

Yoli<sup>®</sup>, LLC

# Policies and Procedures

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## **SECTION 1 – INTRODUCTION**

### **1.1 Policies and Compensation Plan Incorporated into Distributor Agreement**

These Policies and Procedures, in their present form and as amended at the sole discretion of Yoli, LLC (hereafter “Yoli.” or the “Company”), are incorporated into, and form an integral part of, the Yoli Distributor Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Yoli Distributor Application and Agreement, these Policies and Procedures, the Yoli Marketing and Compensation Plan, and the Yoli Business Entity Application and Agreement (if applicable). These documents are incorporated by reference into the Yoli Distributor Agreement (all in their current form and as amended by Yoli).

It is the responsibility of each independent Distributor (hereinafter “Distributor” or “Member”) to read and operate under the most current version of these Policies and Procedures. When sponsoring or enrolling a new Distributor, it is the responsibility of the sponsoring Distributor to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the Yoli Marketing and Compensation Plan prior to his/her execution of the Distributor Agreement. No promises or claims made or implied by any Yoli Distributor or Customer or Yoli staff can in any way over-ride the current Yoli Policies and Procedures or Yoli Compensation Plan. Violation of the Yoli Policies and Procedures could result in fees, suspension and/or termination.

### **1.2 Changes to the Agreement**

Yoli reserves the right to amend the Agreement and its prices at its sole and absolute discretion. By executing the Distributor Agreement, a Distributor agrees to abide by all amendments or modifications that Yoli elects to make. Notice of amendments shall be posted in Distributors’ team offices or sent to Distributors via email. Amendments shall be effective 30 days after notice of the amendments are posted. The continuation of a Distributor’s Yoli business or a Distributor’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments. The interpretation of these policies and procedures will be made in a manner that considers and serves the best interests of the company. The company reserves the right to reject any request that does not serve the betterment of the company.

### **1.3 Delays**

Yoli shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party’s source of supply, or government decrees or orders.

### **1.4 Policies and Provisions Severable**

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

### **1.5 Waiver**

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Yoli to exercise any right or power under the

Agreement or to insist upon strict compliance by a Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Yoli's right to demand exact compliance with the Agreement. Yoli's waiver of any particular breach by a Distributor shall not affect or impair Yoli's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. Nor shall any delay or omission by Yoli to exercise any right arising from a breach affect or impair Yoli's rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Distributor against Yoli shall not constitute a defense to Yoli's enforcement of any term or provision of the Agreement.

## **SECTION 2 – BECOMING A DISTRIBUTOR**

### **2.1 Requirements to Being a Distributor**

To become a Yoli Distributor, each applicant must:

- I. Be at least age 18 years old.
- II. Reside in the United States or U.S. Territories or country that Yoli has officially announced is open for business. Distributor application authorizes a Distributor to resell products and operate a Distributorship in the country for which it is specified. If a Distributor desires to resell Products in another country that Yoli has officially opened, he/she must provide proof of residence in that country and submit a change of country request to the Compliance Department. Yoli may charge a fee for this change.
- III. Submit a properly completed IRS Form W-9 or other appropriate IRS form as required by Yoli.
- IV. Purchase a Yoli Distributor Success Kit (not applicable in North Dakota).
- V. Submit a properly completed Distributor Application and Agreement to Yoli.
- VI. All Distributors are required to maintain an active Team Office. The fee for the Team Office is \$9.95 monthly which covers the cost of providing the Distributor with the online marketing system and back-office operations necessary to manage their Yoli independent business, and access to Yoli Customer Service for account support. A valid credit card must remain on file at all times or the account could be subject to termination.
- VII. The Company has made a commitment to provide its Distributors top quality Products, exceptional support and a proven, successful Compensation Plan. A Distributor may purchase Products directly from the Company for both personal use and for resale to consumers. In turn, a Distributor agrees to represent the Products and income opportunity in an ethical and professional manner. Each Distributor agrees to abide by the following Code of Ethics.

