

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 thirty (30) days after publication and shall operate prospectively (i.e. shall apply to conduct arising after such amendments and revisions become binding).

Company expects all Independent Distributors to comply with all federal, state, and local laws and 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 these *Policies & Procedures*. 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 these *Policies & Procedures* often. It (along with the *Distributor Compensation Plan* and the *Minimum Advertised Price Policy*) explains and governs the relationship between you, as an Independent Distributor of Company’s products, and Company.

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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 ethical, 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 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 these *Policies & Procedures*.
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 statements, claims, representations, warranties or disclosures with respect to any Company products other than what is contained in the official Company literature.
11. Make no improper income representations or lifestyle representations to anyone, including prospective Independent Distributors. *See also Section 5E(v) of these Distributor Policies & Procedures.*

12. Not solicit from the proprietary rolls or other “genealogical” listings 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. Make no offensive statements which are meant, or tend to harm someone’s reputation.

16. Do not create a hostile environment due to: age, ancestry, color, race, national origin, religion, religious creed, sex, sexual orientation, gender, gender identity, gender expression, genetic information, marital status, medical condition (including those related to pregnancy, childbirth, or breastfeeding), mental disability, physical disability, past, current or prospective service in the uniformed services, or any other categories protected under applicable federal, state or local law.

17. Make no statements that hold another Independent Distributor in a bad light or in a manner that may harm the reputation of Company’s Independent Distributors.

18. Do not make any statements that can be considered to be or are cyber-bullying, i.e., the intentional, repeated or egregious 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.

19. 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 completing the online application process at www.senegenec.com, including agreeing to be bound by these

Policies & Procedures, and payment of the application fee is submitted and received (where applicable).

Company reserves the right to reject any individual's application. 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. Only after completion of the application process, payment of the application fee (where applicable) and acceptance by Company does an applicant have the right to sell Company's products to end use consumers and to participate in Company's *Distributor Compensation Plan*.

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 acknowledge and agree that, as an independent contractor, their relationship with Company is a business relationship and is commercial in nature, as opposed to the relationship of a consumer with Company.

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 laws, 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 subject to the terms of these *Policies & Procedures*, including but not limited to the minimum purchase requirement below in Section 2M. Each Distributorship will be renewed automatically unless otherwise noticed by the Company or the Independent Distributor. Company, in its sole and unfettered discretion, with or without reason, shall have the right to refuse to renew any Distributorship at any anniversary date. 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 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 *Policies & Procedures* and the *Distributor Compensation Plan*, which are available in the Independent Distributor's back office website, www.senegen.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. Company reserves the right to limit the states, countries and territories where Company's products may be resold by Independent Distributors and the means by which Company's products are offered and sold.

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 or the age of legal contractual capacity for the state or legal jurisdiction in which the applicant resides.

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

Corporations, partnerships, LLCs and trusts may become Independent Distributors for Company ONLY if copies of the following documents are provided to and accepted by Company:

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. A spouse or domestic partner who wishes to formally register as an Independent Distributor must subsequently apply to Company to be added as a co-distributor 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 these *Policies & Procedures*, the *Distributor Compensation Plan*, or any other contractual document or agreement, in regard to any spouse who has not applied and been added as a co-distributor in his or her spouse's/partner's Distributorship.

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

A Distributorship 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, rolling 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 the individual to reapply to become an Independent Distributor and to provide 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.

N. SAME HOUSEHOLD

To the extent such an arrangement is otherwise allowed by these Policies & Procedures, Independent Distributors in the same household or business entity or location shall have the same sponsor.

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. Independent Distributors acknowledge that in order to facilitate training and teambuilding activities, Company has the right to share names, email addresses, telephone numbers and purchasing information and histories of Independent Distributors with other Independent Distributors.

