



 SeneGence™

Distributor Policies & Procedures Guide



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Distributor Policies & Procedures Guide

SGII, Inc. dba SeneGence International (hereinafter referred to as “Company”) is a direct sales company that encourages and supports the use and retail selling of its products through Independent Distributors (hereinafter referred to as “Independent Distributors”) throughout the United States and in such other territories and countries as Company has officially opened up for business. Company is a business built on the highest ethical standards, combining the best of the highest quality ingredients, a unique application system, and a generous marketing program. Company provides its Independent Distributors with the opportunity to improve their livelihoods while helping others to improve their personal appearance.

As an Independent Distributor, you are required to understand and agree to comply with the ethics, rules, regulations, policies, and procedures set forth in this *SeneGence International Distributor Policies & Procedures Guide* (hereinafter referred to as the “*Policies & Procedures*” or the “*Distributor Policies & Procedures*”) or that may be published by Company from time to time. Company reserves the right to amend and/or revise the *Policies & Procedures* as it deems appropriate at any time by publishing amendments or by revising the *Policies & Procedures* in whole. All amendments and future revisions shall become binding on all Independent Distributors at the time of such publication.

Company expects all Independent Distributors to comply with all federal, state, and local regulations governing Direct Sales, i.e., Network Marketing, Multi-Level Marketing, Party Plan, etc., and with other applicable laws. It is, therefore, very important that you read and understand the information in this *Policies & Procedures Guide*. If you have any questions regarding any policy, seek an answer from your sponsor, upline leader, or from the Compliance Department or Legal Department at the Company’s corporate office. Local standards may vary and it is your responsibility to comply with all laws, regulations, and ordinances of your locality.

Review the information in this *Policies & Procedures Guide* often. It (along with the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, and the *Distributor Compensation Plan*) explains and governs the relationship between you, as an Independent Distributor of Company’s products, and Company.

Section 1: Professional Ethics

Recognizing that individuals engaged in direct selling assume certain responsibilities toward both the Company and the consumers/end product users arising out of the direct sales method of distribution of their products and services, Company hereby sets forth the basic, fair and ethical principles and practices to which Independent Distributors must adhere to in the conduct of their business.

Independent Distributors shall:

1. Be honest and fair in all dealings as an Independent Distributor for Company, conforming to the standards and principles provided by the *Direct Selling Association Code of Ethics*, <http://www.dsa.org/consumerprotection/code-of-ethics>
2. Be courteous and respectful to every person contacted in the course of their SeneGence Distributorship.
3. Perform all of their professional activities in a way that enhances their reputation and the reputation of Company. This includes maintaining a neat and clean personal appearance, as well as displaying products in an orderly and attractive fashion. Refrain at all times from disparaging the good name and reputation of Company, in any manner, including but not limited to comments, written or oral, and actions that might reflect negatively upon Company.
4. Fulfill their leadership responsibilities as a sponsor, including training and otherwise supporting the Independent Distributors in their sales organization as described in this *Policies & Procedures Guide*.
5. Not engage in any deceptive, unlawful, or unethical consumer/distributor sales or recruiting practices.
6. Make no statements, promises, or testimonials which are likely to mislead consumers or prospective Independent Distributors.
7. Make accurate and truthful offers of products and services with respect to price, grade, quality, make, value, performance, quantity, currency of model and availability.
8. Deliver a written order or receipt to consumer at time of sale which sets forth clearly all charges, terms of sale, retail customer guarantee and the name and Distributor Identification Number of the Independent Distributor.
9. Make no therapeutic or curative claims for products.
10. Make no claims for any Company products that are not contained in the official Company literature.
11. Make no improper income representations or lifestyle representations to prospective Independent Distributors. *See also section 4Q of these Distributor Policies and Procedures*
12. Not solicit from the proprietary rolls or other "genealogical" printouts of other direct marketing companies or otherwise use information held as proprietary by other companies.
13. Conduct their SeneGence Distributorship in such a way as to respect the products and professionalism of other companies, realizing that SeneGence is an exciting way of bringing a vast array of products and services to the marketplace. In this way, each Independent Distributor will help promote the reputation of all reputable direct marketing companies and further the cause of personal independence and financial freedom for their Independent Distributors.
14. Make no false or misleading statements or omissions to Company.
15. At all times comply with the requirements and requests of Company in connection with the operation of the Distributorship as directed pursuant to these *Distributor Policies & Procedures*.

Company will not abide activity that it considers unethical or unprofessional by its Independent Distributors. Company will intercede when it deems such behavior evident, and reserves the right to use its sole judgment in deciding whether a particular Independent Distributor has acted inappropriately, and to discipline such Independent Distributor, including but not limited to termination of such Distributorship.

Section 2: Distributor Status

A. BECOMING A DISTRIBUTOR

An individual becomes an Independent Distributor of Company after a completed *Distributor Application and Agreement* has been received and accepted by the Company, and payment of the application fee is submitted and received (where applicable).

Prior to acceptance of the completed *Distributor Application and Agreement*, Company reserves the right to reject any individual *Distributor Application and Agreement*. This right may be exercised by Company in its sole discretion without reason or explanation. Upon such rejection, Company will refund any application fee submitted by the individual.

B. INDEPENDENT CONTRACTOR STATUS

Each Independent Distributor is an independent contractor and, therefore, shall never be considered a representative, agent, employee, partner, joint venturer, or franchisee of Company. As an independent contractor, each Independent Distributor is responsible for obtaining any license(s) required by law in his or her locality. In addition, each Independent Distributor is responsible for any and all expenses incurred in the operation of his or her Distributorship.

Independent Distributors may not represent themselves in any manner as being a representative, agent, employee, partner, joint venturer, or franchisee of Company, nor may Independent Distributors represent themselves as having any authority to bind Company to any obligation or contract.

Independent Distributors are independent contractors for all federal and state tax purposes, and will not be treated as agents, employees, partners, joint venturers, or franchisees with respect to the Internal Revenue Code, Social Security Act, Federal Unemployment Act, state unemployment acts, or any other federal, state, or local statute, ordinance, rule, or regulation.

All Independent Distributors shall comply with all federal, state, and local regulations and ordinances concerning the operation of their businesses. All Independent Distributors are responsible for their own managerial decisions, working hours, methods of sale, and expenditures, including all estimated income and self-employment taxes. At the end of each calendar year, Company will issue an IRS Form 1099 to U.S. Independent Distributors as required by law. Similar and required income or tax reporting will be made in any other territory or country in which an Independent Distributor is conducting business, as required by law.

C. NO PURCHASE REQUIREMENT

No person is required to purchase any Company product or service in order to become an Independent Distributor.

D. ANNUAL RENEWAL

The Distributorship is good for a term of one (1) year. Each Distributorship will be renewed automatically unless otherwise noticed by the Company or the Independent Distributor. In addition, Independent Distributors shall pay to Company an annual charge which covers the cost of newsletters, updates, promotions, and other miscellaneous costs. This annual charge will be due each year on the anniversary of the date the Independent Distributor provided to Company his or her *Distributor Application and Agreement*. If the Independent Distributor does not pay this charge on the anniversary, it will be charged at the time of the Independent Distributor's first order following the anniversary date. By paying this charge, Independent Distributors agree and confirm their agreement to the current revisions of the *Terms of Application and Agreement*, the *Policies & Procedures*, and the *Distributor Compensation Plan*, which may be updated and changed by Company from time to time and are available in the Distributor's back office website, www.senegence.com.

E. TERRITORIAL LIMITS

Independent Distributors are authorized to sell Company products only in the country and/or territory in which they were initially sponsored and applied. An Independent Distributor may not sell product, or have any interest in a Distributorship, in more than one country or territory.

All Independent Distributors may sponsor new Independent Distributors in the United States and in any other country or territory which Company has officially opened up for said opportunity, regardless of in which country or territory his or her Distributorship is located.

There are no exclusive territories for recruiting purposes. No Independent Distributor may sell Company product or sponsor new Independent Distributors within a country or territory which has not been officially opened for business by Company.

No Independent Distributor may purchase product in one country and ship it for sale, personally transport it for sale, or use any other means of distribution to sell product in another country, even if both countries have been officially opened for business by Company. Violations of territorial limits may result in immediate disciplinary action, including but not limited to termination of Distributorship.

For example:

A Canadian Independent Distributor cannot purchase product in Canada and ship it to the US for sale. Likewise, a US Independent Distributor cannot purchase a product in US and personally transport it to Mexico or Brazil for sale.

F. LEGAL AGE

An Independent Distributor shall be at least eighteen (18) years of age or the age of legal contractual capacity for the state or legal jurisdiction in which the applicant resides. No Independent Distributor shall knowingly recruit or sponsor someone under the age of eighteen (18) years.

G. CORPORATIONS, LIMITED LIABILITY COMPANIES, PARTNERSHIPS, AND TRUSTS

Corporations, partnerships, LLCs and trusts may become Independent Distributors for Company ONLY if the *Distributor Application and Agreement* is accompanied by copies of:

1. The Articles of Incorporation, Articles of Organization, Partnership Agreement, or trust documents as filed with the state; or otherwise registered by Company.

2. A complete list of all directors, or managers, officers, and shareholders involved in the corporation, or members of the limited liability corporation (partnerships must disclose all general and limited partners); and
3. Entities doing business under a fictitious business name must provide Company with a conformed copy of its fictitious business name filing.
4. Entities other than sole proprietors must provide Company with documented proof of EIN or FEIN as requested by Company.

H. MARRIED COUPLES AND DOMESTIC PARTNERSHIPS

Unless the Distributorships pre-date the marriage or domestic partnership, married couples or domestic partners, who elect to be a part of the distributorship of their spouse/partner must be enrolled/sponsored as a single Distributorship entity, and may not have any interest, directly or indirectly, or in any capacity, in another Distributorship. **Married individuals or Domestic Partners may not sponsor each other in any manner.** Further, no commission will be paid to one spouse or domestic partner based on the other spouse's/domestic partner's purchases, even in the circumstance where the separate Distributorships of each spouse pre-date the marriage or domestic partnership. The spouse/domestic partner of an Independent Distributor is considered by Company as having a beneficial interest in the Distributorship, regardless of whether the spouse/partner is registered as an applicant or not. A spouse or domestic partner who wishes to formally register as an Independent Distributor must apply as a co-applicant in his or her spouse's/ domestic partner's Distributorship, which application may be granted or denied by Company in its sole and unfettered discretion.

In no event shall Company be bound, or considered to be bound, by the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Policies and Procedures*, the *Compensation Plan*, or any other contractual document or agreement, in regard to any spouse who has not applied and been accepted as a co-applicant in his or her spouse's/partner's *Distributor Application and Agreement*.

I. FICTITIOUS BUSINESS NAMES

A person or entity may apply as an Independent Distributor using a fictitious name or "D.B.A." The proper legal name and Social Security Number or other taxpayer identification number, of the individual or individuals having rights to such fictitious names shall be properly disclosed by providing to Company a conformed copy of the filed application with which they were obtained.

J. IDENTIFICATION NUMBERS

All Independent Distributors are required by federal law to obtain a Social Security Number, Federal Employee Identification Number or Federal Tax Identification Number (or other similar number in the country in which the Distributor is registered), and to provide said number to Company. In addition, Company will assign an Independent Distributor Number to each Independent Distributor, and will use this number to register all Independent Distributors and to provide various services to Distributors.