#### **Code of Ethics**

- I will follow the highest standards of honesty and integrity in the development and operation of my Yoli business.
- At all times I will conduct myself and my business in an ethical, moral, legal, and financially sound manner and will not engage in any deceptive or illegal practice.
- I will give prompt and efficient service to anyone to whom I have introduced Yoli's products.



- I will make no claims for, or representations about, any Yoli products, other than those claims or representations found in current Company literature or on labels.
- I will not make negative or disparaging remarks about anyone who may be in competition with Yoli, or with their people, products, or organizations. I will respect the Sponsor relationship of every other Distributor and I will not attempt to interfere with or change these relationships.
- I will not engage in activities that may cause losses to Yoli or to any other Yoli Independent Distributor.
- I will not use Yoli trademarks, trade names, logos, information, Distributor lists, literature, meetings, gatherings, or Yoli resources to further other business interests.
- I will fulfill my leadership responsibilities as a Sponsor by training, assisting, and otherwise supporting the people in my downline organization. I will perform all duties of a sponsor and a leader as I build my Yoli business.
- I will respect the privacy of both my upline and downline Distributors and customers and comply with these Policies and Procedures.
- I will honor the terms of the Product return and refund policies with all of my retail customers.
- I will present the Yoli compensation plan accurately and honestly, clearly portraying the level of effort required to achieve success without exaggerating the financial possibilities.
- I will abide by all rules, regulations, laws, and ordinances that are applicable to the operation of my Yoli business as a Distributor.

## **2.2 One Yoli Account per Person**

A Distributor may operate or have an ownership interest, legal or equitable, in only one Yoli account per person. Each distributor account shall only contain one unique email, mailing address, and unique phone number. Exceptions shall only be made at the discretion of the Company.

An exception will be considered on a case-by-case basis if two Distributors marry or in cases of a Distributor receiving an interest in another business through inheritance. Requests for exceptions to policy must be submitted in writing to the Compliance Department.

## **2.3 Distributor Success Kit**

No person is required to purchase Yoli products to become a Distributor. In order to familiarize new Distributors with Yoli products, services, sales techniques, sales aids, and other matters, the Company requires that they purchase a Distributor Success Kit (not applicable in North Dakota). Yoli will repurchase resalable kits from any Distributor who terminates his/her Distributor Agreement pursuant to the terms of under Section 7 called "Return of Product Inventory and Sales Aids upon Termination".

## **2.4 Distributor Benefits**

Once a Distributor Application and Agreement has been accepted by Yoli, the benefits of the Marketing and Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

- I. Sell Yoli products and services;
- II. Participate in the Yoli Marketing and Compensation Plan (receive bonuses and commissions, if

- eligible);
- III. Sponsor other individuals as Customers or Distributors into the Yoli business and thereby, build a marketing organization and progress through the Yoli Marketing and Compensation Plan;
  - IV. Receive periodic Yoli literature and other Yoli communications;
  - V. Participate in Yoli-sponsored support, service, training, and motivational and recognition functions (upon payment of appropriate charges, if applicable); and
  - VI. Participate in promotional and incentive contests and programs sponsored by Yoli for its Distributors.

### **SECTION 3 – OPERATING A YOLI BUSINESS OR PARTICIPATING IN YOLI’S PREFERRED CUSTOMER PROGRAM**

#### **3.1 Adherence to the Yoli Marketing and Compensation Plan**

Distributors must adhere to the terms of the Yoli Marketing and Compensation Plan as set forth in official Yoli literature. Distributors shall not offer the Yoli opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Yoli literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to participate in Yoli in any manner that varies from the program as set forth in official Yoli literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official Yoli agreements and contracts in order to become a Yoli Distributor. Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the Yoli Marketing and Compensation Plan other than those purchases or payments identified as recommended or required in official Yoli literature.

Some Yoli Distributors may desire to start their own Individually Branded Team within Yoli by creating a Team Name and producing Team SWAG.

