household Members or Affiliated Parties**

If any member of an IBO's immediate household engages in any activity which, if performed by the IBO, would violate any provision of the Agreement, such activity will be deemed a violation by the IBO and Company may take disciplinary action pursuant to these Policies and Procedures against the IBO. If any individual associated in any way with a Business Entity violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and Company may take disciplinary action against the Business Entity. If an IBO enrolls in Company as a Business Entity, each affiliated party of the Business Entity shall be personally and individually bound to, and must comply with, the Terms and Conditions of the Agreement.

### **3.10 Non-Solicitation and Other Business Restrictions**

- A. IBOs may participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities (collectively, "Network Marketing"). However, during the Term of this Agreement and for one (1) year thereafter,

an IBO may not recruit any IBO or Customer for any other Network Marketing business, unless that IBO or Customer was personally sponsored by such IBO. The preceding sentence shall not be interpreted to permit an IBO to recruit one of their downline IBOs or Customers in an effort to have that IBO do the same. Company shall, in its sole discretion, have the ability to enforce this provision as it deems fit to fulfill both the purpose and the spirit of this non-solicitation provision. IBO shall not offer any type of contact information connected to any IBO to another party with the intent of having the other party solicit/recruit that IBO to consider any product, service, or income opportunity unrelated to Company.

- B. The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another IBO or Customer to enroll or participate in any Network Marketing opportunity and the active role of discouraging others from enrolling within the Company opportunity. This conduct represents recruiting even if the IBO’s actions are in response to an inquiry made by another IBO or Customer.
- C. IBOs shall never promote multiple Network Marketing opportunities or products/services of other Network Marketing opportunities on the same platforms as they market and sell Company products/services, at any Company-related event, seminar, training, convention, or immediately after such an event. IBO shall also not display or bundle Company products or services in sales literature, on a website, or in sales meetings with any other products or services. These are reasonable restrictions to avoid confusing or misleading a prospective Customer or IBO into believing there is a relationship between the Company and non-Company products, services, or opportunity and to prevent indirect solicitation.
- D. During the term of this Agreement, in order to avoid legal liability related to promotion of sales aids, you as an IBO shall not sell training materials or sales aids including published books, eBooks, videos, or other general miscellaneous training aids to your downline or other IBOs with prior written approval from the Company.
- E. A violation of any of the provisions in this Section shall constitute unreasonable and unwarranted contractual interference between Company and its IBOs and would inflict irreparable harm on Company. In such event, Company may, at its sole discretion, impose any sanction it deems necessary and appropriate against such IBO or such IBO’s business including termination, or seek immediate injunctive relief without the necessity of posting a bond.
- F. ***If at the time of enforcement of any provision of Section a court shall hold that the duration, scope or area restriction of any provision herein is unreasonable under circumstances now or then existing, you and Company hereto agree that the maximum restricted period, scope or territory reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.***



- G. ***If another Network Marketing entity brings any lawsuit, arbitration, or mediation against an IBO alleging that the IBO engaged in inappropriate recruiting activity of its sales force or Customers, the Company will not pay any of IBO's defense costs or legal fees, nor will the Company indemnify the IBO for any judgment, award, or settlement.***

### **3.11 Presentation of the Sales Opportunity**

- A. IBOs are required to comply with the following provisions when presenting the Company sales opportunity:
- I. IBOs shall never misrepresent or omit any significant material fact about the Compensation Plan.
  - II. IBOs shall never present that it is a requirement or encourage others to make a purchase from or payment to any individual or entity as a condition to participating in the Company opportunity other than those such fees that may be required for enrollment or purchases naturally required to build an IBO's business.
  - III. IBOs shall make it clear that the Compensation Plan is based upon sales of Company products and services to those who will use the product or service.
  - IV. IBOs shall make it clear that success can be achieved only through substantial independent efforts and must refrain from misrepresentations that include, but are not limited to:
    - a. It's a turnkey system;
    - b. The system will do the work for you;
    - c. Just get in and your downline will build through spillover;
    - d. The Company does all the work for you;
    - e. All you have to do is buy Company products/services every month.

***The above are just examples of improper representations. IBOs shall never provide representations that could lead a prospect to believe that they can be successful as an IBO without commitment, effort, and sales skill. Nothing is guaranteed. The Company reserves the right to determine what it considers an inappropriate claim and discipline the offender accordingly.***

- IV. IBOs shall never make unauthorized income projections, claims, or guarantees while presenting or discussing the Company opportunity or Compensation Plan. All claims must be typical results and shall be accompanied by Official Company Material.
- VII. Company will maintain an Income Disclosure Statement ("IDS"). The Company IDS is designed to convey truthful, timely, typical, and comprehensive information regarding the income that IBOs earn.

Income/earnings claims are considered to be any claim that explicitly or implicitly states the amount of income an IBO may expect to earn as an IBO. Hypothetical claims and lifestyle claims are considered income claims. Hypothetical claims include scenarios such numbers being provided in illustrating examples of the Compensation Plan. Lifestyle claims are statements such as my Company business allowed me to buy a house, retire from my other job, allow my spouse to quit his or her job, or take a luxury vacation.

When an IBO discuss their earnings as an IBO with Company, the Company explicitly requires any income claim no matter the platform or manner to include a variation of the following, “This is my unique story, as actual earnings can vary significantly as no income is guaranteed. But for typical earnings averages please click here,” with the “here” representing a link to the Company IDS.

### 3.12 Compensation Plan Governs Sales Requirements

- A. Company IBOs may purchase Company products and then re-sell them at any price they choose unless otherwise specified by Company. Company will provide suggested selling prices. There are no exclusive territories granted to any IBO. No franchise fees are applicable to a Company business. IBOs must check with Company as to appropriate prices before setting their own.
- B. The Company program is built on sales to those who are purchasing with the intent of using the product or service. Company encourages its IBOs to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. IBOs must never attempt to influence any other IBO to buy more products than they can reasonably use or sell to retail Customers in a month.
- C. ***No IBO’s earnings potential or success of their business will be conditional upon the amount of product an IBO personally purchases. Purchasing product solely for the purpose of collecting bonuses or achieving rank is prohibited.*** Company retains the right to limit the number of purchases an IBO may make if, in Company’s sole judgment, Company believes those purchases are being made solely for qualification purposes instead of for consumption or resale. ***“Bonus Buying” is strictly and absolutely prohibited.*** Bonus Buying includes but is not limited to: (i) the enrollment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (ii) the fraudulent enrollment of an individual or entity as Customer/IBO; (iii) the enrollment or attempted enrollment of non-existent individuals or Business Entities as Customers/IBOs (known as “phantoms”); (iv) purchasing Company products or services on behalf of another Customer/IBO, or under another Customer’s/IBO’s ID number, to qualify for commissions or bonuses; (v) purchasing excessive amounts of products or services that cannot reasonably be used or resold in a month; (vi) purchasing amounts of products or services for the purposes of qualification;

and/or (vii) 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.

## **4.0 ORDERING**

### **4.1 General Order Policies**

- A. IBOs shall never use another Customer's/IBO's credit card or debit checking account to enroll in Company or purchase products or services without the account holder's *written permission*.
- B. Regarding an order with an invalid or incorrect payment, Company will attempt to contact the IBO by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after five (5) business days, the order will be cancelled, and the IBO must submit the order again.
- C. If an IBO wants to move an order to another IBO's position, they must have prior authorization of all parties involved. Company may charge the IBO a fee for processing this request.
- D. All prices are subject to change without direct notice.
- E. A Customer/IBO who is a recipient of a damaged or incorrect order must notify Company within thirty (30) calendar days from receipt and follow the return procedures outlined herein.

### **4.2 Correct Addresses**

- A. IBOs have the responsibility to provide the correct shipping address before any orders are shipped and for the IBO to have up to date and accurate contact information for Company to communicate with IBO.
- B. IBOs will need to allow up to thirty (30) days for processing after the notice of address change has been received by Company.
- C. IBOs may be assessed a fee for returned shipments due to an incorrect shipping address or for any mislabeling of Customer information that would result in shifting Customers into another downline.