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

C. MULTIPLE APPLICATIONS

If one individual applies for multiple Distributorships listing different sponsors, the first completed application 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 as to which application is accepted, 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: Company Proprietary Information

A. USE OF COMPANY'S TRADEMARKED, COPYRIGHTED OR OTHER PROPRIETARY MATERIAL

Company does not permit the use of its trademarked, copyrighted or other proprietary information, including but not limited to trademarks, trade names, logos, trade dress, product names, symbols, artwork, and other similar information (hereinafter referred to as "Company Proprietary Information") without prior written permission from the Compliance Department or Legal Department.

B. LIMITED LICENSE FOR INDEPENDENT DISTRIBUTORS

Active Independent Distributors in good standing with the Company who have agreed to be bound by these *Policies & Procedures* are granted a limited license to personally use Company Proprietary Information solely in connection with operating their Distributorships and promoting Company's products, as long as such use is in compliance with these *Policies & Procedures*. This limited license automatically ends immediately if an Independent Distributor becomes inactive, is suspended or terminated by Company or cancels his or her Distributorship. This limited license is provided in Company's sole discretion. This limited license may be revoked or further limited at any time, in any manner and for any reason or no reason, in Company's sole discretion. Independent Distributor acknowledges that he or she must immediately cease any use of the Company Proprietary

Information at the end of this limited license. All applicable provisions of these *Distributor Policies & Procedures* govern this limited license, including but not limited to those in the following subsections of this Section 4 and Section 5. Independent Distributors are required to include the proper designations of ownership and control (whether that be ® ™ © or any others as may be applicable) when using Company Proprietary Information. Company may audit any Independent Distributor's use of Company Proprietary Information at any time and through use of Company's Proprietary Information, Independent Distributors acknowledge that they grant Company any applicable access such audit may require (i.e. access to a closed social media group).

C. COMPANY MATERIALS ARE COPYRIGHTED

All Company materials, whether on film, digital, printed, displayed on the Internet, transmitted via electronic communications, or produced by sound recording, are copyrighted.

D. INDEPENDENT DISTRIBUTOR'S COMPANY NAME

An Independent Distributor shall not at any time use the Company name or any of Company's Proprietary Information 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 Company's Proprietary Information 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, SOCIAL MEDIA LISTINGS, TELEPHONE DIRECTORY LISTINGS, AND OTHER DIRECTORY LISTINGS

No username, email address, social media account or group listings, 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, social media account or group listings, telephone or other directory listings, and any other confusing or misleading manner in which 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 these *Policies & Procedures* and all state, federal and local laws and regulations.

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. NO SALES OR MARKETING OF MATERIALS CONTAINING COMPANY PROPRIETARY INFORMATION

An Independent Distributor may not sell or market promotional items, pictures, videos or literature of any kind upon which Company Proprietary Information is included or imprinted. This restriction includes all promotional gift items of any kind, all printed materials and other items.

An Independent Distributor may not sell or market 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, market or distribute materials containing Company Proprietary Information which imply or suggest that said materials originate from the Company.

J. 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 of Company, 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.

K. TESTIMONIAL RELEASE AND COPYRIGHT LICENSE

In consideration of its grant of a Distributorship, Company, its subsidiaries, affiliates, agents, representatives, and anyone authorized by the Company, shall receive a perpetual, irrevocable, paid-up license to any copyrighted material and will have the right to use, throughout the world, in any and all media, Independent Distributors’ photographs, names, likenesses, appearances, images, voices, statements, quotes, letters, endorsements, testimonials, social media posts and/or other information and materials created or 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 (including a perpetual, irrevocable, paid-up license to any copyright therein, for use throughout the world). 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, social media posts 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.

L. INTERNET RESTRICTIONS

The use on the Internet of any Company Proprietary Information shall be subject to the requirements set forth in Section 5 below and shall be specifically limited as follows:

- a. Company Proprietary Information 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 Company Proprietary Information.

- b. Company Proprietary Information 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 Company Proprietary Information.