Initial requirements for Creating Yoli Teams & Team SWAG:

1. Distributor must be an Independent Distributor of Yoli in good standing with the company. Distributor must have achieved the rank of Diamond or above for a period of 6 weeks and must be a current, “paid as” Diamond.
2. Distributor must have submitted a Distributor Agreement and be abiding by Yoli’s current Policies and Procedures.

Building an Individually Branded Team within Yoli is not sanctioned by Yoli and, in fact, can be a distraction from building and duplicating a Yoli business. Yoli’s goal is to unite all of our Distributors in a common purpose: one goal, one team, one culture. We are Team Yoli and every Distributor is invited to be a part of Team Yoli. However, if a “paid as” Diamond Distributor in good standing does choose to build an Individually Branded Team within Yoli and develop Team SWAG, Yoli will allow this activity for private use and private events when the below policies are followed. To qualify for the privilege of creating a Yoli Team, promoting Team Events, and creating team-branded SWAG, Distributors must follow these policies and procedures:

1. **Approval by Yoli.** All team-branded Products/SWAG are subject to approval under the Yoli Policies and Procedures. Submissions for approval are made to **compliance@yoli.com**. An official approval must be received via e-mail from Yoli Compliance Department prior to manufacturing any goods.

2. **Name.** All Team names must be preceded by the title “Team.” An example of an approved Team name would be ‘Team Fun.’ The word “Team” must precede team names on all Product/SWAG.
3. **Team-Branded Products.** Team-branded products shall be created in accordance with the Policies and Procedures and shall be limited to apparel and other team-branded promotional items. No printed or recorded Sales Tools are permitted. The team-branded products shall not infringe on any patent, trademark, trade secret, copyright, right of privacy or publicity, or any other tangible or intangible proprietary or intellectual property right of Yoli, LLC or any third-party. Products must be manufactured, packaged, or labeled in accordance with Yoli guidelines and all applicable laws. It is the producing Distributor’s responsibility to ensure that any team-branded products they produce do not infringe on the intellectual property rights of any third-party. Yoli is not responsible for verifying whether Distributors’ team-branded products infringe on the intellectual property rights of any third party, and any Distributor who produces team-branded products agrees to indemnify Yoli for any liability, claims, damages, settlements, costs, or expenses of any nature that arise from or relate to any claim against Yoli alleging that a Distributor’s team-branded products infringes in the intellectual property rights of any third-party.
4. **Team-Branded Product Markings and Coding.** The official Yoli logo must appear on all Products next to the Team Logo. The logo should be 4 inches or larger on apparel items and 2 inches or larger on hats and smaller items. The Yoli logo must accompany all Team Logos and it must be twice the size of the Team Logo to prevent brand confusion.
5. **Yoli Events.** No team-branded products may be sold or worn at Yoli corporate events, at Yoli sponsored events, at events where a Yoli Founder is present, or at events that are promoted by Yoli corporate (Yoli tools, Yoli calendar, Yoli produced flyers, events posted on Yoli social media). Team SWAG sales must be transacted off-site from the actual event, or in private rooms. Distributor promoted events that are held prior to or following a Yoli corporate event, whether private or public, must be approved by Yoli corporate. Submissions for approval are made to **compliance@yoli.com**. Approval must be received via e-mail from Yoli Compliance Department prior to promoting the event.
6. **Team-branded Online Products.** Team-branded products may not be sold online.
7. **Team Online Promotion.** Online promotion of private teams and private team events must include clearly and conspicuously state on each page of the site that the website is the team site of an independent Yoli® team, and is not a site that is sanctioned by Yoli, LLC.
8. **Official Yoli SWAG.** Distributors at the “paid as” rank of Diamond, and above, may purchase official Yoli SWAG and non-commissionable products directly from Yoli at wholesale. Purchases may be made by contacting Elite Services and placing discounted orders.
- (a) **Documentation.** Yoli shall keep records of all Product sales and provide the same to Diamond Distributor.
- (b) **Sales.** All Yoli swag sales are final.
- (c) **Taxes.** The amount of any valid present or future sales, use, excise, or other similar tax that is attributable to the sale of team-branded products shall be paid by Distributor; or in lieu thereof, Distributor shall provide Yoli with a tax exemption certificate acceptable to the taxing authorities.
9. Yoli may terminate any team-branded product approval without cause upon thirty (30) days written notice to the Distributor or immediately upon written notice of a material breach of the policies with regard to the team-branded products.
- We are TEAM YOLI and every Distributor is invited be a part of this team. All of these policies are designed to foster duplication, protect our Distributors and their Downlines, maintain Yoli company culture, and create unity and teamwork.