### **4.3 Insufficient Funds and Non-Payment**

- A. Company reserves the right to impose a fee, suspend, or terminate an account for insufficient funds. This shall be determined on a case-by-case basis.
- B. If there is an outstanding balance owed to Company by the personal Customer/IBO of an Upline IBO from non-sufficient fund checks, returned check fees or insufficient fund fees (ACH) will be withheld by Company from the Upline IBO's future bonus and commission checks on a case-by-case basis.
- C. All transactions involving returned checks or insufficient funds through ACH or credit card, which the IBO does not resolve in a timely manner, constitute grounds for disciplinary sanctions.
- D. If a credit card order or automatic debit is declined three times, the IBO's autoship order will be put on hold until a new payment method is provided.
- E. In the event that any IBO that fails to pay for product, services, or otherwise or receives product in error or for any reason gains access to services or possession of product absent payment for such, Company reserves the absolute right to postpone all future commissions, bonuses, or any other remuneration owed IBO until such products are returned, IBO has submitted said outstanding fees to Company, or IBO has remedied the situation to the satisfaction of the Company as detailed by the Company. Company reserves the right to use these withheld commissions due the IBO until the Company recovers the costs of the outstanding product or outstanding fees if IBO does not resolve the matter in a timely manner.

### **4.4 Errors or Questions**

If an IBO has questions about or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, the IBO must notify Company in writing within thirty (30) days of the date of the error or incident in question. Any such errors, omissions or problems not reported within thirty (30) days shall be deemed expressly waived by the IBO.

## **5.0 PAYMENT OF COMMISSIONS & BONUSSES**

### **5.1 Bonus and Commission Qualifications**

- A. IBOs must be an Active IBO to qualify for bonuses and commissions.
- B. Company will not issue a payment to an IBO without the receipt of a completed and signed Company IBO Agreement.
- C. Company reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$5.

- D. Company utilizes compression for its Compensation Plan. Compression occurs when there are Inactive IBOs, suspended IBOs, terminated IBOs and other instances in which Company finds, in its sole discretion, for compression to be in the best interests of the Company. Compression is defined as the mechanism in which the genealogy has been impacted to create an absence in the genealogy that disrupts the commission and bonus allotment. For example, if an IBO is Inactive, compression will result in searching the upline until an Active IBO is located. Commissionable volume will then “compress” to include all the volume generated by the inactive positions and disburse the volume to the next Active IBO. The Company is not obligated to compress volume in this fashion. In some situations, the Company may exercise its discretion to keep the volume for internal purposes. Compression shall be used to continue the effectiveness of the pay plan during temporary conditions that may occur when someone fails to meet the “Active” requirement for one pay period, e.g., Inactive, suspension, or leaves the opportunity entirely to leave a void in the genealogy.

## **5.2 Bonus and Commission Adjustment for Returns**

- A. IBOs receives bonuses and commissions based on the actual sales of products and services to end consumers. When a product or service is returned or a refund request is submitted and accepted, the bonuses and commissions attributable to the returned product or service will be deducted from the IBO who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.
- B. In the event that an IBO terminates their business, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by Company, the remainder of the outstanding balance may be offset against any other amounts that may be owed by Company to the terminated IBO. Company reserves the right to take any necessary action to recoup these funds and such action shall be determined on a case-by-case basis.

## **6.0 REFUNDS/RETURNS**

### **6.1 Customer and IBO Return/Refund Policies**

#### **Customer Return/Refund Policy**

All Customer returns/requests for refunds shall abide by the Return/Refund Policy found within the Company corporate website for the particular product/service in question. All IBOs must represent such policy in an accurate and complete manner.

#### **IBO Physical Product and Sales Aids Returns**

IBOs may return all generic sales aids and product purchased within twelve (12) months from the date of cancellation for a refund if the IBO is unable to sell or use the merchandise.

IBOs may only return sales aids they personally purchased from the Company under their IBO Identification Number, and which are in Resalable Condition. Any custom orders of printed sales aids (i.e., business cards, brochures, etc.) whereon the IBO's contact information is imbedded or hard printed, or has been added by the IBO, are not able to be returned in Resalable Condition and are nonrefundable.

Upon Company's receipt of the products and sales aids, the IBO will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s), less shipping and handling charges. If the purchases were made through a credit card, the refund will be credited back to the same credit card account. The Company shall deduct from the reimbursement paid to the IBO any commissions, bonuses, rebates or other incentives received by the IBO which were associated with the merchandise that is returned.

***IBOs have the right to cancel their position for a full refund subject to the terms of the Notice of Right to Cancel outlined within the IBO Agreement.***

## **6.2 Physical Product Return Process**

- A. All returns, whether by a Customer/IBO, must be made as follows:
  - I. Obtain Return Merchandise Authorization ("RMA") from Company;
  - II. Ship items to the address provided by Company Customer Service when you are given your RMA.
  - III. Provide a copy of the invoice with the returned products. Such invoice must reference the RMA and include the reason for the return.
  - IV. Ship back product in manufacturer's box exactly as it was delivered.
- B. All returns must be shipped to Company pre-paid, as Company does not accept shipping collect packages. Company recommends shipping returned product by UPS, USPS, or FedEx with tracking and insurance as risk of loss or damage in shipping of the returned product shall be borne solely by the Customer or IBO. If returned product is not received at Company Distribution Center, it is the responsibility of the Customer or IBO to trace the shipment.
- C. An IBO's return of \$500 or more worth of products accompanied by a request for a refund within a single calendar year may constitute grounds for involuntary termination, unless IBO is able to show good cause for such return. Company shall review and make its determination at its sole discretion.

## **7.0 PRIVACY POLICY**

### **7.1 Introduction**

Company takes privacy seriously and has imposed this section to ensure the basic principles of confidentiality and data protection as it relates to IBOs, downlines, and Customer lists. For more information on our overall Company Privacy Policy, please refer also to the Company's Privacy Policy.

Each IBO is responsible for keeping their IBO information current and accurate. Email accuracy is of utmost importance as this is how Company will generally contact IBO of any information. ***By agreeing to these Policies and Procedures, the IBO consents to the Company Privacy Policy and to receiving emails from Company as well as from their upline. IBO agrees that Company may share with IBO's upline their name, telephone number, address, email address and select sales performance data for all IBOs in their downline.*** No other data shall be shared with an IBO's upline without separate express permission from IBO to allow such personal information to be shared. ***IBO further acknowledges that information provided to Company by IBO will be shared with and processed by Company corporate offices.***

## **7.2 Expectation of Privacy**

Company will make reasonable efforts to safeguard the privacy of and maintain the confidentiality of its Customers'/IBOs' financial and account information and any non-public, personal information.

## **7.3 Employee Access to Information**

Company limits the number of employees who have access to Customer's/IBO's nonpublic personal information to those who need to know to further the Company's business.

## **7.4 Restrictions on the Disclosure of Account Information**

Company will not share non-public personal information or financial information about current or former Customers/IBOs with third parties, except as detailed within the Privacy Policy, permitted or required by laws and regulations or court orders, to serve the Customers'/IBOs' interests, or to enforce its rights or obligations under these Policies and Procedures, the IBO Agreement, or with express written permission from the accountholder on file.

## **7.5 Security and Security Breaches**

All IBOs must adopt, implement and maintain appropriate administrative, technical and physical safeguards to protect against anticipated threats or hazards to the security of confidential information, including Customer & IBO Data. These safeguards must be appropriate to the sensitivity of the information. Appropriate safeguards for electronic and paper records may include but are not limited to: (i) encrypting data before electronically transmitting it; (ii) storing records in a secure location; and (iii) password-protecting computer files and securely shredding paper files containing confidential information. IBOs must keep confidential information secure from all persons who do not have legitimate business needs to see or use such information. IBOs must ensure they obtain and maintain consent from prospective Customers/IBOs and existing Customers/IBOs before sharing such data with the Company.

IBOs must comply with all applicable privacy and data security laws, including any security breach notification laws. Without limitation of the preceding sentence, in the event of an actual or suspected Security Breach affecting Company's data, the applicable IBOs shall first promptly notify the Company Compliance Department in writing after becoming aware of such Security Breach, and if instructed by the Compliance Department, notify applicable Customers/IBOs. Any such notification to Customers/IBOs shall be made in compliance with applicable law and shall specify the following: (i) the extent to which Customer/IBO Data was or was suspected to be disclosed or compromised; (ii) the circumstances of the Security Breach; (iii) the date or period of time on which it occurred; (iv) a description of the information affected; (v) a description of the steps taken to reduce the risk of harm from the Security Breach; (vi) contact information for a person able to answer questions regarding the Security Breach; and (vii) in the case of a notice to a privacy commissioner or other regulatory body, an assessment of the risk of harm to any affected persons and an estimate of the number of persons affected. IBOs, at their expense, shall cooperate with Company, any applicable privacy commissioner or other regulatory body and the applicable Customers/IBOs and use their best efforts to mitigate any potential damage.