K. CANCELLATION

The *Distributor Application and Agreement* may be terminated or cancelled at any time and for any reason by an Independent Distributor notifying the Company corporate office in writing of the election to sever the Distributorship relationship.

L. MULTIPLE INTERESTS

An individual may not participate in more than one Company Distributorship. A member of one partnership or corporation that is an Independent Distributor may not be involved in another Distributorship, including having a passive financial interest in such organization.

For example:

Partners in business, outside of SeneGence, may not opt to have one partner operating a SeneGence Distributorship as a “business account” using a Federal Tax ID, while the second partner operates a separate SeneGence Distributorship as a “personal account”. In this scenario, the personal Independent Distributor holds an interest in two separate Distributorships.

M. MINIMUM PRODUCT PURCHASE TO MAINTAIN DISTRIBUTORSHIP

After becoming an Independent Distributor, in order to maintain his or her Distributorship, each Independent Distributor must purchase a minimum of 100 PV (\$200 USD retail value) of commissionable product, per each successive six month period following his or her last purchase. Should an Independent Distributor fail to make this minimum purchase, his or her Distributorship will lapse, and thereafter additional purchases from the Company (or the exercise of any Distributor right) will require a new *Distributor Application and Agreement* and an application deposit (where applicable). If a Distributorship lapses pursuant to this provision, the Independent Distributor will lose all status, downline Independent Distributors, and future commissions. If the Independent Distributor chooses to reapply for a Distributorship, it will be as a new Independent Distributor with no status and no downline.

Section 3: Sponsoring and Training

A. SPONSORING

Independent Distributors are entitled to sponsor other Independent Distributors in the United States and its territories or possessions, and in any other country or territory which Company has officially opened up for the direct sales opportunity. Under no circumstances are Independent Distributors to be recruited, solicited, sponsored, or trained from any country not officially opened by Company to so legally do business. Independent Distributors are compensated only for sales as described in the *Distributor Compensation Plan*, not for sponsoring new Independent Distributors. Independent Distributors are only given recognition, i.e., rank advancements, reward programs, and other incentives based solely on their downline organization located in the country in which the Independent Distributor is enrolled.

B. TRAINING REQUIREMENT

Independent Distributors must fulfill the obligation of performing a bona fide sponsoring, supervisory, distributing, and selling function in the sale or delivery of product to the consumer/end product user and in the training of those sponsored. This means that Independent Distributors must have ongoing contact and communication with and provide supervisory support to their downline sales organization to foster the success of said downline. Independent Distributors are prohibited from refusing communication or contact with their downline.

Upon request, Independent Distributors shall provide evidence of their fulfillment of this responsibility to the satisfaction of the Company. Failure to perform these functions, or to

provide such satisfactory evidence of it may result in discipline of the Independent Distributor, up to and including the termination of such Distributorship.

C. MULTIPLE APPLICATIONS

If one applicant submits multiple *Distributor Application and Agreements* listing different sponsors, only the first completed and signed form to be received by the corporate office of Company will be accepted. In any such situation, Company reserves the right to make the final decision, in its sole discretion.

D. CHANGING SPONSORS

Changing of sponsors is not allowed. Once an Independent Distributor is sponsored, Company believes in the maximum protection of that relationship.

E. CROSS-LINE SPONSORING

No Independent Distributor shall engage in cross-line sponsoring. Cross-line sponsoring is defined as attempting to encourage existing Independent Distributors to cease or decrease their business building activities under their initial sponsor in order to participate in any way in an organization formed under a different sponsor. If an Independent Distributor is found to be participating in any way in a cross-line sponsoring endeavor, Company reserves the right to immediately suspend that entity or individual pending a final determination that may ultimately result in termination of such Distributorship.

F. NO STACKING OF DOWNLINE DISTRIBUTORS

Independent Distributors may only recruit and/or sponsor new distributors into their first level downline.

Section 4: Trademarks, Literature, and Advertising

A. USE OF COMPANY'S TRADEMARKED OR COPYRIGHTED MATERIAL

Company will not permit the use of its trademarked or copyrighted material, including but not limited to trademarks, trade names, logos, trade dress and artwork, and anything that is similar to Company trademarked or copyrighted material (hereinafter referred to as "trademarked or copyrighted material") without prior written permission from the Compliance Department or Legal Department.

B. COMPLIANCE PROCEDURE

Company requires Independent Distributors to obtain prior written permission for any use of its trademarked or copyrighted material. Independent Distributors must provide to the Compliance Department or Legal Department a final, media-ready copy of any and each use of trademarked or copyrighted material prior to publication or release. The Independent Distributor will then be issued an Approval Number. It is the obligation of the Independent Distributor to maintain a file with Approval Numbers and to provide Company with an Approval Number for a given use upon request.

C. COMPANY MATERIALS

All Company materials, whether on film, digital, printed, displayed on the Internet, transmitted via electronic communications, or produced by sound recording, are copyrighted and may NOT be reproduced without prior written permission from the Compliance Department or Legal Department.

D. COMPANY NAME

An Independent Distributor shall not at any time use the Company name or any of its trademarked or copyrighted material as part of his or her own corporation, LLC, proprietorship, partnership, or Distributorship business name. An Independent Distributor may not hold him or herself out to be, or imply in any other way that he or she is a representative, agent, employee, partner, joint venturer, and/or franchisee of the Company. The ONLY authorized use of the Company name by an Independent Distributor is in identifying him or herself as an “Independent Distributor,” which identification must be bold, clear, and prominent if used in conjunction with the Company name or any of its trademarked or copyrighted material and must include the Independent Distributor ID number.

For example:

“Independent Distributor for SeneGence® “ or “Independent Distributor of LipSense®”

E. PHONE AND VOICEMAIL GREETINGS

Independent Distributors may not answer their phones by saying “SeneGence,” may not record voicemail greetings as if they are the corporate office of Company, and may not in any other manner lead callers to believe that they have reached the corporate office of Company instead of an Independent Distributor. Each Independent Distributor must make it clear that they are an “Independent Distributor” of Company.

F. USERNAMES, EMAIL ADDRESSES, TELEPHONE DIRECTORY LISTINGS, AND OTHER DIRECTORY LISTINGS

No username, email address, or other identification of an Independent Distributor may in any manner lead others to believe that the Independent Distributor is the corporate office of Company instead of an Independent Distributor. Telephone directory listings or other directory listings must identify the Independent Distributor boldly, clearly, and prominently as an “Independent Distributor of SeneGence.” In addition, all directory listings must be placed under an appropriate topical heading (e.g. Cosmetics, Beauty Supplies, Skin Care) and must include the Independent Distributor’s ID number.

Any confusing or misleading usernames, email addresses, telephone or other directory listings, and any other confusing or misleading way any Independent Distributors identify themselves must be changed by the Independent Distributor immediately, at the request of the Company.

G. RADIO AND TELEVISION

Independent Distributors are prohibited from granting radio, television, newspaper, tabloid, or magazine interviews, from making public appearances and public speaking engagements, and from making any type of statement to the media to publicize Company, its products, or their individual Distributorship except with the express prior written approval of the Compliance Department or Legal Department. If the Compliance Department or Legal Department provide express written authorization, any interviews, public appearances, public speaking engagements, or any statement made to the media shall be made in accordance with the Marketing Media Guidelines.

H. RECORDING, BROADCASTING OR LIVE STREAMING

An Independent Distributor, unless specifically permitted in writing in advance by the Compliance Department or Legal Department, MAY NOT RECORD, BROADCAST OR LIVE STREAM any talk, presentation, or telephone call (whether made or received), webinar, live conference or training, or video conference by Company or any agent, representative, or employee of Company.

I. NON-COMPANY MATERIALS

An Independent Distributor may not make, manufacture, or obtain from any source other than the Company, promotional items or literature of any kind upon which trademarked or copyrighted material is imprinted, without prior written permission from the Compliance Department or Legal Department. This restriction includes all promotional gift items of any kind, all printed materials, and other items Independent Distributors may want to give to their customers or to prospective Distributors. Promotional items or literature may not be sold or marketed toward other Independent Distributors.

An Independent Distributor may not produce, sell, or distribute literature, films, or sound recordings that are deceptively similar in nature to, or likely to be confused with those produced, published, and provided by the Company for its Independent Distributors. Nor may an Independent Distributor purchase, sell, or distribute non-Company materials which imply or suggest that said materials originate from the Company.

J. PRINT AND DIGITAL MEDIA

Printed and digital advertisements, including display ads (signs, posters, banners, etc.), print ads (magazine, newspaper, etc.), direct mailings, flyers, brochures, and any other printed or digital items containing Company trademarked or copyrighted material must identify the Independent Distributor boldly, clearly, and prominently as an Independent Distributor of SeneGence and must include the Independent Distributor's ID number. Such printed and digital items must be submitted to the Company for approval, and may not be displayed, published, or disseminated without prior written permission from the Compliance Department or Legal Department. Any printed and digital advertisements shall be made in accordance with the Marketing Media Guidelines.

K. BUSINESS CARDS, LETTERHEAD, IMPRINTED CHECKS AND CAR DECALS

All business cards, letterhead, imprinted checks, car decals and any other materials utilized by the Independent Distributor must identify the Independent Distributor boldly, clearly, and prominently as an "Independent Distributor of SeneGence" and must include the Independent Distributor's ID number. Any changes and/or additions to the standard layout for business cards must be approved by the Compliance Department or the Legal Department. No business cards, letterhead, imprinted checks, car decals or any other materials utilized by the Independent Distributor may suggest that the owner is the corporate office, and any confusing or misleading materials used by the Independent Distributor shall be changed by the Independent Distributor immediately, at the request of the Company.

L. TESTIMONIAL RELEASE

In consideration of its grant of a Distributorship, Company, its subsidiaries, affiliates, agents, representatives, and anyone authorized by the Company, will have the right to use, in any and all media, Independent Distributors' photographs, names, likenesses, appearances, images, voices, statements, quotes, letters, endorsements, testimonials, and/or other information and materials supplied by Independent Distributors (hereinafter referred to as "Independent Distributor information and materials"). For this purpose, any and all recorded appearances taken or obtained by Company at any Company function at which Independent Distributor is present, shall be conclusively considered to have been supplied by Independent Distributor with such permission and subject to this grant. Under no circumstances shall Independent Distributor be entitled to any consideration for the use of Independent Distributor information and materials by Company.

These rights shall include the right to incorporate Independent Distributor information and materials in video or audio form, print ads, still photographs, catalogs, packaging, package inserts, and all other media. These rights include but are not limited to printing, copyrighting, reproducing, exhibiting, broadcasting, transmitting, publishing, editing, distributing, or otherwise using or licensing others to use Independent Distributor information and materials, in whole or in part, for purposes of advertising and promoting the Company and its subsidiaries and affiliates, or for any other purpose relating to the business of the Company. Said rights in favor of Company shall continue past the term of the Independent Distributor's Distributorship, in perpetuity.

The Company's use of Independent Distributor information and materials as described above will not violate the rights of the Independent Distributor, or of any person or organization. Said statements will be honest and truthful.