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, directly or indirectly or through any intermediary or instrumentality, 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 Company Proprietary Information.

f. Independent Distributors may not offer, directly or indirectly or through any intermediary or instrumentality, 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.

g. Company Proprietary Information shall not be used by Independent Distributors to register for any Internet search engine or other information retrieval system on the Internet.

h. Company Proprietary Information shall not be used as any part of a user profile, user name, topic identifier, subject identifier or any other means to identify an Independent Distributor or the subject or topic matter of an Independent Distributor's social media post and/or comment. 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, @senedermsolutions, would all be prohibited uses of Company Proprietary Information.

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

i. Company Proprietary Information 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.*

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

M. 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 Company Proprietary Information in an unsolicited email advertisement (“spam”) is specifically prohibited.

N. MASS MAILINGS, EMAILS AND TELEPHONE SOLICITATIONS (INCLUDING TEXT MESSAGING)

The use of Company Proprietary Information may not be made with automatic calling devices, “boiler room” operations, or through unsolicited mass mailings or emails to solicit Independent Distributors and/or retail customers. Independent Distributors are required to comply with all federal, state and local laws and regulations, including but not limited to those involving “Do Not Call” lists and CAN-SPAM restrictions.

O. 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.

Section 5. Advertising/Marketing In Print, Digital Or 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 types of advertising forums, including but not limited to print, digital and social media. ***DSA Code of Ethics:*** https://www.dsa.org/docs/default-source/code-of-ethics/dsa-code-of-ethics-december-2018.pdf?sfvrsn=5598cda5_10

It is anticipated that Independent Distributors may advertise and/or market Company products and the Independent Distributor opportunity in many forums, including in printed and digital advertisements such as display ads (signs, posters, banners, etc.), print ads (magazine, newspaper, etc.), direct mailings, flyers, brochures, and any other printed or digital items, as well as on social media including virtual communities and/or networks known by many trade names, including, but not limited to, the following: Facebook[®], LinkedIn[®], Twitter[®], Instagram[®], Snapchat[®], and YouTube[®]. These communities also extend to participation in a blog and wiki page. Any advertisement or marketing material, regardless of forum used, must comply with these *Policies & Procedures*. Any use of Company Proprietary Information in any advertisement or marketing material must only be done pursuant to the limited license granted to active Independent Distributors in good standing with the Company, as described above in Section 4B.

A. IDENTIFY YOURSELF AS AN INDEPENDENT DISTRIBUTOR

Any use of Company Proprietary Information in any forum that an Independent Distributor uses for advertising or marketing 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 user profile must appear under the most appropriate topical heading available through the 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.

B. DO NOT USE THIRD PARTY MATERIALS

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.

C. COMPANY PROVIDED MATERIALS

Independent Distributors may use a stock photo provided to the Independent Distributors by Company for use in marketing and development (e.g. available in the Back Office) in their advertising and marketing and may personalize such Company provided materials, but any personalization must otherwise comply with these *Policies & Procedures*.

D. INDEPENDENT DISTRIBUTOR CREATED MATERIALS

An Independent Distributor may create advertisements and marketing materials using Company Proprietary Information for his or her own personal use or for the personal use of those Independent Distributors in their downline teams, in connection with promoting and selling Company products in accordance with the limited license to Company Proprietary Information granted above in Section 4B. In the course of creating such advertisements, Independent Distributors may commission the services of third parties for tasks such as printing materials. Nothing in these *Policies & Procedures* however allows Independent Distributors to purchase or use advertising materials marketed or sold to Independent Distributors by third parties who are using Company Proprietary Information in violation of trademark, copyright or other intellectual property laws. Independent Distributors' purchase or use of materials created by third parties who are violating trademark and other intellectual property laws will be considered a violation of these *Policies & Procedures* and may give rise to disciplinary measures up to and including termination of a Distributorship. Any such advertisement or marketing materials created by an Independent Distributor shall be subject to Section 4K above.

E. GUIDELINES FOR ALL ADVERTISING AND MARKETING FORUMS

(i) 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 statement may lead to confusion about whether or not you are an Independent Distributor, please note on such advertisement, e.g., "I am an Independent Distributor of SeneGence", "Not affiliated with or an employee of SeneGence International", "#independentdistributor", "#distributorad", etc.