## **8.0 PROPRIETARY INFORMATION**

### **8.1 Proprietary Information and Data Management Rule**

The Data Management Rule (the "Rule") is intended to protect the Line of Sponsorship ("LOS") for the benefit of all IBOs, as well as the Company. LOS information is information compiled by the Company that discloses or relates to all or part of the specific arrangement of sponsorship within the Company business, including, without limitation, IBO lists, sponsorship trees, and all IBO information generated therefrom, in its present and future forms. The Company LOS, constitutes a commercially advantageous, unique, and proprietary trade secret ("Proprietary Information"), which it keeps proprietary and confidential. Company is the exclusive owner of all Proprietary Information, which is derived, compiled, configured, and maintained through the expenditure of considerable time, effort, and resources by the Company and its IBOs. Through this Rule, IBOs are granted a personal, non-exclusive, non-transferable and revocable right by the Company to use Proprietary Information only as necessary to facilitate their business as a Company IBO. The Company reserves the right to deny or revoke this right, upon reasonable notice to the IBO stating the reason(s) for such denial or revocation, whenever, in the reasonable discretion of the Company, such is necessary to protect the confidentiality or value of the Proprietary Information. *All IBOs shall maintain Proprietary Information in strictest confidence and shall take all reasonable steps and appropriate measures to safeguard Proprietary Information and maintain the confidentiality thereof. IBOs shall never use Proprietary Information to facilitate building outside of the Company absent exclusive permission from the Company in writing.*

The IBO acknowledges that business reports, lists of Customer and IBO names and contact information, and any other information, which contain financial, scientific or other information both written or otherwise circulated by Company pertaining to the business of Company (collectively, "Reports"), are confidential and Proprietary Information belonging to Company.

### **8.2 Obligation of Confidentiality**



During the term of the Company IBO Agreement and for a period of five (5) years after the termination or expiration of the IBO Agreement between the IBO and Company, the IBO shall not:

- I. Use the information in the Reports to compete with Company or for any purpose other than promoting their Company business;
- II. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing company.

Trade secrets, Company goodwill, and other Company know-how shall remain confidential beyond the 5-year period.

### **8.3 Breach and Remedies**

The IBO acknowledges that such Proprietary Information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Company and to independent Company businesses. Company and its IBOs will be entitled to injunctive relief or to recover damages against any IBO who violates this provision to enforce its rights.

### **8.4 Return of Materials**

Upon demand by Company, any current or former IBO shall return the original and all copies of all Reports to Company together with any Company Proprietary Information or information Company holds confidential in such person's possession.

## **9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF NAMES AND TRADEMARKS**

### **9.1 Labeling, Packaging, and Displaying Products**

- A. A Company IBO may not re-label, re-package, refill, or alter labels of any Company product or service, information, materials or program(s) in any way. Company products and services must only be sold in their original containers from Company. Such re-labeling or re-packaging not only violates Company policy, but also violates federal, state and local laws, rules, and regulations which may result in criminal or civil penalties or liability.
- B. A Company IBO shall not cause any Company product or service or any Company trade name to be sold or displayed in retail establishments except:

- I. Where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor’s offices, clinics, health clubs, spas and beauty salons); and
  - II. Where the retail establishment is owned or managed by the IBO and the store does not exceed one million dollars (\$1,000,000 million USD) in annual gross revenue, and there are five (5) or fewer stores under common ownership of management. This Section 9.1BII may be waived by the Company at its sole discretion if Section 9.1BI is satisfied.
- C. IBOs may seek a Retail Establishment Exception to the rule outlined in Section 9.1B by completing a Retail Establishment Exception form from Company and receiving approval of such Request following review from Company Compliance. Each Request is subject to review by Company Compliance in its sole discretion and an approval in one instance does not guarantee approval in any future instance for the same IBO or another IBO. Additionally, any IBO’s Exception status may be periodically reviewed and modified or removed.
- D. Company will permit IBOs to solicit and make Commercial Sales upon *prior written approval* from Company. For the purpose of these Policies and Procedures, the term “Commercial Sale” means the sale of:
- I. Company products that equal or exceed five thousand dollars (\$5,000 USD) in a single order;
  - II. Products sold to a third party who intends to resell the products to an end consumer.
- E. An IBO may sell Company products and services and display the Company trade name at any appropriate display booth (such as trade shows) only upon *prior written approval* from Company.
- F. Company reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products and services or the Company opportunity.

## 9.2 Use of Names and Protected Materials

- A. All promotional materials Company creates or supplies must be used in their *original* form and cannot be changed, amended or altered unless the IBO receives prior written approval from the Company.
- B. The name of Company, each of its product and service names and other names that have been adopted by Company in connection with its business are proprietary trade names, trademarks or service marks of Company. As such, these marks are of great value to

Company and are supplied to IBOs for their use only in an expressly authorized manner in connection with facilitating the IBO's Company business.

- C. IBO's use of the name "Living R3," or other Company owned or used names are restricted to protect Company's proprietary rights, ensuring that the Company protected names will not be lost or compromised by unauthorized use. Use of the Company name on any item not produced by Company is prohibited except as: [IBO's name] Independent Living R3 IBO. IBO shall never present themselves as speaking on behalf of the Company and shall always identify themselves as an Independent IBO of Company.
- D. IBOs shall not appear on or make use of television or radio or make use of any other media to promote or discuss Company or its programs, products or services without prior written permission from the Company Compliance Department. IBOs may not produce for sale or distribution any Company materials nor may an IBO reproduce Company audio or video clips for sale or for personal use without prior written permission from the Company Compliance Department.
- E. Company reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected IBO.
- F. ***IBOs shall not promote non-Company products or services in conjunction with Company products or services on the same websites or same advertisement without prior approval from the Company Compliance Department.***
- J. Claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Company may not be made except those contained in Official Company Material. ***In particular, no IBO may make any claim that Company products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims.*** Not only do such claims violate Company policies, but also, they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and the Federal Trade Commission Act. When marketing Company products, the IBO shall:
  - I. Only make product claims as the ones found on Company product labeling, Company advertisements, or Official Company Material. Per the Dietary Supplement Health and Education Act of 1994 (DSHEA), only Structure/Function, Qualified Health, and Nutrient Content Claims may be made regarding dietary supplements. **Therefore, the mentioning of ANY disease in conjunction with any Company dietary supplement is NOT compliant and cannot be tolerated.**
  - II. Understand that personal health testimonials regarding Company products posted on any company-sponsored, as well as personal social media platforms, are

considered by the Food and Drug Administration (“FDA”) to be product claims and therefore, subject to DSHEA regulations. Please take care to represent Company products truthfully and accurately. Even though the IBO or someone the IBO knows may have a specific experience with a specific disease, and even if a claim is a direct quote, it must adhere to these guidelines in order to be compliant and approved for use.

- III. Understand that “before and after” photos claiming results for conditions other than those indicated on the product labeling may not be used for any purpose. IBOs may use the “before and after” photos and product stories that Company publishes in support of the Company products. “Before and after” photos and product testimonials may be submitted for suggested publication via the Company Compliance Department.
- IV. Provide accurate and full disclaimers as to the specifics of any claim being made or presented.

### **9.3 E-mail Limitations**

- A. IBOs may not use or transmit email, mass email distribution, or “spamming” that advertises or promotes the operation of their Company business except when:
  - I. E-mailing any person who has given prior permission or invitation;
  - II. E-mailing any person with whom the IBO has established a prior business or personal relationship.
- B. IBOs are responsible for knowing the laws and regulations within their state and locales. An IBO may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer or other device), an unsolicited advertisement except as set forth herein or as permitted under the IBO’s laws and regulations.
- C. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:
  - I. A clear and obvious identification that the message is an advertisement or solicitation. The words “advertisement” or “solicitation” should appear in the subject line of the message;
  - II. A clear return path or routing information;
  - III. The use of legal and proper domain name true, correct name of the sender, valid senders’ e-mail address, and a valid sender physical address;

- IV. A clear and obvious notice of the opportunity to decline to receive further messages from the sender;
  - V. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;
  - VI. The date and time of the transmission; and
  - VII. Upon notification by recipient of their request not to receive further messages, an IBO shall not transmit any further messages to that recipient.
- D. All messages subject to this provision shall not include any;
- I. Use of any third-party domain names without permission;
  - II. Sexually explicit materials;
  - III. Illegal content.