M. INTERNET RESTRICTIONS

The use on the Internet of any Company trademarked or copyrighted material, including but not limited to Company trade names, logos, artwork, and anything that is similar to Company trademarked or copyrighted material that has not been preapproved by the Company, shall be subject at all times to the general requirement that such use be specifically approved in writing by the Compliance Department or Legal Department, prior to any such use.

Any use on the Internet of trademarked or copyrighted material must identify the Independent Distributor boldly, clearly, and prominently as an "Independent Distributor of SeneGence" and must include the Independent Distributor's ID number. When included in listings of any kind, Independent Distributor websites must appear under the most appropriate topical heading available through that service. Where available, such listings can appear only in "Independent Distributor," "Independent Contractor," or "Distributor" categories, and the Distributor must list him or herself as an Independent Distributor rather than as "SeneGence" or anything that could cause consumers or anyone else to believe that the Independent Distributor is the Company's corporate office or anything other than an Independent Distributor of Company.

The use on the Internet of any trademarked or copyrighted material shall be specifically limited as follows:

1. Prohibited Uses:

- a. Trademarked or copyrighted material shall not be used as any part of a domain name or URL (Internet address), sub domain name, or page address. This policy applies to all domain names and URLs, regardless of the universal domain extension utilized.

For example:

www.ILoveSeneGence.com, www.ILoveSeneGence.biz, and <http://store.yahoo.com/LipSense.html> are all prohibited uses of trademarked or copyrighted material.

- b. Trademarked or copyrighted material shall not be used as any part of a meta tag or website description of an Independent Distributor's website. Further, such material shall not be used anywhere in the HTML source code of an Independent Distributor's website.

c. Independent Distributors may not place buttons, pop-up ads, banners, or any other type of Internet advertisement on any website, or anywhere on the Internet, using trademarked or copyrighted material.

For example:

Independent Distributors may not have a Sponsored Ad on Google (or any other search engine) using any of Company's trademarked names, i.e. SeneGence, LipSense, MakeSense, etc. The ad must only be searchable using non-trademarked names or materials.

d. Independent Distributors may not offer any Company product for sale on any auction site or other website where sale of product is conducted through the solicitation of offers on the Internet.

e. Independent Distributors may not in any way direct Internet traffic to unapproved websites or allow Internet traffic to be directed to unapproved websites using trademarked or copyrighted material.

f. Independent Distributors may not offer any Company product for sale on an Internet website that has not been approved by Company or does not link to a Company approved website (i.e. SeneSite). And, in no event may an Independent Distributor offer any Company product for sale on an internet website containing an online shopping cart or payment processing capability, other than on a company hosted website.

2. Limited Uses:

a. Trademarked or copyrighted material shall not be used as part of the content of any website or webpage, except (1) on a Company-approved website (e.g. SeneSite), (2) if specifically approved by Company to link to a SeneSite, or CDO site (3) as provided to the Independent Distributors by Company as a website page referencing the product and the Independent Distributor's SeneSite.

For example:

Independent Distributors may design and operate their own websites displaying their own personal (non-SeneGence) branding. If the website contains any SeneGence trademarked names or materials and is used to display, market, and/or sell SeneGence products, then it MUST link to a Company-sponsored shopping cart, i.e. SeneSite or CDO website, in order to complete any such sale of any Company product.

b. Any other link, or Instruction on such a website to go elsewhere to complete the purchase of Company product is prohibited.

c. Trademarked or copyrighted material shall not be used by Independent Distributors to register for any Internet search engine or other information retrieval system on the Internet.

N. EMAIL SOLICITATIONS

Unsolicited email advertisements ("spam") are specifically prohibited, and shall be deemed to constitute unethical activity by any Independent Distributor that sends such spam. It is the sole responsibility of the Independent Distributor to comply with all federal, state, and local laws relating to email marketing programs. Independent Distributors are strongly urged to

utilize reputable “opt-in” email address lists exclusively. Independent Distributors are required to provide a simple and straightforward way to opt out of any said email solicitation. The use of any trademarked or copyrighted material in an unsolicited email advertisement (“spam”) is specifically prohibited.

Independent Distributor, by virtue of his or her distributorship, irrevocably grants to Company the right to communicate to him or her via email, telephone, or any other common method of commercial communication, without regard to ‘anti-spam’, ‘do not call’ or other similar regulations, whether based in federal, state, local or international law.

O. MASS MAILINGS AND TELEPHONE SOLICITATIONS

The use of trademarked or copyrighted material may not be made with automatic calling devices, “boiler room” operations, or through unsolicited mass mailings to solicit Independent Distributors and/or retail customers.

P. SENESITES

No Independent Distributor shall have more than one “SeneSite” within the Company corporate website. Links from within a SeneSite directed to sites outside of the Company website, www.senegence.com, are not permitted. All Independent Distributor SeneSites will be audited by Company before release and at any time thereafter. Company reserves the right to deny release of or require changes to any SeneSite if the Company deems such action essential to protect the interests of Company. The images displayed on the SeneSite webpages are copyrighted and may not be downloaded or reproduced by Independent Distributors for any purpose.

Q. SOCIAL MEDIA

Social Media is a powerful tool that can create new opportunities and promote brand image if used properly, but it can also be damaging and harmful to businesses. Company promotes these Social Media policies to ensure that Independent Distributor and/or Company are not harmed through use and participation in Social Media.

It is important to understand and familiarize yourself with the Direct Selling Association’s (“DSA”) Code of Ethics and follow those guidelines when using all Social Media forums. [**DSA Code of Ethics:** http://www.dsa.org/docs/default-source/Code-of-Ethics/dsa_coereport_june2017.pdf?sfvrsn=2]

Social Media is any computer-mediated tool that allows people to create, share or exchange information, career benefits, ideas, pictures, videos, etc. through virtual communities and/or computer networks. These virtual communities and/or networks are known by many trade names, including, but not limited to, the following: Facebook[®], LinkedIn[®], Myspace[®], Twitter[®], Instagram[®], Snapchat[®], YouTube[®], and Periscope[®]. These communities also extend to participation in a blog and wiki page.

The use on Social Media of any Company trademarked or copyrighted material, including but not limited to Company trade names, logos, artwork, trade dress or anything that is similar to Company trademarked or copyrighted material, shall be subject at all times to the general requirement that such use be specifically approved in writing by the Compliance Department or Legal Department. *See section 4A.*

Any use on Social Media of trademarked or copyrighted material must identify the Independent Distributor boldly, clearly, and prominently as an “Independent Distributor of SeneGence” and must include the Independent Distributor’s ID number. When included in listings of any kind, Independent Distributor’s Social Media user profile must appear under the most appropriate topical heading available through the Social Media provider. The Independent Distributor must identify himself or herself as an Independent Distributor rather than as “SeneGence” or anything that could cause consumers or anyone else to believe that the Independent Distributor is the Company’s corporate office or anything other than an Independent Distributor.

Where available, such listings can appear only in “Independent Distributor,” “Independent Contractor,” or “Distributor” categories, and the use on Social Media of any trademarked or copyrighted material shall be specifically limited as follows:

1. Prohibited Uses.

- a. Trademarked or copyrighted material shall not be used as any part of a user profile, user name, topic identifier, subject identifier or any other means to identify yourself or the subject or topic matter of Independent Distributor’s Social Media post and/or comment. This policy applies to any Social Media utilized. All user profiles must clearly state Independent Distributor of SeneGence, and must include, the Independent Distributor’s ID number.

For example, the use of profile names and/or domain names or any other means to identify yourself on Social Media accounts with names such as, SeneGence Ladies, SeneGence.com/lips, LipSense Lady, BrowSense Broker, SeneGence Store, @senegencelips, @senegence, @lipsense, @senedermssolutions, would all be prohibited uses of trademarked or copyrighted material.

This also includes any words or phrases which are similar in either sight, sound or meaning to, or which intend to mimic, any trademarked or copyrighted material; such as LipSensation, LipNonSense, MakesSense, etc. Such determination shall be in the sole and unfettered discretion of Company.

- b. Independent Distributors may not place buttons, pop-up ads, banners, or any other type of advertisement on any Social Media post and/or comment using trademarked or copyrighted material, with the exception of Company provided graphics and artwork located in the Independent Distributor Back Office.

For example:

Independent Distributors may not have a Sponsored Ad on Google (or any other search engine) using any Company trademarked names, i.e. SeneGence, LipSense, MakeSense, etc. The ad must only be searchable using non-trademarked names or materials.

- c. Independent Distributors may not direct Social Media followers to any auction site or other website where sale of product is conducted on the Internet. Independent Distributor, however, may direct Social Media followers to their SeneSite™ or their Customer Direct Order Program™ (“CDO™”) site, if Independent Distributor participates in the CDO™ Program.

- d. Independent Distributors may not in any way purposely direct Social Media followers

to unapproved websites or allow Social Media followers to be directed to unapproved websites using trademarked or copyrighted material.

- e. Independent Distributors are prohibited from posting or otherwise communicating in any manner, comments or materials that, in the sole discretion of Company, is harmful to the good name or reputation of Company.
- f. Independent Distributors are prohibited from using any trademarks, copyrights, or other intellectual property of any third party, including but not limited to trade names, logos, artwork, celebrity likeness (image) or anything that is similar to a third party's trademarked or copyrighted material.

For example:

Independent Distributors may not post an image of any celebrity and make claims or representations of the color of LipSense that they may be wearing; or that they are wearing LipSense at all except where documented evidence exists that the celebrity is wearing and/or endorsing Company products.

2. Limited Uses.

- a. Trademarked or copyrighted material may be used as part of the content of any Social Media post and/or comment if it is: (1) a Company-approved post (e.g. a "share" on Facebook of a Company post, a "retweet" on Twitter of a Company post, etc.); (2) specifically approved by Company prior to posting and/or commenting (e.g. based upon Company distributed marketing materials); (3) provided to the Independent Distributors by Company as an approved Social Media tool referencing the product and to the Independent Distributor's SeneSite™ (e.g. available in the Back Office); or (4) a stock photo provided to the Independent Distributors by Company for use in marketing and development (e.g. available in the Back Office). Independent Distributors may personalize Company provided materials, but any personalization must otherwise comply with the *Distributor Policies and Procedures*.
- b. Independent Distributors shall ensure that all trademarks used are properly marked with the appropriate trademark notices indicating federal registration for registered marks or indicating common law notice for unregistered marks. The appropriate statutory notice indicating federal registration of a mark is "®", so that statutory notice would appear, for example, as LipSense®. The appropriate common law notice indicating an unregistered mark is "TM", so the common law notice would appear, for example, as DualSense™, SeneCare™, SeneCar™.
- c. Trademarked or copyrighted material shall not be used by Independent Distributors to register for any Social Media. For example, such material shall not be used as part of a user name, page name, group name, or web address (URL).

3. Guidelines.

- a. Where available, the Independent Distributor is encouraged to participate in a Company Social Media workshop/lecture in order to familiarize themselves with proper use and guidelines of the Social Media networks available to them; i.e. by attending the P.I.T Stop distributor training event.

b. If an Independent Distributor participates in Social Media, the following guidelines are designed to protect Independent Distributor and Company. These guidelines will assist Independent Distributor when using Social Media to promote their business and build customer loyalty.