(ii) Properly Disclose Advertisement Material

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

(iii) Do Not Make Any False Claims

- i. Make accurate and truthful statements 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 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 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 Company products.
- v. Do not make any claims for any Company products that are not contained in the official Company literature.
- vi. Do not make statements, claims, representations, warranties or disclosures about Company products, including but not limited to claims that Company products alter the structure or function of the body in any way, in promoting Company, in sponsoring or training Independent Distributors or in selling Company products.
- vii. Do not make statements, claims, representations, warranties or disclosures about Company products, including but not limited to claims that Company products cure or mitigate diseases, in promoting Company, in sponsoring or training Independent Distributors or in selling Company products, other than what is expressly contained in official Company literature.
- viii. Do not make any claims that your Independent Distributorship is “going out of business” or is a “goob” unless you are actually discontinuing running your Independent Distributor business in the near future.

(iv) 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.

(v) 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...”

F. MONITORING AND ENFORCEMENT BY COMPANY

All advertisements and marketing materials may be audited by Company at any time. Company reserves the right to require changes to or deletion of any advertisement or marketing material if the Company deems, in its sole and unfettered discretion, that such action is 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.

Independent Distributors are permitted to use social media services that restrict access to the general public, such as Closed Facebook® Groups or Protected Twitter® Accounts, for purposes related to their Distributorships, but Independent Distributors must give Company access to view and/or join these posts or groups, at the request of Company. Independent Distributors are not permitted to use Secret Facebook® Groups for any purpose relating to their Distributorships. If the Independent Distributor fails to comply with Company’s request for access, Company reserves the right to suspend and/or terminate the Independent Distributor’s Distributorship.

These *Policies & Procedures* are not intended to restrict communications or actions protected or required by federal, state or local law.

Section 6: 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 Company Proprietary Information 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. 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.
2. 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.**
3. 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.

4. 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 11 paragraph G*)

5. 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 contact the Compliance Department.

Section 7: 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. 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 signed document from the beneficiary/transferee stating that they agree to be bound by these *Policies & Procedures* and that they have reviewed the *Minimum Advertised Price Policy*.

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 these *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. An Independent Distributor who voluntarily terminates his or her Distributor status shall (a) no longer represent him or herself as an Independent Distributor for the Company; (b) lose all rights to purchase products from the Company at wholesale prices; (c) forfeit all rights to his/her participation and position in the *Distributor Compensation Plan*, including all future commissions and earnings therefrom; (d) be prevented from soliciting, recruiting or sponsoring prospective Company Independent Distributors; and (e) take all other actions reasonably required by Company relating to protection of Company's confidential information and Company Proprietary Information, including discontinuing the use of Company's Proprietary Information, and ceasing all prohibited contact with Company's customers and Independent Distributors .

Upon notification of cancellation or termination, the Company will repurchase products purchased from Company in accordance with Section 10 of these *Policies & Procedures* and its current processes. 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 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 these *Policies & Procedures*. In addition, Company may terminate a Distributorship at any time upon thirty (30) days written notice for any reason or for no reason. Notice of involuntary suspension and/or termination shall be sent to the Independent Distributor at the Independent Distributor's most recent email 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 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 at wholesale cost 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; (2) the right to solicit, recruit or sponsor Independent Distributors of Company products; and (3) the limited license to use Company Proprietary Information. A terminated Independent Distributor must immediately cease all use of Company Proprietary Information and any prohibited contact with Company's customers and Independent Distributors.

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.

Upon termination, the Company will repurchase products purchased from Company in accordance with Section 10 of these *Policies & Procedures* and its current processes.