#### **9.4 Internet and Third-Party Website Restrictions**

- A. IBOs may not use or attempt to register any of Company's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company's name or any derivative thereof, for any purpose.
- B. IBOs **MAY NOT** sell Company products, services or offer the sales opportunity using platforms such as eBay, or on online marketplaces like Etsy, Amazon, Craigslist, Facebook Marketplace, or any other similarly-related platform.

This rule is required for many reasons, including consumer protection, compliance with laws regarding the Company products/services and to protect IBOs from losing potential enrollments of Customers/IBOs who may be reluctant to engage in the Company sales opportunity because they view the third-party sites as a competitive source of supply or diminishing the product value and credibility.

- C. IBOs may only sell Company products/services through their Company replicated website ("Replicated Website") or the Company corporate website. IBOs may not have any other third-party websites (defined as a website that is not Company-approved). Please note that a third-party website does not include social networking and social media sites. Any IBO who wishes to develop their own third-party website must submit a properly completed third-party website application and agreement and receive Company's prior written approval before going live with such a website. Third-party websites may be used to promote your business and Company's products and services so long as the third-party website adheres to Company's Policies. Moreover, no orders may

be placed through third-party websites and no enrollments may occur through a third-party website. If you wish to use any third-party website, you must do the following:

- a. Identify yourself as an IBO for Company;
  - b. Use only the approved images and wording authorized by Company;
  - c. Adhere to the branding, trademark, and image usage policies described herein;
  - d. Adhere to any other provision regarding the use of a third-party website described in this document;
  - e. Agree to modify your website to comply with current or future Company Policies;
  - f. Abide by any other Company requests Company may make from time to time as it relates to legal and regulatory changes; and
  - g. Provide a redirect button to the Company's corporate website for enrollment and product purchases.
- D. An IBO shall stay up to date with all Company materials, product details, or otherwise so as to not provide outdated items on an IBO's pages.
- E. If any IBO cancels their position or is terminated for any reason, the IBO must assign said third-party site to the Company with seven (7) calendar days, unless the IBO and Company determine otherwise.

## 9.5 Social Networking and Social Media

- A. IBOs may join social networking and/or social media sites, online forums, discussion groups, and blogs to leverage the power of the Company brand and to communicate the benefits of the Company products and sales opportunity. Online social pages belonging to an IBO may be used to drive traffic to a Replicated Website or to the Company Corporate Website. Social networks and social media sites include but are not limited to sites such as Facebook, Instagram, Pinterest, LinkedIn, Twitter, and Tik Tok.
- B. Company-dedicated accounts on social media may never be used to promote other Network Marketing opportunities, other products or services. An IBO may post suggestions to visit, like, or follow the Company or their personal IBO page on their personal page. An IBO may also post artwork or other tangential-to-business posts on their personal pages, but no enticements, ads, offers, non-Company product announcements, etc. may be posted on the personal pages.
- C. ***PROFILES AN IBO GENERATES IN ANY SOCIAL COMMUNITY WHERE COMPANY IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE IBO AS A COMPANY IBO***, and when an IBO participates in those communities, IBO must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at Company's sole discretion, and offending IBOs may be subject to disciplinary action.

- D. ***IBOs are personally responsible for their postings and all other online activity that relates to Company or Company products.*** Therefore, even if an IBO does not own or operate a blog or social media site, if an IBO makes a post that relates to Company or which can be traced to the Company, the IBO is responsible for the posting. IBOs are also responsible for postings which occur on any blog or social media site that the IBO owns, operates or controls. Company reserves the right to require the removal of non-compliant or infringing posts from any IBO's social media pages and may terminate the position of any IBO who fails to do so. Postings that are false, misleading or deceptive are strictly prohibited. This includes, but is not limited to, false or deceptive postings relating to the Company, Company opportunity, Company products, and/or IBO information and credentials. Further, IBOs **MAY NOT** make any posting, or link to any posting or other material, that:
- I. Is sexually explicit, obscene, or pornographic;
  - II. Is profane, hateful, threatening, defamatory, libelous, harassing or discriminatory in any way, shape or form;
  - III. Is solicitous of any unlawful behavior;
  - IV. Engages in personal attacks on any individual, group or entity;
  - V. Is in violation of any intellectual property rights of the Company or any third party; or
  - VI. Is not consistent with the standards as set forth in these Policies and Procedures.
- E. IBOs shall not post anonymously or under an alias on any social network or social media site. IBOs shall also never use blog spam, spamdexing or any other mass-replicated methods to leave comments. Comments IBOs create or leave must be useful, unique, relevant and specific to the blog's article.
- F. IBOs shall refrain from engaging with negative comments and shall hold themselves to a higher standard of conduct. If an IBO has any issues with any particular comments, the IBO may report such comments to Company Compliance.
- G. If your Company business is cancelled for any reason, you must discontinue using the Company name, and all of Company's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all social websites that you utilize. If you post on any social website on which you have previously identified yourself as an independent Company IBO, you must conspicuously disclose that you are no longer an independent IBO. Absent such disclosure, IBO comments and actions may be construed as being taken on behalf of Company and IBO shall be responsible for indemnifying Company for such actions if any action is taken against Company.

- H. IBOs may wish to have “private” and/or “closed” social media groups, specifically Facebook Groups, for their particular Customers or for their particular downline. These groups are permitted as long as the groups are conducted and operated in a manner consistent with these Policies and Procedures. In order to create a particular social media group, the IBO organizing the group must inform Company’s Compliance Department [support@livingr3.com](mailto:support@livingr3.com) and invite ([compliance@livingr3.com](mailto:compliance@livingr3.com)) (“Compliance”) to the individual group so that Company may monitor the contents of the group and ensure that these Policies and Procedures are being appropriately followed. Compliance will not comment on, like, share, or otherwise interact with, a post within any specific group in which Compliance is a member. Compliance will review from time to time and make note of certain interactions or occurrences and notify Company and IBO if any potentially questionable or otherwise violative activity takes place that could warrant disciplinary action under these Policies and Procedures. These monitoring features will also permit Compliance to notify an IBO on the front end of a potential issue as opposed to having to take more extreme measures on the back end.
- I. IBOs may only invite IBOs and Customers to these groups and IBO has the obligation to ensure that this is the case.

## 9.6 Advertising and Promotional Materials

- A. IBOs shall not offer special enticement advertising. This includes, but is not limited to, offers of a free business, free shipping, or other such offers that grant advantages beyond those available through the Company.
- B. Advertising and all forms of communications must adhere to principles of honesty and propriety.
- C. To promote both the products and the opportunity Company offers, IBOs must use the sales aids and support materials Company provides. If Company IBOs develop their own sales aids and promotional materials, which includes online advertising, notwithstanding IBOs’ good intentions, they may unintentionally violate any number of statutes or regulations affecting the Company business. These violations, although they may be relatively few in number, could jeopardize the Company opportunity for all IBOs. Accordingly, IBOs must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for Company’s approval prior to use. Unless the IBO receives specific written approval to use the material, the request shall be deemed denied. All IBOs shall safeguard and promote the good reputation of Company, its products, and the opportunity. ***The marketing and promotion of Company, the Company opportunity, the Compensation Plan, and Company products or services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.***



- D. Company reserves the right to rescind its prior approval to comply with changing laws and regulations and may require the removal of such advertisements from the marketplace without obligation to the affected IBO.