## **3.2 Advertising**

### **3.2.1 General**

All Distributors shall safeguard and promote the good reputation of Yoli and its products. The marketing and promotion of Yoli, the Yoli opportunity, the Marketing and Compensation Plan, and Yoli products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and the opportunity Yoli offers, Distributors must use the sales aids and support materials produced by Yoli. Yoli has carefully designed its products, product labels, Marketing and Compensation Plan, and promotional materials to ensure that each aspect of Yoli is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If Yoli Distributors were allowed to develop their own sales aids and promotional materials (which includes Internet advertising), notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting a Yoli business is almost certain. These violations, although they may be relatively few, would jeopardize the Yoli opportunity for all Distributors. Accordingly, Distributors must not produce their own literature, advertisements, sales aids and promotional materials, Internet web pages (subject to section 3.2.2 called "Distributor Web Sites") and training systems, without receiving prior authorization.

In rare cases, Yoli may allow Distributors to create marketing materials if:

- I. Distributor receives prior authorization from the Compliance Department by emailing [compliance@yoli.com](mailto:compliance@yoli.com).
- II. Yoli does not currently have equivalent or similar materials available.
- III. Distributor must have achieved the rank of Diamond or above for a period of 6 weeks and must be a current, "paid as" Diamond.
- IV. The created material does not make any improper product claims or improper income claims, as described in sections 3.9.2 and 3.9.3 respectively.
- V. Distributor sends completed material to [compliance@yoli.com](mailto:compliance@yoli.com) for final approval before use.

### **3.2.2 Distributor Web Sites**

If a Distributor desires to utilize an Internet web page to promote his/her business, he/she may only do so through the Company's official replicating Distributor web site, using official Yoli templates. No revenue generating Distributor websites are permitted. No non-revenue generating Distributor-produced websites are permitted. Where Yoli is featured on a non revenue-generating Distributor-produced web site, only a link to the Distributor's replicated web site is permitted.

### **3.2.3 Domain Names, Social Media Names and E-mail Addresses**

Distributors may not use or attempt to register any of Yoli's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name or e-mail address, social media handle or name, or User Name.

### **3.2.4 Trademarks and Copyrights**

Yoli will not allow the use of its trade names, trademarks, designs, or symbols by any person, including Yoli Distributors, without its prior, written permission. Distributors may not record Company events,

speeches, conference calls, leadership calls, or any other event or function, whether such event is in person, on the internet, via telephone, or presented through any other live or recorded medium. The Company prohibits all recording of Yoli Events. This includes, but is not limited to, Transform U events, corporate conferences, Yoli retreats, and Better Body Parties. Videos that are acceptable for use can be found on Yoli websites or in Member Kits.

### **3.2.5 Repackaging and Relabeling Prohibited**

Distributors may not re-label or alter the labels on any Yoli products, information, materials, or programs in any way. Distributors may not repackage or refill any Yoli products. Yoli products must be sold in their original containers only. Such relabeling or repackaging would violate governing laws, which could result in severe criminal penalties. Civil liability may also result when the persons using the products suffer any type of injury or their property is damaged as a consequence of the repackaging or relabeling of products.

### **3.3 Media and Media Inquiries**

Distributors must not respond to media inquiries regarding Yoli, its products or services, or the Distributor's independent Yoli business. All media inquiries must be immediately referred to Yoli's Corporate Communications Department. This policy is necessary to assure that accurate and consistent information is provided to the public, as well as to maintain a proper and consistent public image for the Company.