Use Your Real Identity

Always use your real identity and properly disclose that you are an Independent Distributor of SeneGence and include your Independent Distributor ID number. If a Social Media post and/or comment may lead to confusion about whether or not you are an Independent Distributor, please note on your post and/or comment, e.g., “I am an Independent Distributor of SeneGence”, “Not affiliated with or an employee of SeneGence International”, “#independentdistributor”, “#distributorad”, etc.

Properly Disclose Advertisement Material

To avoid any claims of false or deceptive advertising, always disclose that your post and/or comment is an advertisement, e.g., “Independent Distributor Advertisement”, “#ad”, “#advertisement”, “#sponsored”, etc.

Do Not Make Any False Claims

- i. Make accurate and truthful statements in Social Media posts and/or comments about products and services with respect to price, grade, quality, make, value, performance, quantity, currency of model, and availability.
- ii. Do not make any statements in Social Media posts and/or comments with respect to earnings (actual or potential) and/or economic lifestyle (explicit or implied) as an Independent Distributor.
- iii. Do not make any statements, promises, or testimonials which are likely to mislead consumers or prospective Independent Distributors in Social Media posts and/or comments with respect to earnings (actual or potential) and/or economic lifestyle (explicit or implied) as an Independent Distributor.
- iv. Do not make any therapeutic or curative claims for products in Social Media posts and/or comments.
- v. Do not make any claims in Social Media posts and/or comments for any Company products that are not contained in the official Company literature.

Only Bind Yourself

Do not commit Company to do or not do any specific conduct. Your position as an Independent Distributor provides you with no authority to do so.

Do Not Make Financial Disclosures and/or Earnings Representations

- i. Do not comment or post any statements that disclose actual or implied financial performance or condition of Company. Likewise, do not comment or post any statements that state your income from your SeneGence Independent Distributorship or represent the actual or potential sales or earnings of Independent Distributors. Also, do not make any statements that could be deemed a violation of federal or state securities laws such as disclosure of nonpublic information.

These are examples of the types of comments or posts that are prohibited:

- “I earned more last month than I did last year”
- “I am making 6 figures a month”
- “My commission check last month was \$****
“I am making so much money as a SeneGence Independent Distributor that I quit my regular job”

- ii. Do not make any economic lifestyle claims regarding the benefits of a SeneGence Distributorship.

These are examples of the types of comments or posts that are prohibited:

- “SeneGence is paying for my car”
- “LipSense paid for my trip to Costa Rica”
- Posting of photos of expensive / high value assets and implying that your SeneGence Independent Distributorship paid for such items (cars, boats, houses, etc.)
-

Here are examples of things that you can say:

- “I earned a lease reimbursement on my SeneCar™”
- “I earned an all-expenses-paid trip to...”

Respect the Privacy of Others and Maintain Your Privacy

Do not ask other Independent Distributors or third-parties for their login credentials and/or passwords to their Social Media accounts. Likewise, do not provide your login credentials and/or passwords to your Social Media accounts to other Independent Distributors or third parties.

Do Not Make Malicious, Abusive, Threatening, Defamatory, or False Statements

- i. Social Media posts and/or comments should not be offensive or meant to harm someone’s reputation, and should not create a hostile environment due to: age (40 and over); ancestry; color; race; religion; gender; gender identity; gender expression; genetic information; marital status; medical condition, including those related to pregnancy, childbirth, or breastfeeding; denial of family and medical care leave; mental disability; national origin; physical disability; religious creed; sex; sexual orientation; past, current or prospective service in the uniformed services; or any other categories protected under applicable federal, state or local law.
- ii. Do not make any posts or comments that hold Company or another Independent Distributor in a bad light or in a manner that may harm the reputation of Company or its Independent Distributors.

- iii. Do not make any posts or comments that can be considered to be or are cyber-bullying, i.e., the intentional and repeated mistreatment of others through the use of technology, such as computers, cell phones and other electronic devices. Cyber-bullying involves the use of information and communication technologies to support deliberate, repeated, and hostile behavior by an individual or group that is intended to harm others or actually harms others.

Common Sense Principles Should Always Apply

Understanding and implementing these policies is important, but the reality is that the Independent Distributor's own experiences with Social Media will demonstrate to the Independent Distributor that the lines between public and private, personal and professional are often skewed and distorted. Should you engage in Social Media, you may be creating perceptions and opinions about Independent Distributors and/or Company without knowing or intending it, and, as such, always conduct your activities with common sense principles; be professional, be straightforward, be appropriate, and add value to the social discourse.

Reporting Unethical and/or Unlawful Conduct

If an Independent Distributor witnesses or sees something online that is potentially defamatory, maliciously false, unlawful, and/or unethical conduct against Company, Company trademarked or copyrighted material, and/or another Independent Distributor, please do not communicate or converse with the individual and please report such conduct to the Compliance Department or Legal Department immediately. Please provide evidence of such conduct in the form of screenshots or other copies of any such material with any report to the Compliance Department or the Legal Department.

4. SeneGence Monitoring and Enforcement.

All Social Media posts and/or comments may be audited by Company at any time. Company reserves the right to require changes to or deletion of any Social Media post and/or comments if the Company deems, in its sole and unfettered discretion, that such action essential to protect the interests of Company and its Independent Distributors. If the Independent Distributor fails to comply regarding such change and/or deletion requested, Company reserves the right to suspend and/or terminate Independent Distributor's SeneGence Distributorship. This Social Media Policy in these *Distributor Policies & Procedures Guide* is subject to change at the sole discretion of the e Compliance Department or Legal Department.

This policy is not intended to restrict communications or actions protected or required by federal, state or local law.

Section 5: Trade Shows, Expos, and Fairs

A. PARTICIPATION

Subject to the rights of Company set forth in these *Distributor Policies & Procedures*, Company products may be displayed and offered for sale, and the business opportunity may be offered at trade shows, expos, fairs, or other publicly-held events.

In order to protect the trademarked or copyrighted material of the Company and its public image, Company reserves the right to restrict Independent Distributor participation in such events, in all respects, including but not limited to pre-approval of the identity and number of Independent Distributors allowed to participate in any such event.

B. CODE OF CONDUCT

Certain standards and guidelines must be adhered to when participating in these types of events, and failure to do so may result in disciplinary action, including the termination of a Distributorship. The following are the guidelines and code of conduct for an Independent Distributor when participating in, displaying and/or selling Company products at trade shows, expos, fairs, or other publicly-held events:

1. Independent Distributors are required to refrain from predatory pricing when selling or displaying Company products. Predatory pricing and such undercutting of other Independent Distributors at trade shows, expos, fairs, or other publicly-held events is a serious infringement of other Independent Distributors' rights to earn the retail selling profit set forth in the *Distributor Compensation Plan*, and to economically participate in the opportunities these events present. Conduct of this nature will not be tolerated and is grounds for suspension or termination of the violating person's Distributorship. Nothing herein shall be interpreted to mean that predatory pricing in environments other than trade shows, expos, fairs, and other publicly-held events is condoned or will be allowed by Company.

2. Independent Distributors may only use Company-produced and/or approved literature and sales support materials when participating in, displaying and/or selling Company products, and undertaking sponsoring efforts, at public events. This includes banners, posters, art work, sales tickets, product information and brochures, and sponsoring information and brochures. All materials distributed at events must be approved by the Compliance Department or Legal Department according to the procedures described in Section 4, above.

3. Professional conduct and courteous behavior is expected of all Independent Distributors when participating in public events. Please make sure that the code of conduct between fellow Independent Distributors is clearly understood when selling and sponsoring efforts ensue at these events. It is important that all Independent Distributors, whether working together in a common booth or in separate booths, promote ethical behavior toward one another, and take care not to sell to or sponsor a fellow Independent Distributor's customer or contact.

4. Independent Distributors who intend to participate with others in trade shows or other events are encouraged to make agreements IN WRITING, prior to the event. Important terms for such agreements may include: the duration and date of the event, what supplies each Independent Distributor will bring, the number of people who will be working the booth, how each Independent Distributor will recruit during the event (i.e. define how to determine during the show in whose downline new Independent Distributors will be signed up), how sales will be recorded, and how and when proceeds will be divided. This agreement should state that it should not be changed without written consent of all Independent Distributors involved in the event, and all Independent Distributors involved should sign the agreement. **Company can only intervene in conflicts arising out of events when a violation of the *Policies & Procedures* has taken place, not in contract disputes between Independent Distributors.**

5. When booking trade shows, expos, fairs, or other publicly-held events, the booking or listing must be under the Independent Distributorship, not the Company or product name. However, at the same time, the booking or listing must make clear that the booth or space being rented is for the sale of Company product, so that double booking or overbooking of Company booths at any given event does not occur. In order to make this clear, Independent Distributors must use “SeneGence” as the first word of their listing when they register for any event. For example, a proper listing would say, “SeneGence Independent Distributor/ Jane Smith or “SeneGence/ Lip Colors, Inc., Independent Distributor.” It is advised that Independent Distributors specifically ask the promoter if other SeneGence Independent Distributors have signed up for a given event.

6. Company products may not be shown or displayed in the same booth with any other product which competes in the marketplace with any product available through Company or that is sold via multi-level marketing or direct selling methods. (See section 10 paragraph F)

7. Independent Distributors shall provide all purchasers of Company products with a written retail sales receipt which identifies the Independent Distributor, including the Independent Distributor’s ID number, and provides his or her contact information. Independent Distributors shall also prominently display a sign at their booth that identifies them as an “Independent Distributor” of Company and include their Independent Distributor ID number.

Should you have any questions regarding selling or sponsoring procedures at these types of events, please call Company and ask for the Compliance Department or Legal Department.

Section 6: Termination or Transfer of Business

A. TRANSFER OF A DISTRIBUTORSHIP – SUCCESSION

A Distributorship may not be transferred by any means, except by testamentary transfer through a valid and enforceable written testamentary instrument (i.e. a will or trust) upon the death of a current Independent Distributor in good standing. A Distributorship may not pass intestate or without a valid written testamentary instrument.

All beneficiary transferees must be fully aware that they must conduct SeneGence Distributorship in accordance with the *Distributor Policies & Procedures* as outlined in this document and in the *Terms of Application and Agreement*, and must sign a current version of the *Distributor Application and Agreement*. Company reserves the right to approve or disapprove at its sole discretion the proposed beneficiary transferee as an acceptable Independent Distributor. Current Independent Distributors are not eligible to accept (by any means, including testamentary) other SeneGence Distributorship(s). Transfer by testamentary instrument shall be handled on a case-by-case basis. Prior to approval of the testamentary transfer of a SeneGence Distributorship, Company must receive:

1. A certified copy of the decedent’s death certificate;
2. A copy of the will, trust, or other valid and enforceable testamentary instrument;
3. If a probate or other court proceeding is involved, a copy of the appropriate letters and/or court order;
4. Payment of a new Independent Distributor application deposit (where applicable) from the beneficiary/transferee (said payment shall not constitute an intent by Company to accept the pending transferee as a Distributor); and
5. A new *Distributor Application and Agreement* from the beneficiary/transferee, completed in full and signed by the appropriate individual(s).