## **9.7 Testimonial Permission**

As an IBO, IBO gives Company permission to use their testimonial, image, likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the Company sales opportunity, an IBO waives any right to be compensated for the use of their testimonial, image, or likeness even though Company may be paid for items or sales materials containing such testimonial, image or, likeness. In some cases, an IBO's testimonial may appear in another IBO's advertising materials. If an IBO does not wish to participate in Company sales and marketing materials, they should provide a written notice to the Company Compliance Department to ensure that their testimonial, image, or likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

## **9.8 Telemarketing Limitations**

- A. IBOs must not engage in telemarketing in relation to the operation of the IBO's Company business. The term "telemarketing" means the placing of one or more telephone calls, text messages or any other messaging service to an individual or entity to induce the purchase of Company products or services or to recruit them for the Company opportunity.
- B. The Federal Trade Commission ("FTC") and the Federal Communications Commission ("FCC") each have rules that restrict telemarketing practices. Both federal agencies, as well as a number of states have "do not call" regulations as part of their telemarketing laws and regulations.
- C. These regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the IBO to violate the law. These regulations must not be taken lightly, as they carry significant penalties.
- D. "Cold calls" or "state-to-state calls" made to prospective Customers, or IBOs that promote either Company products, services or the Company opportunity is considered telemarketing and is prohibited.
- E. Exceptions to Telemarketing Regulations

IBOs may place telephone calls to Customers or IBOs under the following limited situations:

- I. If the IBO has an established business relationship with the individual;

- II. In response to the individual’s personal inquiry or application regarding a product or service offered by the Company IBO within three (3) months immediately before the date of such a call;
  - III. If the IBO receives written and signed permission from the individual authorizing the IBO to call;
  - IV. If the call is to family members, personal friends, and acquaintances. However, if an IBO makes a habit of collecting business cards from everyone they meet and subsequently calls them, this may be considered this a form of telemarketing that is not subject to this exception;
  - V. Company IBOs engaged in calling “acquaintances,” must make such calls on an occasional basis only and not as a routine practice.
- F. IBOs shall not use automatic telephone dialing systems or automatic messaging services in the operation of his or her Company businesses.
  - G. Failure to abide by these policies shall subject IBO to disciplinary sanctions.
  - H. When becoming an IBO, IBOs gives permission to Company and other IBOs to contact them as permitted under the Federal Do Not Call regulations.
  - I. *In the event an IBO violates this Section, Company reserves the right to initiate legal proceedings to obtain monetary or equitable relief against the IBO.*

## **9.9 International Marketing Policy**

IBOs may only operate within and sell products and services to those individuals within the countries Company is established and permits such operations and sales.

## **10.0 CHANGES TO AN INDEPENDENT BUSINESS OWNER’S BUSINESS**

### **10.1 Modification of the Independent Business Owner Agreement**

IBOs may modify their existing IBO Agreement (i.e., change a social security number to a Federal ID number, add a spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the IBO) by submitting a written request, accompanied by a new IBO Agreement and the Business Registration Form, if applicable, completed with fresh signatures (not a “crossed out” or “white-out” version of the first Agreement), and any appropriate supporting documentation.

### **10.2 Change Sponsor or Placement for Active Independent Business Owner**

- A. Maintaining the integrity of the organizational structure is mandatory for the success of Company and IBOs. As such, under exceptional circumstances at the discretion of the Company, a request to change placement may only be made within the first thirty (30) days of initial enrollment as an IBO. Furthermore, such changes may only occur within the same organization at Company's discretion.
- B. Sponsors may make "Placement changes" from one IBO to another for personally Sponsored (frontline) IBOs during the first thirty (30) days of enrollment.
- C. New IBOs or their original Sponsor may request a change of Sponsor or placement within the first thirty (30) days of enrollment for the purpose of structuring an organization. The new IBO Agreement must be received within the calendar month for commission calculations to be effective with the requested change.
- D. To change or correct the Sponsor, an IBO must comply with the following procedures:
  - I. Submit a Sponsor Placement Transfer Form;
  - II. Submit a Company IBO Agreement showing the correct Sponsor and Placement and any appropriate supporting documentation;
  - III. The IBO Agreement must be a new, completed document bearing "fresh" signatures, not a "crossed-out" or "white-out" version of the first Agreement.
- E. Upon approval, the IBO's downline, if any, will transfer with the IBO.
- F. If one transfer has already been made for that IBO a fee may be assessed for the second and for each transfer thereafter.
- G. After the first thirty (30) days from initial enrollment, Company will honor the first Sponsor/Placement as shown upon enrollment.
- H. Company retains the right to approve or deny any requests to change Sponsor or Placement and to correct any errors related thereto at any time and in whatever manner it deems necessary. The acceptance of one change will never constitute the acceptance of future changes for that IBO or any other regardless of similarity in situation.

### **10.3 Change Sponsor or Placement for Inactive Independent Business Owner**

- A. At the discretion of Company, IBOs who remained inactive for a period of six (6) months, and who have not tendered a letter of resignation, are eligible to re-enroll in Company under the Sponsor/Placement of their choice.
- B. Upon written notice to Company that a former IBO wishes to re-enroll, Company will "compress" (close) the original account. A new Company ID number will then be issued

to the former IBO and IBO shall be enrolling as a new IBO with no prior rights, rank, title, or downline.

#### 10.4 Unethical Sponsoring

- A. IBOs shall not participate in unethical sponsoring activities. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging with IBOs of another's downline with the intent of acquiring them as your own.
- B. Allegations of unethical sponsoring activities must be reported in writing to the Company Compliance Department within the first ninety (90) days of enrollment. If the reports are substantiated, Company may transfer the IBO or the IBO's downline to another Sponsor, Placement or organization without approval from the current upline Sponsor or Placement IBOs. Company remains the final authority in such cases.
- C. Company prohibits the act of "Stacking." Stacking is the unauthorized manipulation of the Company compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline IBO in an unearned manner. One example of stacking occurs when a Sponsor places participants under an inactive downline without their knowledge in order to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior and may subject the IBO to disciplinary action.
- D. IBOs shall also not solicit or entice individuals of another company to become an IBO with Company as they bear the risk of interfering with the contract between that company and that individual. If any lawsuit, arbitration, or mediation is brought against an IBO alleging that they engaged in inappropriate recruiting activity of another company's sales force or Customers, Company will not pay any of IBO's defense costs or legal fees, nor will Company indemnify the IBO for any judgment, award, or settlement.

#### 10.5 Sell, Assign or Delegate Ownership

- A. IBOs may not sell or assign their rights or delegate their position as an IBO without *prior written approval* by Company, as approval will not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of Company.
- B. Prior to Company approval, the selling IBO must first offer their position to their upline Sponsor. The Sponsor shall have five (5) business days in which to accept the offer. If Sponsor accepts the offer, they must provide the Company with written notice of acceptance. If the Sponsor declines the offer, the selling IBO must then offer their position to the Company. If Company declines the offer, the selling IBO may offer the position to another buyer.

- C. If the sale is approved, the Buyer assumes the position of the Seller at the current qualified title and at the current paid as rank at the time of the sale. Buyer also acquires the Seller's downline.
- D. To request corporate authorization for a sale or transfer of a Company business, the following items must be submitted to the Company Compliance Department:
  - I. A Sale/Transfer of Business Form properly completed, with the requisite signatures;
  - II. A copy of the Sales Agreement signed and dated by both Buyer and Seller;
  - III. A Company IBO Agreement completed and signed by the Buyer;
  - IV. Payment of the required enrollment fee;
  - V. Any additional supporting documentation Company may request.
- E. Any debt obligations that either Seller or Buyer may have with Company must be satisfied prior to the approval of the sale or transfer.
- F. An IBO who sells their business is not eligible to re-enroll as a Company IBO in any organization for six (6) full calendar months following the date of the sale's closing.
- G. Protection of existing LOS must always be maintained so that the Company business continues to be operated in that LOS.
- H. The selling IBO must be in good standing with the Company in order to be eligible to sell, transfer, or assign a Company business.