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 11U 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 8: Payment of Commissions and Bonuses

A. RECEIPT AND ACCEPTANCE OF ONLINE APPLICATION

Commissions and/or bonuses cannot be earned or paid until an applicant has completed Company's online application process and the application 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. Independent Distributor understands that any compensation Independent Distributor receives from Company is related solely to the sale of products and that there is no compensation for sponsoring. Independent Distributor understands that Independent Distributor is not guaranteed an income, profits or success and certifies that no such representations have been made to Independent Distributor either by Company or any Independent Distributor.

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 and bonuses, if any, to that Independent Distributor's commission payment account (the "SeneCard"). Downline Commissions, if any, will be distributed to the SeneCard on a weekly basis on Fridays for the prior week starting Sunday and ending the Saturday at 11:59 PM Pacific Time prior to the payout. The Group Sales Volume Bonus, if any, will be distributed to the 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.

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 have an active status (i.e. Distributorship has not been suspended, cancelled or terminated), be current on any fees due to Company, and be in conformity with all of his or her obligations under the then-current version of these *Distributor Policies & Procedures*. Independent Distributor also acknowledges that in order to maintain qualified status, he or she grants to Company the right to share his or her name, email address, telephone number and purchasing information and history with other Independent Distributors.

E. 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.

F. 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.

G. 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 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 9B, below).

H. 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.

I. 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 9: 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 Independent 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 wholesale orders from any source except an Independent Distributor who is currently active and in good standing with the Company 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 ostensibly 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 Company 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.

In addition, any order placed through any retail or direct-to-consumer sales channel offered by Company must be a true consumer purchase. Any such order that is not, or that is placed in an effort to, or that has the effect of, manipulating the *Distributor Compensation Plan*, shall be similarly conclusively presumed to be a violation of these *Policies & Procedures*, with the same potential effect of discipline, up to and including termination of the Distributorship.

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 Company 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 from Company 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 from Company. 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 purchase 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 ninety (90) day Company required consumer guarantee from the Independent Distributor to the consumer.

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. 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 9C, 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 Independent Distributors and which carry competing products; provided the non-chain store and three location maximum restrictions are applied.

Section 10: 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 these *Distributor Policies & 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 ninety (90) days 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 Company’s Return Merchandise Authorization Program (“RMA”) then in effect. Exchanges (or other RMA compensation) will only be processed by Company if accompanied by the customer receipt and an RMA Number, from 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 online RMA application and process then in effect, which can be accessed in the Independent Distributor Back Office >Business>Product Returns/RMA. 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

U.S. 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. 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 10A, above. The Independent Distributor shall at all times honor the above Consumer Guarantee in addition to this Statutory Right to Cancel.

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 the 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, this request for the Statutory Right to Cancel must be honored by the Independent Distributor. If the buyer has taken delivery of the goods, the goods 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 Merchandise 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>Product Returns/RMA.

E. TERMINATION RETURNS

An Independent Distributor whose Distributorship is either voluntarily or involuntarily terminated may return all unencumbered, unopened product inventory, Company produced promotional materials, sales aids, tools and kits which are in reusable and resalable condition that were purchased from Company within the previous twelve (12) months immediately preceding the date upon which the return is to be made. Company will refund 90% of the net purchase cost, paid by the Independent Distributor for said product inventory, Company produced promotional materials, sales aids, tools and kits to the Independent Distributor, less

any commissions, prizes, and/or bonuses already paid to the Independent Distributor on said returned items.

Any return of product inventory, Company produced promotional materials, sales aids, tools or kits upon termination of a Distributorship, must be preceded by notice to Company accompanied by an itemized list of everything being returned, and otherwise in conformance with the termination return merchandise program and process then in effect by Company.