Approved Distributorship transfers must be confirmed in writing by Company and shall be effective as of the first day of the month following the approval of the transfer. Company reserves a minimum of sixty (60) days to approve or disapprove the transfer. Once the transfer of the SeneGence Distributorship has been approved in writing, the transfer shall be on conditional status for a period of one (1) year from the effective approval date. During this period, it is mandatory that the beneficiary/transferee strictly adhere to the *Terms of Application and Agreement* and to the *Distributor Policies & Procedures*.

B. VOLUNTARY TERMINATION

An Independent Distributor may voluntarily terminate his or her Distributorship relationship with Company. Voluntary termination is effective upon receipt of such notice by the Company. Notification of the termination may be forwarded to affected parties. An Independent Distributor who voluntarily terminates his or her Distributor status may not participate in or apply for a Distributorship with Company, in any form or capacity, either alone or in conjunction with another, until six months after the date of said termination.

Upon notification of cancellation or termination, the Company will repurchase inventory and mandatory sales materials in accordance with its policies. In the event that the Company repurchases inventory from an Independent Distributor, that person may not again become an Independent Distributor (unless the person has prior written authorization by the Company to again become an Independent Distributor).

C. INVOLUNTARY SUSPENSION/TERMINATION

Any violation of the *Terms of Application and Agreement* or these *Distributor Policies & Procedures* could jeopardize certain aspects of the Company's business, or that of the Distributorship. In the event of violation(s), as determined by the Compliance Department or Legal Department, Company may elect to discipline Independent Distributors, including but not limited to termination of Distributorships.

Company may involuntarily suspend and/or terminate the Independent Distributor status of any Independent Distributor who violates the *Terms of Application and Agreement* or the *Policies & Procedures*, as they may be amended and/or revised from time to time. Notice of involuntary suspension and/or termination shall be sent to the Independent Distributor, in a manner consistent with the *Terms of Application and Agreement*, to the Independent Distributor's most recent address as shown in the Company records.

An Independent Distributor who has been involuntarily terminated may not participate in or apply for a SeneGence Distributorship, in any form or capacity, either alone or in conjunction with another person or entity, until twelve months after the date of said termination. Upon the submission of an application for another SeneGence Distributorship, Company may be withhold or refuse to grant such application for any reason or no reason, without explanation, in the sole and unfettered discretion of Company.

D. EFFECT OF SUSPENSION/TERMINATION

Upon suspension by Company, the suspended Independent Distributor shall not have the right to represent him or herself as an Independent Distributor for the Company, all rights to order products from the Company shall cease, and any commissions and/or bonuses due may be held in abeyance by Company pending resolution of any claims by Company, or outstanding monies due to the Company.

Upon termination by Company, the Independent Distributor shall additionally lose all rights and benefits associated with being an Independent Distributor, including but not limited to (1)

the right to receive any commissions, bonuses, or future payments thereof as a result of commissionable sales and/or downline sales volume, and (2) the right to solicit or sponsor Independent Distributors of Company products.

Termination is retroactive to the beginning of the commission period in which the termination is effective. Payment of commissions and/or bonuses to the terminated Independent Distributor will be made only for business completed during the last full commission period prior to termination.

E. ACTION REVIEW

An involuntarily suspended or terminated Independent Distributor may request that Company review and reconsider the action by submitting, in writing, the grounds for the review or reconsideration. This request must be sent pursuant to Section 10, Paragraph Q of these *Distributor Policies & Procedures*, and must be received by Company within twenty (20) calendar days of the date of the Company's notice of suspension or termination. If the Company has not received a request for review or reconsideration within the specified time, the Company's termination or suspension shall automatically become final.

If an Independent Distributor submits a timely request for review, Company will, at its sole and unfettered discretion, review and reconsider the suspension or termination and notify the Independent Distributor of its decision. The decision of Company shall be final and subject to no further review. If the review or reconsideration is denied, the action shall remain in effect as of the date of original notice.

Section 7: Payment of Commissions and Bonuses

A. RECEIPT OF DISTRIBUTOR APPLICATION AND AGREEMENT

Commissions and/or bonuses cannot be earned or paid until a completed *Distributor Application and Agreement* has been received and accepted by Company.

B. COMMISSION PERIOD

Commissions and/or bonuses are calculated based on the Commissionable Volume and Points Volume (or other similar units of measure) achieved in a commission period. Commission periods for product sales shall be the calendar month, ending at 11:59 pm Pacific Time on the last calendar day of the month.

C. PAYMENT OF COMMISSIONS

Payment of commissions to Independent Distributors shall be based upon the *Distributor Compensation Plan*, as it may be amended and/or revised from time to time by Company, in its sole discretion, in order to maintain a current and viable business plan and operation. The *Distributor Compensation Plan* is incorporated herein in its entirety, as though fully set forth.

Independent Distributor commissions and bonuses are calculated on a combination of Commissionable Volume and Point Volume of sales of commissionable product only. Please see the current *Distributor Compensation Plan* for an exact and detailed explanation of this calculation. Commissionable product includes only that product which is intended for resale to the consumer/end product user by the ordering Independent Distributor. See the *SeneGence Product Order Form* for a list of commissionable products.

The SeneGence New Distributor Kit, Glamour Demonstration Kit, LIPS Kit, and all testers, supplies, and other items not for resale are intended as marketing supplies, to be used for

the demonstration of product or for the purpose of signing and sponsoring new Independent Distributors. These items are not commissionable resale products and are not used to calculate commissions and bonuses.

Company will credit the Independent Distributor's commissions, if any, to that Independent Distributor's Distributor Commission Payment Account, i.e., their SeneCard™, on or about the fifteenth of each month, or the next business day should the fifteenth fall on a weekend or holiday, following the applicable commission period. For any commissions equal to or lesser than \$5.00, Company will credit the Independent Distributor's commissions, if any, to that Distributor's SeneCash™ account.

D. QUALIFIED STATUS

An Independent Distributor qualifies for commissions by purchasing a minimum amount of commissionable product in the applicable commission period. Please see the *Distributor Compensation Plan* for exact and current information pertaining to qualification requirements.

In order to maintain qualified status, an Independent Distributor must also be current on any fees due to Company, and in conformity with all of his or her obligations under the then-current version of the *Distributor Application and Agreement, the Terms of Application and Agreement*, and these *Distributor Policies & Procedures*.

E. PROCESSING FEES

Company will charge each Independent Distributor a handling/processing fee on each distribution to their SeneCard

F. GENEALOGY REQUESTS

Company will, upon request, either at month end or at any other time, provide an Independent Distributor with a genealogy report, which identifies the Independent Distributor's downline and his or her product sales over a commission period. Company may charge a fee for this service and written printout. To the extent that Company makes this information, or any portion thereof, available on its website, there will be no charge to access it.

G. TAX REPORTING

Company will report the commissions paid to each Independent Distributor, as income to all required tax agencies including the United States Internal Revenue Service and any applicable state agency, via Form 1099, or other required reporting document or taxing authority for the country in which the Independent Distributor is registered. In addition, any additional awards, other monies or bonuses, paid to the Independent Distributor will be so reported as a taxable payment.

H. RECORD KEEPING

For practical, business, and personal purposes, Company recommends and advises each Independent Distributor to maintain his or her own complete and accurate records of business expenses and income. Beyond issuing the appropriate taxable income/Distributor forms, Company will not maintain or provide any accounting information concerning Independent Distributor's business. Company recommends seeking professional business and tax accounting advice.

Independent Distributors are required to document the sale of product to end use consumers and the provision to said consumer of their rights to cancel their order and return the purchase product for a refund. Independent Distributors are also required to provide each consumer with notice of the Company required Consumer Guarantee.

In addition, appropriate records must be maintained to comply with the 70% rule (see Section 8B, below).

I. CHARGE-BACKS

If commissionable product is purchased by an Independent Distributor, thereby qualifying his or her upline Independent Distributors for commissions and/or bonuses which are then paid, but the product is thereafter returned, an adjustment will be made by Company, charging back to the Independent Distributor's upline (if appropriate) the Point Value of the returned product and the corresponding monetary value previously paid. Company reserves the right to withhold such amounts as are necessary to make payment of said charge-backs from any commission check due and from any refund, or other payment, otherwise due to the Independent Distributor.

J. SPECIAL RECOGNITION

Company may, in its sole and unfettered discretion, engage in a program of special recognition of any individual or class of Independent Distributors, based upon their sales volume, Commission Volume, Point Volume, or upon any other criteria that Company determines. Company may continue or discontinue any such program of special recognition at any time and for any reason, in its sole discretion. Further, Company may include or exclude any Independent Distributor, or any specific order transaction, from said program, in its sole discretion and without reason or explanation.

Section 8: Purchase/Sale of Product

A. PERSONAL USE

The Company business model is built upon real sales by its Independent Distributors to real consumers / end users of Company's products. Company recognizes that Independent Distributors may wish to purchase products in reasonable amounts for their own personal use. For this reason, Company will recognize, as a retail sale, purchase(s) in reasonable volumes by Independent Distributors for personal or family use. These purchases may not be made for the purposes of qualification or advancement, and must be consistent with the 70% rule set forth below. It is the strict policy of Company to prohibit the purchase of products in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the *Distributor Compensation Plan*.

B. 70% RULE

As stated above, the Company business model is based on real sales by Independent Distributors to real consumers / end users of Company's products and not on the stockpiling of products. In placing any wholesale order, the Distributor is certifying that at least 70% of his or her previous order for resale product from Company has been sold to a consumer and/or end user of Company products.

Upon request by Company, an Independent Distributor must be able to furnish a statement listing his or her monthly customers and records evidencing compliance with the 70% rule. Distributors are also required to keep retail sales receipts on all retail sales for three (3) years, and to make them available for review by SeneGence upon request.

Company may request and shall be entitled to such other and further documentation as it may request from time to time, substantiating that Independent Distributor is engaged in selling Company products to real consumers/end users of such purchased products.

C. DIRECT PURCHASE AND SALE REQUIREMENT

All Independent Distributor wholesale purchases must be made directly from the Company in order to qualify for commissions and/or bonuses. The Company will not accept orders from any source unless a valid *Distributor Application and Agreement* has been received and accepted from the ordering Independent Distributor, in the country in which the product is ordered. Product may only be resold by an Independent Distributor in the country in which he or she is registered as an Independent Distributor.

To protect the integrity of the *Distributor Compensation Plan*, Independent Distributors are prohibited from purchasing product for another Independent Distributor or through a delegate of any type. Independent Distributors are specifically prohibited from ordering product for, on behalf of, or in the name of their downline in order to increase their downline sales volume. Commissions will not be due or calculated on any purchase made by or for another Independent Distributor. Any order placed by an Independent Distributor but initially paid for by another Independent Distributor in the purchaser's upline, is conclusively presumed to violate the above rule and will be exempted from all consideration in qualifying for and calculating commissions, recognition, ranking and contest performance. Additional disciplinary action may result if said Independent Distributor activity occurs and may ultimately result in termination of the SeneGence Distributorship.

For example:

Independent Distributors may ONLY place, and pay for, orders in their own Distributor Back Office. Sponsors may NOT use their own credit card to pay for an order on the account of a downline Independent Distributor.