At times a Distributor or Customer may offer to provide (or be asked to provide) a testimonial, photo(s), personal information or other materials related to Yoli, its products or services, or to the Distributor's independent Yoli business (collectively, "Submitted Materials"). By submitting Submitted Materials, each Distributor or Customer (as applicable) hereby: (i) authorizes and gives permission to the Company, irrevocably and in perpetuity, to reproduce, copy, exhibit, publish, broadcast, distribute, or otherwise use the Submitted Materials (in whole or in part, as is or as may be edited) or any material based upon or derived therefrom, in any manner or media whatsoever, including, but not limited to, for the purposes of publicizing and promoting the Company; (ii) agrees that they shall have no right of approval, no claim to compensation or benefit, and no other claims whatsoever (including, without limitation, claims based upon invasion of privacy, defamation, or right of publicity) arising out of the use of the Submitted Materials; (iii) represents that any statements they have made concerning the Company and/or its products or services reflect their true and honest opinion of and experience with the Company and/or its products or services; (iv) agrees that any and all materials created by or for the Company (the "Company Materials") that incorporate, in whole or in part, the Submitted Materials shall remain the sole and exclusive property of the Company and that the Company shall retain all intellectual property rights, including, without limitation, copyright, that exist in the Company Materials; (v) to the extent that they may have any moral rights in the Submitted Materials and/or Company materials, agrees to waive all such moral rights in favor of Company and anyone authorized by the Company to use such Submitted Materials and/or Company Materials; and (vi) agrees to defend, indemnify, hold harmless and release the Company, its officers, directors, employees, agents, affiliates, representatives, successors and assigns from and against any and all manner of actions, causes of action, liabilities, debts, covenants, contracts, claims, damages, losses, fines, penalties, expenses and legal costs of whatsoever kind or nature suffered or incurred, directly or indirectly, by Company relating to or arising in any way out of the foregoing.

### **3.3.1 Social Media Guidelines**

Social Media may be used by Distributors to share information about Yoli. However, Distributors who elect to use Social Media must adhere to the Policies and Procedures in all respects.

Social Media sites may not be used to sell or offer to sell specific Yoli products or services. Profiles a Distributor generates in any social community where Yoli is discussed or mentioned must clearly identify the Distributor as a Yoli Independent Distributor, and when a Distributor participates in those communities, Distributors must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at Yoli's sole discretion, and offending Distributors will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Yoli approved library. If a link is provided, it must link to the posting Distributor's replicated website or the Distributor's Company-approved external web site.

Distributors may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Distributors create or leave must be useful, unique, relevant and specific to the blog's article.

#### **Distributors Are Responsible for Postings**

Distributors are personally responsible for their postings and all other online activity that relates to Yoli. Therefore, even if a Distributor does not own or operate a blog or Social Media site, if a Distributor posts to any such site that relates to Yoli or which can be traced to Yoli, the Distributor is responsible for the posting. Distributors are also responsible for postings that appear on any blog or Social Media site that the Distributor owns, operates, or controls.

#### **Identification as an Yoli Independent Distributor**

You must disclose your full name on all Social Media postings, and conspicuously identify yourself as an independent Distributor for Yoli. Anonymous postings or use of an alias is prohibited.

#### **Social Media as a Sales and Promotion Forum**

Some social media sites promote commercial use while others prohibit it. It is each Distributor's responsibility to learn and abide by the social media site's terms of use and policies. If the social media site does not allow its site to be used for commercial activity, you must abide by the site's terms of use. Social Media sites are relationship-building sites.

#### **Sales and Enrollments from Social Media Sites Are Prohibited**

Online sales and/or enrollments may only be generated from a Distributor's Yoli replicated website or from websites authorized by Yoli pursuant to Section 3.2 called "Distributor Web Sites". Likewise, Distributors shall not use any Social Media site to explain the Yoli compensation plan or any component of the compensation plan.