Returned items 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 items to Company, the Point Value of the returned items 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 item 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 items. In the event that Company repurchases items 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 11: Enforcement/General Provisions

A. COMMUNICATION REGARDING VIOLATIONS

It is recognized that on occasion an Independent Distributor may unknowingly violate the rules set forth in these *Distributor Policies & Procedures* or in the *Minimum Advertised Price Policy*. Should that occur and another Independent Distributor becomes aware of such violation, or should an Independent Distributor witness or see something that is potentially defamatory, maliciously false, unlawful and/or represents unethical conduct against Company, Company Proprietary Information and/or another Independent Distributor, the Independent Distributor having such knowledge should communicate to Company such information in writing, signed by such Independent Distributor and directed to the Company Compliance 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. In addition, Independent Distributor may obtain other proprietary Company information during the course of his or her Distributorship, including but not limited to names of, contact information for and purchasing information and history of other Independent Distributors and end customers, credit data, product purchase information and other profile data for end customers, information concerning product formulas, sales and distribution systems, manufacturing, source codes, product development, operating and financial information,

and/or other business and marketing information and materials. The Independent Distributor agrees that all such Company information is proprietary, confidential, and constitutes trade secrets of the Company. The Independent Distributor acknowledges unauthorized release of such information can cause severe economic and other harm to Company and that any such information is transmitted to the Independent Distributor on a need to know basis and 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 Distributorship with Company.

The Independent Distributor agrees that he or she will use his or her best efforts to keep such information confidential and shall 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 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.**

Nothing in this section shall prevent the disclosure of information if compelled or allowed pursuant to federal, state or local law or by an order of a court.

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 contractual 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 INTERFERENCE WITH CONTRACTUAL RELATIONSHIPS

Independent Distributors agree, acknowledge and recognize that Company has valuable contractual relationships with each of its Independent Distributors, and thus, any action taken by him or her that results in interference with Company's existing contractual relationship with, or prospective advantage from, any other Independent Distributor, is an act of competition with Company and is prohibited by these *Policies & Procedures*.

D. 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 manufacturers or suppliers, or their employees, agents, or representatives, except at a Company-sponsored event which the manufacturer, supplier or its representative attends at the request of Company.

E. 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 and to customers. 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.

F. SEVERABILITY

To the full extent available under any applicable law, if any provision of 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 these *Policies & Procedures*. 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.

G. 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.

H. 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 directly or indirectly on his or her own behalf or on behalf of any other person or entity, approach, solicit, induce, entice, encourage, advise, train or act in a manner that would tend to cause, any Independent Distributor (except personally sponsored, i.e.: first level downline), member, customer, supplier, vendor 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 acknowledge that Company has a beneficial contractual relationship with each of its Independent Distributors and so he or she also agrees 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 restrictions are necessary for Company to preserve and protect its valuable interests and contractual 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.

I. 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.

J. 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 *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.

K. 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.

L. INDEMNITY AGREEMENT

Each and every Independent Distributor agrees to indemnify and hold harmless Company and its subsidiaries, affiliates, and their 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 attorneys' fees and court costs, arising or alleged to have arisen, in connection with or related to, allegedly or otherwise, that Independent Distributor's: (a) Distributorship; (b) a breach of these *Policies & Procedures*; or (c) a violation of or a failure to comply with any applicable federal, state or local law or regulation. Company shall have the right to offset any amounts it may owe Independent Distributor (including but not limited to commission payments or refunds for returned product) in connection with this indemnification obligation.

M. ARBITRATION AGREEMENT

NOTICE

*** EITHER INDEPENDENT DISTRIBUTOR OR COMPANY MAY CHOOSE TO HAVE ANY CLAIM BETWEEN INDEPENDENT DISTRIBUTOR AND COMPANY RESOLVED BY BINDING ARBITRATION INSTEAD OF IN COURT.**

*** THE CLAIM WILL BE RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT AS A CLASS ACTION.**

*** DISCOVERY AND OTHER RIGHTS ARE MORE LIMITED IN ARBITRATION THAN IN COURT.**

*** INDEPENDENT DISTRIBUTOR WAIVES HIS OR HER RIGHT TO A JURY OR COURT TRIAL.**

*** INDEPENDENT DISTRIBUTOR WAIVES ANY RIGHT TO BRING OR PARTICIPATE IN A CLASS ACTION.**

*** INDEPENDENT DISTRIBUTOR MAY "OPT OUT" OF THIS CLAUSE IN WRITING WITHIN 60 CALENDAR DAYS OF INDEPENDENT DISTRIBUTOR'S INITIAL ONLINE APPLICATION OR THE ANNUAL RENEWAL OF THEIR DISTRIBUTORSHIP.**