Independent Distributors are additionally prohibited from purchasing product and reselling or consigning said product to another individual or entity (i.e. a broker) for secondary sale to consumers, as such sale transactions raise the potential and reality of negatively affecting the Company brand, customer service and guarantee, and the value of the business model. Disciplinary action may result if such Independent Distributor activity occurs and may ultimately result in termination of the SeneGence Distributorship. The Company business model is founded on the premise of real sales to real customers. This prohibition includes the initial purchase of Company resale product by one Independent Distributor and the subsequent resale of such product to another Independent Distributor.

D. PAYMENT OPTIONS

Purchases may be made by credit card. No order will be shipped without proper payment, which must be received by Company prior to shipment.

E. SHIPPING COSTS

Independent Distributors are required to pay shipping and handling costs for all product orders. Should the receiving party of any order refuse delivery and the shipment be returned, the ordering Independent Distributor shall be responsible for all costs.

F. INTERNET ORDERS

This is the preferred method for ordering product and supplies. All Independent Distributors are encouraged to order, and to teach their sponsored Independent Distributors to order, all products and supplies directly from the Company website, www.senegenec.com. These

orders are processed more efficiently, via real time transaction processing, allowing for more rapid shipment of products. All product orders via the Company website are secured transactions to assure the privacy of credit card or debit card transactions.

Independent Distributors must place all orders themselves, and orders must be for product purchased for the Independent Distributor's own personal use or for resale by the Independent Distributor. Access to order screens on the Company website will be allowed only with a password chosen by Independent Distributor, and Independent Distributors shall not give their password to others. Independent Distributors may change their password at any time by contacting the SeneCare Department or directly themselves in their Distributor Back Office. Independent Distributors are responsible for all orders placed with their password.

Under no circumstances is Company responsible for an order that is delayed in transit or for an order that is received by the Company which is incomplete or accompanied by an invalid or non-accepted form of payment.

G. OPEN AND/OR USED PRODUCTS

Independent Distributors are prohibited from selling, or otherwise delivering, any open and/or used products to consumers, as this practice may result in unsanitary, unsafe and/or other conditions which could also be prohibited by law. Company products should only be offered to consumers in the same original, unused, unopened condition in which they were purchased and received from the Company.

H. REPACKAGING, RELABELING OR PRODUCT ALTERATION PROHIBITED

Independent Distributors may not repackage, relabel or alter the packaging or content of Company products in any way.

For example:

1. Independent Distributors may NOT mix together LipSense shades to create their own custom colors.
2. Independent Distributors may NOT transfer Company products to other vials, containers or components for sale or other distribution.
3. Independent Distributors may NOT create their own samples or testers to be given or sold to customers or to other Independent Distributors. This applies to all Company products.
4. Independent Distributors may add an additional label identifying themselves, their contact information and Independent Distributor ID# to the product, as long as it does not interfere with the Company package and labeling.

I. BACKORDERS

In the event that Company is temporarily out of stock on ordered merchandise, Independent Distributors will receive a "backorder" notice with the shipment of the rest of the ordered items. Independent Distributors will pay for the full order, including the backordered items. The backordered items will be sent as the new inventory arrives, and backorders will be filled with priority over new orders for the same products. Alternatively, at Company's discretion, should the backordered product not come back into Company's inventory, Company may reimburse Independent Distributor for the purchased price paid.

Personal Sales Volume on backorders is credited to the commission period in which payment for the original order was received by Company. However, if Independent Distributor cancels a backorder after payment, or Company otherwise reimburses Independent Distributor the

purchase price paid, any commissions due or paid, and eligibility for downline commissions or bonuses, will be adjusted or charged back, as appropriate and according to the corresponding Point Value and monies paid to the Independent Distributor and / or their upline.

J. DAMAGED GOODS

Goods and product ordered and purchased by the Independent Distributor, are purchased FOB [Free on Board] from Company's shipping location. Method of shipment shall be chosen by the Company. The shipping company is responsible for any damage that occurs after it takes physical custody of the goods. An Independent Distributor who receives damaged goods should:

1. Accept delivery.
2. Before the driver leaves, document on the delivery receipt the items or packages which seem to be damaged.
3. Call the SeneCare Department and request a Return Merchandise Authorization (RMA) Number and a call tag.
4. Save the damaged products or boxes for inspection by the shipping company.
5. After all of these steps are complete, Company will determine on a case-by-case basis the appropriate action to take regarding replacement of the damaged goods.

K. PRICE CHANGES

All Company product and sales materials prices are subject to change without prior notice. Consult the Company website, www.senegenec.com, or the SeneCare Department for the most up-to-date pricing.

L. RECEIPTS

Independent Distributors will provide all retail purchasers of Company products with a written sales receipt which identifies the Independent Distributor and provides his or her contact information. Said sales receipt shall also include the Independent Distributor ID number and the one year Company required consumer guarantee from the Independent Distributor to customer.

M. SALES TAX

For purchases of product and/or materials sold or shipped by Company, to or on behalf of the Independent Distributor, Company shall collect and remit any applicable state tax which may be due on the suggested retail selling price of those products and/or materials which are subject to tax. The applicable rate of tax due is based on the address to which the product and/or material is delivered. Independent Distributors who request tax exempt purchases from SeneGence must provide the Company with a true and correct copy of their valid Resale Certificate and a copy of their valid Sales Tax Permit in the sales tax jurisdiction for which they are requesting such exemption (in the name of the Independent Distributor). Said documents shall be provided in keeping with the Resale Certificate process then in use by the Company. Sales Tax so charged and paid by Company to the appropriate taxing authority is not subject to adjustment should the Independent Distributor later obtain or provide a Resale Certificate.

On any supplies or other product not intended for resale by the Independent Distributor, Company will charge appropriate sales tax, even if the Distributor has a valid resale exemption certificate or permit on file.

N. SUGGESTED RETAIL PRICES AND MINIMUM ADVERTISED PRICE

Company provides a reasonable suggested retail price for each of its products, and the calculation of sales tax charged by Company to Independent Distributor is based upon this suggested retail price. Independent Distributor is not bound to offer or sell Company products at the Company's suggested retail price and within the following Minimum Approved Pricing [MAP] Policy may establish such reasonable price as the Independent Distributor shall determine, provided that it is also in conformance of Section N 2, below.

1. Minimum Approved Pricing [MAP] Policy: As set forth in this Company's MAP Policy, Company reserves the right to terminate the Distributorships of Independent Distributors that advertise Company products below a minimum advertised price, All Independent Distributors must abide by the stated guidelines:
 - a. Policy Specifics

The Policy applies to advertisements of the Company products. Company is solely responsible for establishing the minimum advertised price ("MAP") for each product and communicating the MAP to all Independent Distributors. While Independent Distributors remain free to advertise and sell all Company products at any price they deem appropriate, subject to these *Distributor Policies and Procedures*, it is a violation of this Policy for an Independent Distributor to advertise any product at a price lower than the MAP. Such advertisements include, but are not limited to:

- i. Offering coupons, discounts, rebates, or other inducements that, when applied, result in a price lower than the MAP, including through use of a storewide sale, promotional code, or other similar provision that can be applied to Company products;
- ii. Bundling Company products with other products or services (whether made by or provided by Company or another entity) in a manner that implies below-MAP pricing for the bundled product; or
- iii. Using strikeouts or strikethroughs of pricing information, "see price in cart," or other statements that suggest that a lower price for a product may be found at the online checkout stage.

Direct or indirect attempts to circumvent the Policy also violate this Policy; however, it is not a violation to advertise that a customer may "call for price," "text for price," or "email for price" as long as no price is listed and no automated call, text message, or "bounce-back" email is used in response.

For purposes of this Policy, the terms "advertise" and "advertisement" include all promotional or pricing information displayed via any type of media, including, but not limited to, newspapers, catalogs, magazines, flyers, brochures, television, radio ads, billboards, signage (except signs displayed within a brick-and-mortar selling location), websites, blogs, social media, affiliate marketing networks/comparison shopping engines, Independent Distributor-initiated text messages or emails to customers or prospective customers, mobile/smart phone applications, banner ads, online product ads, paid search ads, pay-per-click ads, display ads, mobile ads, product listing ads, sponsored links, ads in any other media in a digital format that is communicated or conveyed via the internet, and any other marketing or promotional materials displayed online or through broadcast or other media.

Notwithstanding the foregoing, pricing information displayed at the online checkout stage of a transaction is not considered “advertising” under this Policy. The “online checkout stage” is the stage when the product is put into a shopping cart. Pricing information in the “shopping cart” or “checkout” stages must be obscured technically so that it is not retrievable by shopping and pricing engines, and not displayed on search page results within the Independent Distributor’s own website.

b. MAP Holidays/Promotions

From time to time, Company may announce MAP holidays or promotions that are applicable to all Independent Distributors, during which periods an Independent Distributor that advertises a product in accordance with the terms of the authorized promotion will not be deemed to have violated the Policy. Company will notify all Independent Distributors of any such authorized promotions.

c. This MAP Policy Is Not an Agreement and Is Non-Negotiable

This Policy does not constitute an agreement between Company and any other entity. Company neither solicits nor will it accept any assurance of compliance with this Policy from any Independent Distributor or other party. Each Independent Distributor must independently choose whether to comply with the terms of this Policy. This Policy is not negotiable and will not be altered for any individual Independent Distributor. This Policy applies only to advertised prices and does not affect the prices that an Independent Distributor may charge for Company products.

d. Noncompliance

Company will take the following actions against any Independent Distributor that fails to comply with this Policy with respect to the advertisement of any product:

- i. For an Independent Distributor’s first violation of the Policy, Company will notify the Independent Distributor in writing of such failure.
- ii. For an Independent Distributor’s second violation of the Policy during a 12-month period following the first violation, Company will revoke its acceptance of any pending orders, cancel any pending shipments to the Independent Distributor, and not accept any new orders from the Independent Distributor during this 30-day period.
- iii. For an Independent Distributor’s third violation of the Policy during a 12-month period following the first violation, Company will suspend its business relationship with the Independent Distributor, revoke its acceptance of any pending orders, and cancel any pending shipments to the Independent Distributor.

A continuing violation of the Policy will be deemed to constitute a subsequent violation if it continues for more than 14 days after the Independent Distributor receives notice of the violation.

Company will enforce this Policy in its sole discretion and without notice. Independent Distributors have no right to enforce the Policy.

e. Policy Administration

Company may update, revise, suspend, terminate, reinstitute, or modify this Policy at any time in its sole discretion. Company will maintain updated Minimum Advertised Prices for its products and shall publish any modifications to this Policy or the Minimum Advertised Price for its products or otherwise make such modifications available to all Independent Distributors.

No Company employee or agent is authorized to modify, interpret, or grant exceptions to this Policy; solicit or obtain the agreement of any person to this Policy; or otherwise discuss any aspect of this Policy with any Independent Distributor, including any discussions of individual Independent Distributors' compliance with the terms of the Policy except those enumerated above. Any questions about this Policy should be submitted in writing and directed to Company's MAP Policy Administrators – the Compliance and/or Legal Department. Company will accept no other form of communication from Independent Distributors regarding the Policy.

This Policy is effective as of the Effective Date set forth in the Independent Distributor's *Distributor Application and Agreement* and the *Terms of Application and Agreement*, and supersedes all prior Company policies regarding minimum advertised prices or resale prices for Company Products applicable to any Independent Distributor.