#### **Deceptive Postings**

Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Yoli income opportunity, Yoli's products and services, and/or your

biographical information and credentials.

### **Use of Third Party Intellectual Property**

If you use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any posting, it is your responsibility to ensure that you have received the proper license to use such intellectual property and pay the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third-party, and you must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

### **Respecting Privacy**

Always respect the privacy of others in your postings. Distributors must not engage in gossip or advance rumors about any individual, company, or competitive products or services. Distributors may not list the names of other individuals or entities on their postings unless they have the written permission of the individual or entity that is the subject of their posting.

### **Professionalism**

You must ensure that your postings are truthful and accurate. This requires that you fact-check all material you post online. You should also carefully check your postings for spelling, punctuation, and grammatical errors. Use of offensive language is prohibited.

### **Prohibited Postings**

Distributors may not make any postings, or link to any postings or other material that:

- Is sexually explicit, obscene, or pornographic;
- Is offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- Is graphically violent, including any violent video game images;
- Is solicitous of any unlawful behavior;
- Engages in personal attacks on any individual, group, or entity;
- Is in violation of any intellectual property rights of the Company or any third party.

### **Responding to Negative Posts**

Do not converse with one who places a negative post against you, other independent Distributors, or Yoli. Report all negative posts to the Company at **compliance@yoli.com**. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as Yoli, and therefore damages the reputation and goodwill of Yoli.

### **Social Media Sites with Web site-like Features**

Because some social media sites are particularly robust, the distinction between a social media site and a website may not be clear-cut. Yoli therefore reserves the sole and exclusive right to classify certain social media sites as websites and require that Distributors using, or who wish to use, such sites adhere to the Company's policies relating to independent websites.

### **Promotion of Other Direct Selling Businesses through Social Media**

In addition to meeting all other requirements specified in these Policies, should a Distributor utilize any

form of social media, including but not limited to Facebook, Instagram, Twitter, LinkedIn, YouTube, or Pinterest, the Distributor agrees to each of the following:

- No product sales or enrollments may occur on any social media site. To generate sales, a social media site must link only to the Distributor's Yoli replicated website.
- Other than Pinterest and similar social media sites, any social media site that is directly or indirectly operated or controlled by a Distributor that is used to discuss or promote Yoli's products, or the Yoli opportunity may not link to any website, social media site, or site of any other nature, other than the Distributor's Yoli replicated website.
- During the term of this Agreement and for a period of 12 calendar months thereafter, a Distributor may not use any social media site on which they discuss or promote, or have discussed or promoted, the Yoli business or Yoli's products to directly or indirectly solicit Yoli Distributors for another direct selling or network marketing program (collectively, "direct selling"). In furtherance of this provision, a Distributor shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Distributors relating to the Distributor's other direct selling business activities. The provision in this bullet point does not apply to a Distributor's personally-sponsored Distributors. Violation of this provision shall constitute a violation of the non-solicitation policy in Section 3.11 called "Non-solicitation".
- A Distributor may post or "pin" photographs of Yoli products on a social media site, but only photos that are provided by Yoli and downloaded from the Distributor's Team Office may be used.
- If a Distributor creates a business profile page on any social media site that promotes or relates to Yoli, its products, or opportunity, the business profile page must relate exclusively to the Distributor's Yoli business and Yoli products. If the Distributor's Yoli business is cancelled for any reason or if the Distributor becomes inactive, the Distributor must deactivate the business profile page.

### **3.4 Unsolicited E-mail**

Yoli does not permit Distributors to send unsolicited commercial e-mails unless such e-mails strictly comply with applicable laws and regulations including, without limitation, the Federal CAN SPAM Act. Any e-mail sent by a Distributor that promotes Yoli, the Yoli opportunity, or Yoli products and services must comply with the following:

- I. There must be a functioning return e-mail address to the sender.
- II. There must be a notice in the e-mail that advises the recipient that he/she may reply to the e-mail, via the functioning return e-mail address, to request that future e-mail solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- III. The e-mail must include the Distributor's physical mailing address.
- IV. The e-mail must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- V. The use of deceptive subject lines and/or false header information is prohibited.
- VI. All opt-out requests, whether received by e-mail or regular mail, must be honored. If a Distributor receives an opt-out request from a recipient of an e-mail, the Distributor must forward the opt-out request to the Company.