## **10.6 Separating a Business**

IBOs sometimes operate their Company businesses as spouse-spouse partnerships or Business Entities. Separation or division of a Business Entity that holds an IBO position must be accomplished to not adversely affect the interests and income of other businesses up or down the LOS. If the separating parties fail to provide for the best interests of other IBOs and the Company in a timely fashion, the Company will involuntarily terminate the IBO position.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- A. One of the parties may, with consent of the other(s), operate the Company business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners, trustees, members or otherwise authorize the Company to deal directly and

solely with the other spouse or non-relinquishing shareholder, partner, trustee, member, or otherwise; or

- B. The parties may continue to operate the Company business jointly on a “business-as-usual” basis, whereupon all compensation the Company pays will be paid according to the status quo as it existed prior to the divorce or separation or dissolution. ***This shall be the default procedure if the parties do not agree on any contrary format and notify Company of such.***
- C. The Company will never remove a party to a position from an IBO account without that party’s written permission and signature. Under no circumstances will the downline organization of divorcing spouses or a separating or dissolving Business Entity be divided. Under no circumstances will the Company split commission and bonus checks between divorcing spouses or members of Business Entities. Company will recognize only one downline organization and will issue only one commission check per Company business per commission cycle. Commission checks shall always be issued to the same individual or Business Entity. In the event the parties to a divorce or dissolution 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 IBO position shall be terminated. If a former spouse has completely relinquished all rights in the original Company business pursuant to a divorce, they are thereafter free to enroll under any sponsor of their choosing without waiting six (6) 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 (6) calendar months from the date of the final dissolution before re-enrolling as an IBO. In either case, however, the former spouse or business affiliate shall have no rights to any IBO in their former organization or to any former Customer. The new IBO must develop the new business in the same manner as would any other new IBO.

## 10.7 Succession

- A. Upon the death or legal incapacity of an IBO, the IBO’s business may be passed on to their legal successors in interest (successor). Whenever a Company business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased or incapacitated IBO’s sales organization. The successor must:
  - I. Complete and sign a new IBO Agreement;
  - II. Comply with the terms and conditions of the IBO Agreement; and
  - III. Meet all of the qualifications for the last rank achieved by the former IBO.

- B. Bonuses and commission checks will be paid in a single check to the successor. The successor must provide Company with an “address of record” to which all bonus and commission payments will be sent. Payments will be based on the current performance of the business, not the highest rank or volume achieved.
- C. If the business is bequeathed to joint devisees (successors), they must form a Business Entity and acquire a Federal Taxpayer Identification Number. Company will issue all bonus and commission payments and one 1099-NEC form to the managing Business Entity only. Company will never split checks to send to multiple individuals.
- D. Appropriate legal documentation must be submitted to the Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a Company business, the successor must provide the following to the Company Compliance Department:
  - I. A certified copy of the death certificate or document; and
  - II. A notarized copy of the will or other appropriate legal documentation establishing the successor’s right to the Company business.
- E. To complete a transfer of the Company business because of incapacity, the successor must provide the following to the Company Compliance Department:
  - I. A notarized copy of an appointment as trustee;
  - II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee’s right to administer the Company business; and
  - III. A completed IBO Agreement executed by the trustee.
- F. If the successor is already an existing IBO, Company will allow such IBO to keep their own business plus the inherited business active for up to six (6) months. By the end of the 6-month period, the IBO must have compressed (if applicable), sold or otherwise transferred either the existing business or the inherited business.
- G. If the successor wishes to terminate the Company business, they must submit a notarized statement stating the desire to terminate the business, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.
- H. Upon written request, Company may grant a one (1) month bereavement waiver and pay out at the last “paid as” rank.

## **10.8 Resignation/Voluntary Termination**

- A. IBOs may immediately terminate their business by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:
  - I. The IBO's intent to resign and date of resignation;
  - II. Company Identification Number and reason for resigning; and
  - III. Signature.
- B. IBOs may not use resignation as a way to immediately change Sponsor or Placement and remains subject to the change of Sponsor and placement provisions as well as the re-enrollment policy.

### **10.9 Involuntary Termination**

- A. Company reserves the right to terminate an IBO's business for, but not limited to, the following reasons:
  - I. Violation of any provision in these Policies and Procedures;
  - II. Violation of any provision in the Compensation Plan;
  - III. Violation of any applicable law, ordinance, or regulation regarding the Company business;
  - IV. Engaging in unethical business practices or violating standards of fair dealing;
  - V. Conducting oneself in conduct the Company finds detrimental to the Company business and, in Company's sole discretion upon reasonable investigation, Company finds the IBO to no longer uphold the values Company finds necessary to operate a Company business; or
  - VI. Returning over \$500 worth of products, services and/or sales tools for a refund within a twelve (12) month period.
- B. Company will notify the IBO in writing, at their last known home address or e-mail address of its intent to terminate the IBO's business and the reasons for termination.
- C. ***IBO has seven (7) calendar days from notification of termination to reply to the decision and appeal to the Company for reconsideration.***
- D. If the termination is not rescinded, the termination will be effective as of the date of the original termination notice. The former IBO shall immediately lose all rights granted an IBO under these Policies. Company will notify the active upline Sponsor within ten (10)



calendar days after termination of the termination. The organization of the terminated IBO will “roll up” to the active upline Sponsor on record.

- E. The IBO involuntarily terminated by Company may not reapply for a business, either under their present name or any other name or entity, *without the express written consent of Company following a review by the Company Compliance Committee*. In any event, such IBO may not reapply for a business for twelve (12) months from the date of termination.

## **10.10 Effect of Cancellation**

- A. Following an IBO’s cancellation for inactivity or voluntary or involuntary termination (collectively, a “cancellation”) such IBO:
  - I. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the IBO’s former organization or any other payments in association with the IBO’s former independent business;
  - II. Effectively waives any and all claims to property rights or any interest in or to the IBO’s former downline organization; and
  - III. Shall receive commissions and bonuses only for the last full pay period in which they were active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to Company.

## **11.0 WARRANTIES AND LIMITATIONS OF LIABILITY**

### **11.1 Warranty; Disclaimer**

Company warrants to IBOs that the Company products as and when delivered by Company shall be free from material defects. Company’s sole obligation to IBOs, and IBOs’ sole and exclusive remedy, for breach of this warranty shall be to return any defective Company products and receive a replacement or refund. **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COMPANY HEREBY DISCLAIMS ALL OTHER WARRANTIES WITH RESPECT TO THE COMPANY PRODUCTS, THE SALES OPPORTUNITY, COMPANY MARKETING MATERIALS, COMPANY BUSINESS SUPPLIES, AND ANY OTHER SUBJECT MATTER OF THE IBO AGREEMENT, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NONINFRINGEMENT, ACCURACY OR COMPLETENESS OF CONTENT, RESULTS, LACK OF NEGLIGENCE OR LACK OF WORKMANLIKE EFFORT, AND CORRESPONDENCE TO DESCRIPTION.**

### **11.2 Limitation of Liability**

**NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY OR ANY FAILURE OF ESSENTIAL PURPOSE, IN NO EVENT SHALL AN IBO OR COMPANY, INCLUDING ANY OF ITS RELATED PARTIES, BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR EXEMPLARY, OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE, HOWEVER CAUSED, ARISING OUT OF OR RELATED TO THE IBO AGREEMENT OR THE SUBJECT MATTER HEREOF (INCLUDING BUT NOT LIMITED TO THE COMPANY PRODUCTS, THE OPPORTUNITY, COMPANY MARKETING MATERIALS OR COMPANY BUSINESS SUPPLIES), WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHER THEORY OF LIABILITY (INCLUDING BUT NOT LIMITED TO NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, EVEN IF THE IBO OR COMPANY (OR ANY OF ITS RELATED PARTIES) HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

**IN JURISDICTIONS THAT DO NOT GIVE EFFECT TO LIMITED LIABILITY OR EXCULPATORY CLAUSES, THIS PROVISION IS NOT APPLICABLE. IN JURISDICTIONS THAT ALLOW FOR EXCULPATORY OR LIMITED LIABILITY CLAUSES IN A LIMITED MANNER, THIS PROVISION IS APPLICABLE TO THE FULLEST EXTENT ALLOWED BY THE LAW OF SUCH JURISDICTION.**

## **12.0 DISCIPLINARY SANCTIONS**

### **12.1 Imposition of Disciplinary Action - Purpose**

Company reserves the right to impose disciplinary sanctions at any time, when it has determined that an IBO has violated these Policies and Procedures as they may be amended from time to time by Company.

### **12.2 Consequences and Remedies of Breach**

- A. Disciplinary actions may include one or more of the following:
  - I. Monitoring an IBO's conduct over a specified period of time to assure compliance;
  - II. Issuance of a written warning and/or requiring the IBO to take immediate corrective action;
  - III. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until Company receives adequate additional assurances from the IBO to ensure future compliance;
  - IV. Suspension from participation in Company or IBO events, rewards, or recognition;

- V. Suspension of the Company IBO Agreement and business for one or more pay periods;
- VI. Involuntary termination of the IBO's Agreement and business;
- VII. Any other measure which Company deems feasible and appropriate to justly resolve injuries caused by the IBO's Policy violations; OR
- VIII. Legal proceedings for monetary and/or equitable relief.