2. Predatory Pricing: Independent Distributor is prohibited from undertaking predatory pricing of Company products. Company will deem predatory pricing to have occurred if either of the following are established:
 - a. Independent Distributor offers for sale or sells Company products at less than 85% of the suggested retail price.
 - b. The offer or sale price of Company products by Independent Distributor is less than wholesale cost plus freight and other out-of-pocket expenses relating to the wholesale purchase from Company. Such expenses are those that are applicable to Independent Distributor's selling methods or venue (e.g. trade show costs) plus a factor of 20% of the wholesale price, Independent Distributor's out-of-pocket costs, and other selling expenses.

Predatory pricing also includes Buy One, Get One (BOGO) offers or where other free Company product is offered with purchases. The value of the item being offered for free may not exceed 15% of the total value (free item included) of Company products being sold.

For example:

By offering your customers a "Buy 3 LipSense, Get 1 Free" special, you are offering 4 LipSense at a 25% discount because the free item makes up 25% of the total value of products being offered; which would be prohibited.

NOTE:

While Independent Distributors are permitted to discount the sale of Company products up to but not exceeding 15% off of suggested retail value, this practice should be restricted to limited-time specials to customers and should not be a regular pricing practice. Regularly providing such discounts to customers devalues the Company product line and allows your

customers to believe the products are not worth full Suggested retail value. Advertising such discounted prices may also violate the Minimum Advertised Price restrictions set forth in Section N 1, above.

O. RETAIL OUTLETS

Company does not allow Independent Distributors to sell or display its products in retail outlets, except for non-chain store retail outlets owned by the Independent Distributor so long as there are no more than three such retail outlets in existence, whether directly owned by the Independent Distributor or not. For purposes of this paragraph, a non-chain store retail outlet shall mean that the store is not: (1) a franchise of a national chain or regional chain, i.e., Sally Beauty; (2) a licensee of a national or regional chain (including franchisees and licensees thereof) and the store front carries the national or regional chain name in the signage or otherwise, i.e., Hallmark; or (3) an authorized vendor of products that compete with Company' products and the competing products are sold and displayed at the same retail location. Company reserves the sole and absolute discretion to determine that any retail outlet violates this paragraph to protect the business interests of Company and all Independent Distributors.

For example:

If an Independent Distributor owns 3 out of 6 total retail store outlets or wants to sell in 3 out of 6 overall retail outlets, they may not display or sell Company products even if in only 3 of those locations. They are prohibited from displaying/selling the products in any of the retail stores because there are more than three such stores in existence.

In addition, Independent Distributors are prohibited from displaying their Company products in retail stores owned by another person or business entity that is not an Independent Distributor. This would be considered "consignment" and would also violate the policy stated in the third paragraph of Section 8C, above.

Notwithstanding the above restrictions, Company may, in its sole discretion, allow the sale of Company products at beauty salons, the owners, licensees or employees of which are Distributors and which carry competing products; provided the non-chain store and three location maximum restrictions are applied.

Section 9: Retail Guarantee and Refund

A. CONSUMER GUARANTEE, RETAIL RETURNS AND RETURN MERCHANDISE AUTHORIZATION

Independent Distributors **MUST** offer and promise 100% customer satisfaction with an unconditional money-back guarantee (less a 10% handling fee at the option of the Independent Distributor) to all retail customers and honor said guarantee to their customer on product returned. Every Independent Distributor is bound by the *Terms of Application and Agreement* and by these *Distributor Policy & Procedures* to offer and at time and point of sale honor this guarantee. If a retail customer is dissatisfied with any Company product for any reason, then that retail customer may return that product to the Independent Distributor from whom it was purchased, within twelve (12) months from the date of purchase, for either a replacement product or a full refund of the purchase price (less a 10% handling fee at the option of the Independent Distributor). Company will thereafter replace the product for the

Independent Distributor (or compensate the Independent Distributor in another manner under the policy and procedure then in effect, at the discretion of Company.)

Failure by an Independent Distributor to comply with this section may subject the violating Independent Distributor to disciplinary actions, including but not limited to, termination of their Distributorship.

Following the refund or product replacement to the consumer, the Independent Distributor may seek a same product replacement in exchange from the Company (or like product replacement or other compensation) pursuant to the Return Merchandise Authorization Program (RMA) then in effect by Company. Exchanges (or other RMA compensation) will only be processed by Company if accompanied by the customer receipt, and an RMA Number, by the Independent Distributor completing the application and process then in effect. The required RMA Number must be obtained in advance of the return shipment of product, by the Independent Distributor completing the on line RMA application and process then in effect, which can be accessed in the Independent Distributor Back Office >Business>RMA/product returns. The original product to be exchanged or credited must be sent back to Company with the RMA documents.

B. CONSUMER/END PRODUCT USER'S STATUTORY RIGHT TO CANCEL

Federal law empowers a buyer to cancel certain sales without penalty prior to midnight of the third business day after the transaction. This "cooling off" period covers retail consumer sales of \$25.00 or more that occur away from the seller's main office. Independent Distributors must orally inform the consumer/end product user of the three-day right to cancel at the time the buyer signs the contract of sale or purchases the goods. If applicable, Independent Distributor must also provide the purchasing consumer with a written receipt containing the required Notice to Consumer of his or her statutory right to cancel the purchase, at the time of sale.

Some states or localities may have laws requiring the seller of goods to comply with provisions which are more restrictive or less restrictive than the federal law. Independent Distributors are required to comply with all federal, state, and local laws of the area in which they conduct business. Independent Distributors are encouraged to consult with an attorney of their own choosing if they have questions about this Section or about any federal, state or local law.

Such Statutory Right to Cancel by the consumer is in addition to and not in replacement of the Company Independent Distributor Consumer Guarantee in Section 9A, above. The Independent Distributor shall at all times honor the above Consumer Guarantee in addition.

If product is returned to an Independent Distributor under the provisions of such an applicable federal, state or local law, the Independent Distributor may not deduct a handling fee from the refund amount.

In the event that a consumer exercises his or her right to cancel a sale, Company will replace the product for the Independent Distributor, pursuant to Company Return Merchandise Authorization Program.

C. DISTRIBUTOR'S RESPONSIBILITY

If a retail customer mails or delivers to an Independent Distributor a valid notice of cancellation of an order prior to midnight on the third business day after ordering or purchasing the product, it must be honored by the Independent Distributor. If the buyer has

taken delivery of the goods, they must be returned with the notice in substantially as good condition as when they were delivered to the buyer. Within ten (10) business days after receiving the notice, the Independent Distributor must refund all payments made under the contract or sale, without deduction of any amounts.

D. QUALITY CONTROL – RETURN OF PRODUCT

Company will replace, any product found by Independent Distributors to be defective within thirty (30) days of purchase, for reasons of quality control. However, no product(s) should be returned to Company without prior approval and an RMA Number. Returns for issues of defect or quality control, if approved in advance, shall be made through the Return Merchandize Authorization Program, once approved by Company. In order to make such a return, the Independent Distributor must call the SeneCare Department in advance of shipping the product to discuss the apparent problem with the product and get approval for the return. Following such approval, the Independent Distributor may obtain an RMA Number online in the Independent Distributor's Back Office>Business>RMA/product returns.

E. TERMINATION RETURNS

An Independent Distributor whose Distributorship is either voluntarily or involuntarily terminated may return all unencumbered, unopened, commissionable product inventory which is in reusable and resalable condition that was purchased from Company within the previous twelve (12) months. Company will refund 90% of the net purchase cost, paid by said Independent Distributor for said product, to the Independent Distributor, less any commissions, prizes, and/or bonuses already paid to the Independent Distributor on said product.

Any return of product, upon termination of a Distributorship, must be preceded by notice to Company accompanied by an itemized list of all products being returned, and otherwise in conformance with the termination return merchandise program and process then in effect by Company.

Product not in usable and resalable condition, or otherwise not in conformance with this section, will be returned to the Independent Distributor at their cost.

In addition, should a Distributorship be terminated, and said Independent Distributor return product to Company, the Point Value of the returned product and the corresponding monetary value of any commissions or bonuses previously paid to the returning Independent Distributor and/or to an upline Independent Distributor on that product shall be charged back to the Independent Distributor receiving said payment (if appropriate). Refund payments will be made within 30 days from the date Company acknowledges receipt of the returned product. In the event that Company repurchases inventory from an Independent Distributor, that person may not become an Independent Distributor ever again (unless the person has prior written authorization by the Company to again become an Independent Distributor).

Section 10: Enforcement/General Provisions

A. COMMUNICATION REGARDING VIOLATIONS

It is recognized that on occasion an Independent Distributor may unknowingly violate the rules set forth in the *Terms of Application and Agreement* and in these *Distributor Policies & Procedures*. Should that occur, and another Independent Distributor becomes aware of such violation, the Independent Distributor having such knowledge should do the following:

1. Inform the violating Independent Distributor of the rule or provision of these *Distributor Policies & Procedures* that was violated and discuss it with him or her in a friendly and helpful manner to resolve the situation. If the violating Independent Distributor agrees to comply in the future and/or to remedy the situation, the complaining Independent Distributor need not notify Company of the alleged violation.

2. Should a violating Independent Distributor indicate an unwillingness to comply with the rules and provisions of the *Terms of Application and Agreement* or these *Distributor Policies & Procedures*, or to remedy any violation, the complaining Independent Distributor should communicate to Company such violation, in writing signed by such Independent Distributor and directed to the Company Compliance Department or Legal Department. Said written communication should include the names, and Independent Distributor Numbers or other identifying information of the Independent Distributor(s) involved, and provide dates, times, places, documentation (if available), and any other pertinent information concerning the alleged violation. The complaining Independent Distributor shall take the utmost care to ensure that the information relayed to Company is accurate and truthful. Anonymous complaints are unacceptable and will not be acted upon by Company.

B. CONFIDENTIALITY

SeneGence may supply reports to the Independent Distributor concerning their downline Independent Distributors and sales organization, as well as other proprietary information concerning formulas, sales and distribution systems, and/or business and marketing information and materials. The Independent Distributor agrees that such information is proprietary, confidential, and constitutes trade secrets of the Company. The Independent Distributor acknowledges unauthorized release of such information can cause severe economic harm to Company and it is transmitted to the Independent Distributor only with the understanding that it shall be held in strict confidence and used by the Independent Distributor only for the purpose of operating and advancing their Independent Distributorship with Company.

The Independent Distributor agrees that he or she will neither disclose such information to any third party directly or indirectly, nor use the information to compete with Company directly or indirectly. The Independent Distributor also agrees that any action taken by him or her, utilizing such information, that results in the interference with Company's existing contractual relationship with, or prospective advantage from, said Independent Distributor's downline distributors who were not personally sponsored by said Independent Distributor, is an act of competition with Company. The Independent Distributor and Company agree that but for this agreement of confidentiality and non-disclosure, the Company would not provide the above confidential trade information to the Independent Distributor. **THIS CONFIDENTIALITY AGREEMENT SPECIFICALLY SURVIVES THE DISTRIBUTOR RELATIONSHIP FOR A PERIOD OF THREE (3) YEARS FROM THE DATE A COMPANY (SENEGENCE) DISTRIBUTORSHIP IS TERMINATED FOR ANY REASON.**

Pursuant to 18 U.S.C. Section 1833, there is no criminal or civil liability under any Federal or State trade secret law for disclosures of Confidential Information if made: (a) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Each Independent Distributor agrees, acknowledges, and recognizes that the above restriction and prohibition pertaining to confidential and trade secret information is necessary for Company to preserve and protect its valuable interests and contract relationships, and further agrees that an injunction and/or any other available remedy may be necessary and appropriate for Company to protect such interests; and the Company shall be entitled to such injunctive relief without the need to prove actual damages resulting from Independent Distributor's violation hereof.