Yoli may periodically send commercial e-mails on behalf of Distributors. By entering into the Distributor



Agreement, Distributor agrees that the Company may send such e-mails and that the Distributor's physical and e-mail addresses will be included in such e-mails as outlined above. Distributors shall honor opt-out requests generated as a result of such e-mails sent by the Company.

### **3.5 Unsolicited Faxes**

Except as provided in this section, Distributors may not use or transmit unsolicited faxes or use an automatic telephone dialing system, relative to the operation of their Yoli businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting Yoli, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Distributor has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between a Distributor and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Distributor; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

### **3.6 Business Entities**

A corporation or partnership (collectively referred to in this section as a "Business Entity") may apply to be a Yoli Distributor by submitting a properly completed Business Entity Application and Agreement. A Yoli business may change its status under the same Sponsor from an individual to a partnership, corporation, or from one type of entity to another. There is a \$25.00 fee for each change requested, which must be included with the written request, the completed Distributor Application and Agreement, and all other requested documents.

All corporations owning or operating a Yoli business must be owned and operated by a sole non-corporate shareholder or by two shareholders or partners if the two shareholders or partners are spouses. Business entities that do not meet these criteria are not eligible to become Yoli Distributors. Only one officer of a Business Entity may hold a Yoli account.

### **3.7 Changes to a Yoli Business**

#### **3.7.1 General**

Each Distributor must immediately notify Yoli of all changes to the information contained on his/her Distributor Application and Agreement. Distributors may modify their existing Distributor Agreement (i.e., change Social Security number to Federal I.D. number, or change the form of ownership from an individual proprietorship to a business entity owned by the Distributor) by submitting a written request, a properly executed Distributor Application and Agreement, an updated IRS Form W-9 or other necessary form, and appropriate supporting documentation as might be required to do business in the state where the Distributor or Distributor -owned entity is located; including but not limited to Articles of Incorporation, proof of EIN or SSN, and proof of eligibility to conduct business in their local area.

#### **3.7.2 Addition of a Spouse as a Co-Applicant**

When adding a spouse as a co-applicant (including as a partnership or a business entity) to an existing

Yoli business, the Company requires a written request as well as a properly completed Distributor Application and Agreement and appropriate supporting documentation as might be required to demonstrate spousal status. For example, Mrs. X is a Distributor. She may add her husband Mr. X to the account. She may not add an adult child, parent or another relative, or an unrelated business partner. A Distributor who is an individual may transfer his/her interest and the spouse's interest, if applicable, to a legal entity that is 100% held by one or both spouses. A business can also transfer back to a personal account if all the shareholders, officers and members agree and the person taking ownership is on the existing business as a shareholder, officer or member. If the original Distributor wants to terminate his/her relationship with the Company, he/she must transfer or assign his/her business in accordance with Section 3.22 called "Sale, Transfer or Assignment of Yoli Business". If this process is not followed, the business shall be canceled upon the withdrawal of the original Distributor. All bonus and commission checks will be sent to the address of record of the original Distributor. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 3.8 below. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Distributor Application and Agreement. Yoli may, at its discretion, require notarized documents before implementing any changes to a Yoli business. Distributors should allow thirty (30) days after the receipt of the request by Yoli for processing.

### **3.8 Change of Sponsor**

To protect the integrity of all marketing organizations and safeguard the hard work of all Distributors, Yoli seldom allows changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Distributor and marketing organization. Accordingly, the transfer of a Yoli business from one sponsor to another is rarely permitted.