Claims to be Arbitrated. Any and all "Claims" between Independent Distributor and Company arising out of or relating to a Company Distributorship or to the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, if Independent Distributor or Company so choose, shall be determined by arbitration in Orange County California before one arbitrator, and not in court. This means Independent Distributor and Company waive the right to a jury trial or court trial on those Claims. The term "Claim" means all claims, disputes, or controversies of any kind arising out of or relating to the parties' relationship, including, but not limited to, this Arbitration Agreement or the breach, termination, enforcement, interpretation or validity thereof. The arbitrator will interpret this Arbitration Agreement and decide the Claim, as well as whether the Claim can be arbitrated. However, the court will decide any Claim involving whether the Class Action Waiver, below, is enforceable. Neither Independent Distributor nor Company waives the right to arbitrate by filing suit in court.

CLASS ACTION WAIVER. ANY ARBITRATION MUST BE ON AN INDIVIDUAL BASIS ONLY. INDEPENDENT DISTRIBUTOR GIVES UP ANY RIGHT HE OR SHE MAY HAVE TO PARTICIPATE IN A CLASS OR OTHER REPRESENTATIVE ACTION REGARDING ANY CLAIM THAT IS SUBJECT TO ARBITRATION. THIS MEANS THE INDEPENDENT DISTRIBUTOR CANNOT BE A CLASS MEMBER, CLASS REPRESENTATIVE OR PRIVATE ATTORNEY GENERAL REGARDING ANY SUCH CLAIM.

Exception for Claims for Public Injunctive Relief. Independent Distributor or Company may, but are not required to, submit Claims for public injunctive relief under California or federal statutes that specifically provide for such relief to arbitration under this Arbitration Agreement. However, the class action waiver contained herein still applies to claims for public injunctive relief, and any such claims, whether asserted in court or in arbitration, may only be brought on an individual basis and not on behalf of a class or a multi-plaintiff group. In the event that either Independent Distributor or Company brings an action against the other for public injunctive relief, that Claim for public injunctive relief shall be severed from all other issues, including damages or equitable remedies, and the proceedings relating to public injunctive relief shall be stayed until the other issues are resolved by arbitration. After such other issues are resolved, the proceedings relating to public injunctive relief shall be recommenced (in either arbitration or in court), and any findings of

fact or law decided by the arbitrator(s) in the non-public injunctive relief proceedings may be considered but shall not be dispositive as to the Claim for public injunctive relief.

Exception for Claims for Emergency Injunctive Relief. The Company is not required to submit Claims to arbitration to the extent that court action is necessary to enforce Company's rights to injunctive relief under Sections 11 B, G, and H, and 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.

Nothing in this Arbitration Agreement 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.

Exception for Small Claims. If the amount of a Claim is within the small claims court's jurisdiction (a "Small Claim"), Independent Distributor or Company may bring such Claim in small claims court. Independent Distributor and Company do not have to arbitrate a Small Claim that is filed in small claims court. Independent Distributor or Company may appeal the small claims court's judgment according to the law. However, if Independent Distributor or Company brings any counterclaim or cross-claim that is for more than the small claims court's jurisdiction, the entire Claim (including the counterclaim or cross-claim) must, if Independent Distributor or Company choose, be resolved by arbitration.

Arbitration Organization. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules. Judgment on the Award may be entered in any court having jurisdiction. This Arbitration Agreement shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The parties agree and understand that the arbitrator shall have all powers provided by law and this Arbitration Agreement. The arbitrator shall be a retired judge 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. If JAMS cannot or will not serve, and Independent Distributor and Company cannot agree to another arbitration organization, the court will appoint one.