### 13.0 GRIEVANCES & DISPUTE RESOLUTION

#### 13.1 Grievances

- A. If an IBO has a grievance or complaint against another IBO regarding any practice or conduct relating to their respective Company businesses, they are encouraged to resolve the issue directly between themselves. If a dispute arises that exists outside the scope of the Company business, then the IBOs should not involve the Company unless it becomes detrimental to the Company and prohibits the IBO(s) from fulfilling their obligations hereunder.
- B. The Company shall be the final authority on settling such grievance or complaint regarding the IBO positions and the Company's written decision shall be final and binding on the IBOs involved.
- C. ***Company will confine its involvement to disputes regarding Company business matters only.*** Company will not decide issues that involve personality conflicts or unprofessional conduct by or between IBOs outside the context of a Company business. These issues go beyond the scope of Company and may not be used to justify a Sponsor or Placement change or a transfer to another Company organization.
- D. Company does not consider, enforce, or mediate third party agreements between IBOs, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- E. Process for Grievances:
  - I. The IBO should submit a written letter of complaint (e-mail will not be accepted) directly to the Company Compliance Department. The letter shall set forth the details of the incident as follows:
    - a. The nature of the violation;
    - b. Specific facts to support the allegations;

- c. Date(s) and number(s) of occurrences;
- d. Persons involved; and
- e. Supporting documentation.

II. Upon receipt of the written complaint, Company will conduct an investigation according to the following procedures:

- a. The Compliance Department will send an acknowledgment of receipt to the complaining IBO.
- b. The Compliance Department will provide a verbal or written notice of the allegation to the IBO under investigation if the Company finds the facts to warrant an investigation. If a written notice is sent to the IBO, they will have five (5) business days from the date of the notification letter to present all information relating to the incident for review by Company.
- c. The Compliance Department will thoroughly investigate the complaint and consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case-by-case basis, and the length of time to reach a resolution will vary.
- d. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during that time. IBO calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.
- f. Company reserves the right to take any preliminary disciplinary action as the investigation is ongoing at its sole discretion based on the individual facts.

E. Company will make a final decision and timely notify the Company IBOs involved.

### **13.2 Governing Law**

This Agreement is to be construed in accordance with and governed by the laws of the State of Oklahoma, without regard to its choice of law principles, and the Federal Arbitration Act shall govern the Dispute Resolution Agreement of these Policies and Procedures and the IBO Agreement without giving effect to any state law to the contrary.

### **13.3 Time Limitation**

If an IBO wishes to bring an action against Company for any act or omission relating to or arising from this Agreement, such action must be brought within one (1) year from the date of the alleged conduct first giving rise to the cause of action. *The IBO waives all claims that any other statutes of limitations apply.*

### **13.4 Liquidated Damages**

In any case which arises from or relates to the wrongful termination of the Agreement and/or an IBO's business, Company and the IBO agree that damages will be extremely difficult to ascertain. Therefore, the Company and the IBO stipulate that if the involuntary termination of the Agreement and/or loss of IBO's Company business is proven and held to be wrongful under any theory of law, the IBO's sole remedy will be liquidated damages calculated as follows:

- a. Liquidated damages will be in the amount of an IBO's gross compensation earned pursuant to the Company's Compensation Plan in the twelve (12) months immediately preceding the termination.
- b. *In any action arising from or relating to the Agreement, the Company business, or the relationship between the Company and an IBO, both Parties waive all claims for incidental and/or consequential damages, even if the other Party has been apprised of the likelihood of such damage. The Company and IBO further waive all claims to exemplary and punitive damages.*

### 13.5 Dispute Resolution

- A. **THIS PROVISION CONTAINS AN AGREEMENT THAT AFFECTS HOW CLAIMS AN IBO MAY HAVE AGAINST COMPANY, OR CLAIMS COMPANY MAY HAVE AGAINST AN IBO, WILL BE RESOLVED. THE PARTIES UNDERSTAND AND AGREE THAT THIS DISPUTE RESOLUTION AGREEMENT OPERATES AS A SEPARATE AND DISTINCT AGREEMENT THAT IS SEVERABLE FROM THE REMAINDER OF THE IBO AGREEMENT AND IS ENFORCEABLE REGARDLESS OF THE ENFORCEABILITY OF ANY OTHER PROVISION OF THE IBO AGREEMENT OR THE IBO AGREEMENT AS A WHOLE. CONSIDERATION FOR THIS DISPUTE RESOLUTION AGREEMENT INCLUDES, WITHOUT LIMITATION, THE PARTIES' MUTUAL AGREEMENT TO ARBITRATE CLAIMS. THE PARTIES FURTHER UNDERSTAND AND AGREE THAT THE UNENFORCEABILITY OF THE IBO AGREEMENT IN WHOLE OR IN PART SHALL NOT SUPPORT A FINDING THAT THIS DISPUTE RESOLUTION AGREEMENT IS UNENFORCEABLE. THE FEDERAL ARBITRATION ACT ("FAA") SHALL GOVERN THIS DISPUTE RESOLUTION AGREEMENT WITHOUT GIVING EFFECT TO ANY STATE LAW TO THE CONTRARY.**

Any controversy, claim or dispute of whatever nature arising between IBO, on the one hand, and Company and/or the Related Parties on the other, including but not limited to those arising out of or relating to the IBO Agreement or the breach thereof, the sale, purchase or use of the Company products/services, or the commercial, economic or other relationship of IBO and Company and/or the Related Parties (for purposes of this Section, each a "party"), whether such claim is based on rights, privileges or interests recognized by or based upon statute, contract, tort, common law or otherwise ("Dispute"), and any

Dispute as to the arbitrability of a matter under this provision, shall be settled through negotiation, mediation or arbitration, as provided herein.

- B. Negotiation and Mediation.** If a Dispute arises, the Parties shall first attempt in good faith to resolve it promptly by negotiation. Any of the Parties involved in the Dispute may initiate negotiation by providing notice (the “Dispute Notice”) to each involved Party setting forth the subject of the Dispute and the relief sought by the Party providing the Dispute Notice and designating a representative who has full authority to negotiate and settle the Dispute. Within ten (10) Business Days after the Dispute Notice is provided, each recipient shall respond to all other known recipients of the Dispute Notice with notice of the recipient’s position on and recommended solution to the Dispute, designating a representative who has full authority to negotiate and settle the Dispute. Within twenty (20) Business Days after the Dispute Notice is provided, the representatives designated by the Parties shall confer either in person at a mutually acceptable time and place or by telephone, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute.

At any time twenty (20) Business Days or more after the Dispute Notice is provided, but prior to the initiation of arbitration, regardless of whether negotiations are continuing, any Party may submit the Dispute to the Judicial Arbitration and Mediation, Inc. (“JAMS”) for mediation by providing notice of such request to all other concerned Parties and providing such notice and a copy of all relevant Dispute Notices and notices responding thereto to JAMS. In such case, the Parties shall cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of neutrals and in promptly scheduling the mediation proceedings. The Parties shall participate in good faith in the mediation either in person at a mutually acceptable time and place or by telephone or video call, in accordance with the then-prevailing JAMS’s mediation procedures and this Dispute Resolution Agreement, the latter of which shall control.

- C. Arbitration.** Any Dispute not resolved in writing by negotiation or mediation shall be subject to and shall be settled exclusively by final, binding arbitration before a single arbitrator or, for Disputes in excess of two million dollars (\$2,000,000 USD), a panel of three arbitrators, in Oklahoma County in the State of Oklahoma in accordance with the then-prevailing Comprehensive Arbitration Rules of JAMS. No Party may commence arbitration with respect to any Dispute unless that Party has pursued negotiation and, if requested, mediation, as provided herein, provided, however, that no Party shall be obligated to continue to participate in negotiation or mediation if the Parties have not resolved the Dispute in writing within sixty (60) Business Days after the Dispute Notice was provided to any Party or such longer period as may be agreed by the Parties. Unless otherwise agreed by the Parties, the mediator shall be disqualified from serving as an arbitrator in the case. *The Parties understand and agree that if the arbitrator or arbitral panel awards any relief that is inconsistent with the Limitation of Liability or Liquidated Damages provisions of these Policies and Procedures, such award exceeds the scope of the arbitrator’s or the arbitral panel’s authority, and any Party may seek*

*a review of the award in the exclusive jurisdiction and venue of the courts in Oklahoma County in the State of Oklahoma.*

Notwithstanding the foregoing, venue and jurisdiction for any claims or disputes arising under or relating to the IBO Agreement brought by residents of Louisiana shall be established pursuant to Louisiana law.