C. NO COMMUNICATION WITH MANUFACTURERS AND SUPPLIERS

Independent Distributors are prohibited from communicating directly or indirectly with the manufacturer, or supplier, of any product sold by Company, and from speaking with such manufacturer's, or suppliers, employees, agents, or representatives, except at a Company-sponsored event which the manufacturer, supplier or its representative attends at the request of Company.

D. UPDATED LITERATURE, POLICIES, AND INFORMATION

Each Independent Distributor is responsible for learning updated information pertaining to Company and its products and is responsible for the dissemination of accurate information to his or her downline organization. New Company forms and literature may periodically become available and will replace old forms and literature. Once these new forms and literature become available, the replaced items will cease to be effective and valid. NOTE: No credit will be given for outdated materials.

E. SEVERABILITY

If any provision of the *Terms of Application and Agreement* or these *Distributor Policies & Procedures* is held to be unenforceable for any reason, such provision shall be fully severable and the remaining terms shall remain in full force and effect and shall be construed as if such unenforceable provisions never comprised a part of either of these documents. Furthermore, in lieu of such unenforceable provision, there shall be added automatically in its place, a provision as similar in its terms to such unenforceable provision as may be possible, and provision shall be legal, valid, and enforceable.

F. NON-COMPETE

Independent Distributors agree not to compete with the protected business interests of Company by selling or promoting other competing products or opportunities while attending to business or performing duties as an Independent Distributor. Each Independent Distributor acknowledges and recognizes that this restriction is necessary for Company to preserve and protect its valuable interests and agrees that an injunction or any other available remedy may be necessary and appropriate for the protection of such interests. For example, (1) while engaged in the sales of Company products, or offering the Company opportunities, Independent Distributors cannot offer any other cosmetic products for sale, or offer any other direct selling opportunities, whether in person or online.; (2) while attending Company events, Independent Distributors may not sell or offer any products or services for sale to other Independent Distributors in attendance, unless specifically approved in advance by Company in writing.

G. NON-SOLICITATION/ NON-INDUCEMENT

Independent Distributors of Company agree that during the term, or any renewal term, of their Independent Distributor relationships with Company, and for a period of six (6) months thereafter, they shall not approach, solicit, induce, or entice any Independent Distributor (except personally sponsored, i.e.: first level downline), supplier, or employee of Company to enter into any business relationship with any entity which is engaged in direct selling or

network marketing or which sells any product which competes with the products sold by Company. Independent Distributors also agree that they will not, at any time, either during the term of their Distributorships or thereafter, attempt to induce any other Independent Distributor of Company (this includes personally sponsored down line) to terminate or alter his or her business relationship with Company.

Each Independent Distributor agrees, acknowledges, and recognizes that these non-solicitation and non-inducement restriction is necessary for Company to preserve and protect its valuable interests and contract relationships, and further agrees that an injunction and/or any other available remedy may be necessary and appropriate for Company to protect such interests; and that Company shall be entitled to such injunctive relief without the need to prove actual damages resulting from Independent Distributor's violation hereof. **IT IS AGREED THAT THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THE DISTRIBUTORSHIP.**

H. NON-WAIVER PROVISION

No failure of Company to exercise any power under these *Distributor Policies & Procedures* or to insist upon strict compliance by an Independent Distributor with any obligation or provision herein, and no custom or practice of the parties at variance with these *Distributor Policies & Procedures* shall constitute a waiver of the Company's rights to demand exact compliance with these *Distributor Policies & Procedures*. Waiver by the Company can be effected only in writing by an authorized officer of Company.

The Company's waiver of any particular default by an Independent Distributor shall not affect or impair the Company's rights with respect to any subsequent default, nor shall it affect in any way the obligations of any other Independent Distributor. Nor shall any delay or omission by Company to exercise any right arising from default affect or impair the rights of Company as to that or any subsequent default.

I. NO CIRCUMVENTION

Company, in its sole discretion, reserves the right to take action or to refuse to take action, as such may be necessary to ensure compliance with its *Distributor Policies & Procedures* or applicable law. Specifically, Company may refuse to honor certain Independent Distributor requests or take other preventative action in situations whereby Company deems an Independent Distributor is acting to circumvent compliance with these *Distributor Policies & Procedures*, the *Terms of Application and Agreement*, the *Distributor Compensation Plan*, or applicable law. The preceding is not the exclusive remedy but is cumulative with all other remedies which may be available to Company at law or equity.

J. LIMITATION OF DAMAGES

To the extent permitted by law, Company and its subsidiaries, affiliates, shareholders, directors, officers, attorneys, employees, agents, consultants and other representatives shall not be liable for, and an Independent Distributor hereby releases the foregoing from, and waives all claims for any loss of profits or incidental, indirect, special, exemplary, or consequential damages which may arise out of any claim whatsoever, whether sounding in contract, tort, or strict liability. Furthermore, it is agreed that any damage resulting to Independent Distributor shall not exceed and is hereby limited to the amount of unsold Company product purchased from the Company and owned by the Independent Distributor at the time of any award of such damages.

K. INDEMNITY AGREEMENT

Each and every Independent Distributor agrees to indemnify and hold harmless Company and its affiliates, shareholders, directors, officers, attorneys, employees, agents, consultants and other representatives from and against any claim, demand, liability, loss, cost, or expense it may incur, including but not limited to attorney's fees, arising or alleged to have arisen, in connection with or related to that Independent Distributor's distributorship, or business, or violation of any provision herein or of any applicable law.

L. ARBITRATION

All disputes, claims, or controversies arising from or relating to this Agreement or the relationships which result from this Agreement, or the validity of this arbitration clause or the entire Agreement, between Independent Distributor and Company, shall be totally and finally settled by binding arbitration by one arbitrator selected by the panel provided by the American Arbitration Association; except that, to the extent that Court action is necessary to enforce Company's rights to injunctive relief under Sections 4 and 10 b., f., and g, Company may file for and obtain available emergency relief, including but not limited to a temporary or permanent injunction, writ of attachment or other equitable relief, to safeguard the protected interests of Company prior to, during, or following any arbitration or other proceeding.

This arbitration agreement shall be governed under the laws of the State of California and pursuant to the Commercial Arbitration Rules of the American Arbitration Association with arbitration to occur at Foothill Ranch, California. Louisiana Distributors arbitrate at New Orleans, Louisiana. The parties agree and understand that the arbitrator shall have all powers provided by law and the Agreement. The arbitrator shall be a licensed attorney with business transaction expertise, preferably experienced in the direct selling industry. The decision of the arbitrator shall be final and binding upon the parties and may be reduced to a judgment in any court of competent jurisdiction.

The parties agree and understand that they choose arbitration instead of litigation to resolve disputes. The parties understand that they have a right or opportunity to litigate disputes in court, but that they choose to resolve their disputes through arbitration, except as provided herein. THE PARTIES VOLUNTARILY AND KNOWINGLY WAIVE ANY RIGHT THEY HAVE TO A JURY TRIAL, PURSUANT TO ARBITRATION UNDER THIS CLAUSE. The parties agree and understand that all disputes arising under case law, statutory law, and all other laws including, but not limited to, all contract, tort, and property disputes, shall be subject to binding arbitration, in accord with this agreement.

It is agreed that if Independent Distributor files a claim or counterclaim against Company such shall be on an individual basis and Independent Distributor agrees that he/she shall not have the right to participate as a representative or a member of any class of claimants or in conjunction with another Independent Distributor pertaining to any claim arising from or relating to this Agreement.

Nothing in this section shall be construed to prevent Company from obtaining available emergency relief, including but not limited to a temporary or permanent injunction or writ of attachment to safeguard the protected interests of Company prior to, during, or following any arbitration or other proceeding.

M. ENTIRE AGREEMENT

The *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan*, as each may be amended and/or revised, are incorporated

into the *Distributor Application and Agreement*. These documents constitute the entire agreement of the parties regarding their business relationship.

N. OTHER AGREEMENTS

The Independent Distributor acknowledges and agrees that entering into their SeneGence Distributorship does not violate or breach any other agreements the Independent Distributor may have with any other person or entity.

O. NO THIRD PARTIES

The *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan*, as agreed to by each individual Independent Distributor are for the sole benefit of that specific Independent Distributor and Company, and nothing therein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of the terms therein.

P. WAIVER AND SEVERABILITY

No waiver by Company of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the President or an authorized member of the Compliance Department or Legal Department. Except as otherwise set forth in these *Distributor Policies & Procedures*, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from these *Distributor Policies & Procedures* shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. If any term or provision of these *Distributor Policies & Procedures* are invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of these *Distributor Policies & Procedures* or invalidate or render unenforceable such term or provision in any other jurisdiction.

Q. ATTORNEYS' FEES AND COSTS

If any legal action (including arbitration) is necessary to enforce or interpret the terms of the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan*, each party shall bear their own attorneys' fees. If legal action (including arbitration) is necessary to enforce or interpret the terms of the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan*, the prevailing party shall be entitled to recoup its costs of litigation.

R. GOVERNING LAW, INTERPRETATION AND VENUE

The *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan*, shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws provisions; and the only venue in which any claim arising out of the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan* may be brought shall be the County of Orange in the State of California.

S. COUNTERPARTS AND FACSIMILE / SCANNED COPIES.

The *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan*, may be agreed

to and executed by Independent Distributor electronically, which execution / agreement shall have the full force and effect as if they had been directly signed in original hard copy.

T. E-MAIL NOTICE

Any communication by Independent Distributor concerning these *Distributor Policies & Procedures* shall be in writing and delivered by e-mail to Company at compliance@senegence.com. Any communication, notice, or demand of any kind whatsoever by Company to any Independent Distributor concerning these *Distributor Policies & Procedures* shall be in writing and delivered by e-mail to Independent Distributor at the e-mail address in the Independent Distributor's records and profile maintained in the Company's Back Office. It shall be the responsibility of each Independent Distributor to ensure that the e-mail address is up to date and that spam and filtering software does not prevent Company's e-mails from being received. Should the Independent Distributor fail to so maintain their email address and availability, Company may communicate with him or her in any commercially reasonable manner.

U. RIGHT TO AMEND

In order to maintain a current and viable business, Company reserves, and shall have, the right to amend, delete, replace, revise, or otherwise modify the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Distributor Policies & Procedures*, and the *Distributor Compensation Plan* without notice. In addition, Company reserves, and shall have, the right to change at any time its wholesale or suggested retail prices, product availability, and product formulation and other business processes as it deems appropriate.

Such amendments or revisions shall be immediately effective and binding upon publication and notice to all Independent Distributors through any of the following methods: (1) posting on the Company website, (2) printing in the Company Newsletter, (3) delivery by email, (4) delivery by regular U.S. Mail, or (5) delivery by any means otherwise set forth herein or in the *Terms of Application and Agreement* then in effect.