Law and Proceedings. The Federal Arbitration Act, 9 United States Code §§ 1, et seq. (the "Act") will govern this Arbitration Agreement. Contact the arbitration organization for instructions on how to file a case. The arbitrator must apply the substantive law, privileges and the statutes of limitations that would apply in a court action. The arbitrator will have no authority to grant class action or representative relief. The arbitrator's award will be final and binding, except for the limited right to appeal in the Act.

Severability and Continuation. If the court finds that any part of this Arbitration Agreement other than the Class Action Waiver cannot be enforced, the rest of this Arbitration Agreement will be enforced. If the court finds that the Class Action Waiver cannot be enforced, this entire Arbitration Agreement (except for this sentence) will be unenforceable with respect to the class action or representative claims. In no event will a class action or representative claim, or a claim for public injunctive relief, be arbitrated. This Arbitration Agreement will remain in effect even after a Distributorship ends or terminates.

Opt Out Procedure. If Independent Distributor does not want to resolve Claims through arbitration, Independent Distributor can opt out of this Arbitration Agreement. To do so, send Company a Notice as set forth in Section 11U of these *Policies & Procedures* within 60 calendar days after the date of Independent Distributor's online application or renewal of a Distributorship. Such Notice must include Independent Distributor's name, address, phone number and email address and state that you want to opt out of this Arbitration Agreement. This is the only way Independent Distributor can opt out of this Arbitration Agreement. Independent Distributor's opt out will not affect any other provisions of these *Policies & Procedures*.

Confidentiality. The parties shall maintain the confidential nature of the arbitration proceeding and the award, including the hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits, or except as may be necessary in connection with a court application for a preliminary remedy, a judicial challenge to an award or its enforcement, or unless otherwise required by law or judicial decision.

N. ENTIRE AGREEMENT

These *Distributor Policies & Procedures* and the *Distributor Compensation Plan*, as each may be amended and/or revised, constitute the entire agreement of the parties regarding their business relationship.

O. 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.

P. NO THIRD PARTIES

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.

Q. 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.

R. ATTORNEYS' FEES AND COSTS

If any legal action (including arbitration) is necessary to enforce or interpret the terms of these *Distributor Policies & Procedures* or the *Distributor Compensation Plan*, or otherwise resolve any dispute between the parties, the prevailing party shall be entitled to recoup its costs of the legal action (including arbitration) and reasonable attorneys' fees to the extent permitted under California law.

S. GOVERNING LAW, INTERPRETATION AND VENUE

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 these *Distributor Policies & Procedures* or the *Distributor Compensation Plan* may be brought shall be the County of Orange in the State of California.

T. COUNTERPARTS AND FACSIMILE / SCANNED COPIES

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.

U. EMAIL NOTICE

Any communication by Independent Distributor concerning these *Distributor Policies & Procedures* shall be in writing and delivered by email 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 email to Independent Distributor at the email 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 email address is up to date and that spam and filtering software does not prevent Company's emails 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. Either party may change its address by written notice given to the other party.

Independent Distributor, by virtue of his or her distributorship, irrevocably grants to Company and to his or her upline, 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.

V. 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 these *Distributor Policies & Procedures* and the *Distributor Compensation Plan*. 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.

All amendments and future revisions to these *Policies & Procedures* or to the *Distributor Compensation Plan* shall become binding on all Independent Distributors thirty (30) days after publication and shall operate prospectively (i.e. shall apply to conduct arising after such amendments and revisions become binding). Publication may be accomplished through any of the following methods: (1) posting on the Company website, (2) printing in the Company Newsletter, (3) delivery by email, or (4) delivery by regular U.S. Mail. In the event of any conflict between these *Policies & Procedures* and any amendment, the amendment shall control.

W. SURVIVAL

Those covenants and obligations of Independent Distributor set out in Sections 11B, 11G, 11H, 11I, 11J, 11K, 11L, 11M, 11O, 11P, 11Q, 11R and 11S shall survive termination of any Independent Distributor's Distributorship.