- D. **Waiver of Class Action and Jury Trial. THE NEGOTIATION, MEDIATION OR ARBITRATION OF ANY DISPUTE SHALL BE LIMITED TO INDIVIDUAL RELIEF ONLY AND SHALL NOT INCLUDE CLASS, COLLECTIVE OR REPRESENTATIVE RELIEF. IN ANY ARBITRATION OF A DISPUTE, THE ARBITRATOR OR ARBITRAL PANEL SHALL ONLY HAVE THE POWER TO AWARD INDIVIDUAL RELIEF AND SHALL NOT HAVE THE POWER TO AWARD ANY CLASS, COLLECTIVE OR REPRESENTATIVE RELIEF. THE PARTIES UNDERSTAND AND AGREE THAT EACH IS WAIVING THE RIGHT TO TRIAL BY JURY OR TO PARTICIPATE IN A CLASS, COLLECTIVE OR OTHER REPRESENTATIVE ACTION.**
- E. Although the IBO Agreement is made and entered into between IBO and Company, Related Parties are intended third-party beneficiaries of the IBO Agreement for purposes of the provisions of the IBO Agreement referring specifically to them, including this agreement to negotiate, mediate and arbitrate. The Parties acknowledge that nothing contained herein is intended to create any involvement by, responsibility of, or liability for, the Related Parties with respect to any dealings between IBO and Company, and the Parties further acknowledge that nothing contained herein shall be argued by either of them to constitute any waiver by the Related Parties of any defense which Related Parties may otherwise have concerning whether they can properly be made a party to any dispute between the other parties.
- F. To the fullest extent allowed by law: (i) the costs of negotiation, mediation and arbitration, including fees and expenses of any mediator, arbitrator, JAMS, or other persons independent of all Parties acting with the consent of the Parties to facilitate settlement, shall be shared in equal measure by IBO, on the one hand, and Company and any Related Parties involved on the other, except where applicable law requires that Company bear any costs unique to arbitration (which Company shall bear); and (ii) the arbitrator or arbitral panel or, in the case of provisional or equitable relief or to challenge an award that exceeds arbitral authority, the court, shall award reasonable costs and attorneys' fees to the person or entity that the arbitrator, arbitral panel, or court finds to be the prevailing party; provided, however, that if fees are sought under a statute or rule that sets a different standard for awarding fees or costs that override this provision, then that statute or rule shall apply.
- G. Nothing herein shall prevent Company from applying for or obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect Company's

interests prior to, during, or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

- H. Any Party may seek specific performance of this Section, and any Party may seek to compel each other Party to comply with this Section by petition to any court of competent jurisdiction. For purposes of any provisional or equitable relief sought under this Section, the Parties consent to exclusive jurisdiction and venue in the courts in Oklahoma County in the State of Oklahoma, or the United States District Court for the Western District of Oklahoma. The pendency of mediation or arbitration shall not preclude a Party from seeking provisional remedies in aid of the arbitration from a court of appropriate jurisdiction, and the Parties agree not to defend against any application for provisional relief on the ground that mediation or arbitration is pending.
- I. **ANY AMENDMENT BY COMPANY TO THE DISPUTE RESOLUTION AGREEMENT IN THIS SECTION SHALL ONLY TAKE EFFECT UPON AN IBO'S EXPRESS AGREEMENT TO SUCH AMENDMENT. AN IBO MAY INDICATE THEIR AGREEMENT TO SUCH PROPOSED AMENDMENT BY FOLLOWING THE INSTRUCTIONS THAT WILL APPEAR WHEN LOGGING IN TO THE COMPANY CORPORATE WEBSITE OR THE IBO'S REPLICATED WEBSITE. COMPANY MAY TERMINATE THE IBO AGREEMENT OF ANY IBO WHO DOES NOT AGREE TO A PROPOSED AMENDMENT TO THE DISPUTE RESOLUTION AGREEMENT IN THIS SECTION WITHIN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE OF THE AMENDMENT. ANY SUCH AMENDMENT SHALL APPLY TO ALL CLAIMS BROUGHT BY COMPANY OR THE IBO ON OR AFTER THE EFFECTIVE DATE OF THE AMENDMENT, REGARDLESS OF THE DATE OF OCCURRENCE OR ACCRUAL OF ANY FACTS UNDERLYING SUCH CLAIM.**

## 14.0 MISCELLANEOUS

### 14.1 Severability

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed but shall be construed as much as possible with the intent of the original provision in accordance with the applicable law. The remaining terms and provisions hereof shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies and Procedures.

### 14.2 Waiver

- A. *Only an officer of Company can, in writing, affect a waiver of the Company Policies and Procedures. Company's waiver of any particular breach or action of an IBO shall not affect Company's rights with respect to any subsequent breach, nor shall it affect*



*the rights or obligations of any other IBO. A waiver in one instance does not constitute a waiver at any other point for that IBO or for any other IBO likely situated.*

- B. The existence of any claim or cause of action of an IBO against Company shall not constitute a defense to Company's enforcement of any term or provision of these Policies and Procedures.

### **14.3 Successors and Claims**

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

### **15.0 DEFINITIONS**

**ACTIVE INDEPENDENT BUSINESS OWNER:** An IBO who satisfies the minimum volume requirements, if any, has paid any required fees, and remains in good standing under the Policies and Procedures and is eligible to receive bonuses and commissions under the Compensation Plan.

**AGREEMENT:** The contract between the Company and each IBO; includes the IBO Agreement, the Company Policies and Procedures, the Company Compensation Plan, and all other applicable forms incorporated herein, all in their current form and as amended by Company in its sole discretion. These documents are collectively referred to as the "Agreement" but may also be referred to herein as the "Policies and Procedures," or these "Policies."

**BUSINESS DAYS:** Monday through Friday, excluding the weekend days of Saturday and Sunday. If a day within a period of Business Days, for purposes of counting, falls on a Monday through Friday on which there is a national holiday in which, for example, federal banks are closed, then that day shall not count as a Business Day.

**BUSINESS ENTITY:** Any corporate entity including but not limited to sole proprietorship, corporation, limited liability company, partnership, or trust.

**CANCEL:** The termination of an IBO's business. Cancellation may be either voluntary, involuntary, or through non-renewal.

**COMPENSATION PLAN:** The guidelines and referenced literature for describing how IBOs can generate bonuses and commissions.

**CUSTOMER:** A Customer who purchases Company products and does not engage in building a business or retailing product.

**INDEPENDENT BUSINESS OWNER:** A generic term for any person or entity that has completed the IBO Agreement with the Company and fulfilled all requirements to participate within the career path.

An IBO is able to recruit other IBOs, sell products and services, and build a Company business and earn bonuses and commissions via retail sales.

**LINE OF SPONSORSHIP (LOS):** A report generated by Company that provides critical data relating to the identities of IBOs, sales information, and enrollment activity of each IBO's organization. This report contains confidential and trade secret information which is proprietary to Company.

**ORGANIZATION:** The Customers and IBOs placed below a particular IBO.

**OFFICIAL COMPANY MATERIAL:** Literature, audio or video tapes, and other materials developed, printed, published, and distributed by Company to IBOs.

**PLACEMENT:** Your position inside your Sponsor's organization.

**RECRUIT:** For purposes of Company's Conflict of Interest Policy, the term "Recruit" means the actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Company IBO or Customer to enroll or participate in another multilevel marketing, network marketing, or direct sales opportunity.

**RELATED PARTIES:** Company affiliates, owners, members, managers, and employees.

**RESALABLE:** Products shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused, 2) original packaging and labelling 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, and 4) the product contains current Company labelling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**SPONSOR:** An IBO who enrolls a Customer or another IBO into the Company, and is listed as the Sponsor on the IBO Agreement. The act of enrolling others and training them to become IBOs is called "sponsoring."

**UPLINE:** This term refers to the IBO or IBOs above a particular IBO in a sponsorship line up to the Company. It is the line of sponsors that links any particular IBO to the Company.

**Last Revised Date: July 23, 2024**