Requests for change of sponsorship must be submitted in writing to the Customer Service Department, and must include the reason for the change. Sponsor or placement changes will only be allowed under the following circumstances:

- I. A Distributor may legitimately change organizations by voluntarily canceling his/her Yoli business and remaining inactive (*i.e.*, the Distributor may not directly or indirectly receive any commission from Yoli, may make no purchases of Yoli products for resale, no sales of Yoli products, no sponsoring, no attendance at any Yoli functions, participation in any other form of Distributor activity, or operation of any other Yoli account) for six (6) full calendar months. Following the six calendar month period of inactivity, the former Distributor may reapply under a new sponsor. At this time, the former Distributor is treated as a new member, with no claim to any former downline organization they may have previously built.
- II. Distributors are allowed a 48 business-hour grace period from the time of enrollment to verify the Sponsor and Placement of all newly recruited Distributors. Within this time period, the Sponsor and Placement may be changed by sending an e-mail to the Customer Service Department. Yoli is not responsible for any lost or missed commissions due to sponsor changes that occur during the window of weekly commission processing.

All other requests for change of sponsorship or placement must be submitted in writing to the Customer Service Department, must be submitted by the direct sponsor, and must include the reason for

requesting the change. A non-refundable fee of \$100.00 USD must be submitted with the request which covers administrative/investigating charges and data processing. Paying the fee does not guarantee that a sponsor change will be approved. Yoli will review each request individually, and make a determination on a case-by-case basis. Yoli reserves the right to request additional information, documentation, and/or upline approvals, as needed.

In cases wherein the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business developed by a Distributor, Yoli reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST YOLI THAT RELATE TO OR ARISE FROM YOLI'S DECISION REGARDING THE DISPOSITION OF ANY BUSINESS AND/OR DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

### **3.9 Unauthorized Claims and Actions**

#### **3.9.1 Indemnification**

A Distributor is fully responsible for all of his/her verbal and written statements made regarding Yoli products and the Marketing and Compensation Plan which are not expressly contained in official Yoli materials. Distributors agree to indemnify Yoli and Yoli's directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Yoli as a result of the Distributor's unauthorized representations or actions. This provision shall survive the termination of the Distributor Agreement.

#### **3.9.2 Product Claims and Testimonials**

No claims regarding Yoli's products may be made by Distributors other than those set forth in Yoli's official promotional literature (including the Yoli website). Distributors must take every precaution to ensure that any testimonials used are legal, factual, accompanied by a signed testimonial release and do not: **(i) claim (express or implied) to treat, cure, prevent, or mitigate any disease, or otherwise make any health or therapeutic claims; (ii) make any claims (express or implied) that cannot be substantiated; (iii) reference or make comparisons to other companies or another company's products or services; (iv) mislead, deceive, create a false impression or provide a wrong idea in the minds of consumers. Testimonials must avoid all references to any disease, illness, symptom, procedure, surgery, test, test result, prescription or over-the-counter medication, or self-regulation of medication. When weight, inch loss, and physical improvements are shared publicly, Distributors should refrain from also sharing the time frame in which those results were achieved.** Testimonials should promote the "supportive" nature of the product. Testimonials about general well-being and the effects on "systems" of the body are encouraged (i.e., support normal immune function, boosts energy level, etc.).

#### **3.9.3 Income Claims**

In their enthusiasm to enroll prospective Distributors, some Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At Yoli, we firmly believe that the Yoli income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, the Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Distributors may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact Yoli as well as the Distributor making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because Yoli Distributors do not have the data necessary to comply with the legal requirements for making income claims, a Distributor, when presenting or discussing the Yoli opportunity or Marketing and Compensation Plan to a prospective Distributor, may not make income projections, income claims, or disclose his/her Yoli income (including the showing of checks, copies of checks, bank statements, or tax records). Distributors may not publicly share the time frame in which rank advancements or other business benchmarks related to their Yoli business were achieved.

#### **3.9.4 Unique Relationship Claims**

A Yoli Distributor is an Independent Distributor and cannot allege or imply that he or she has a unique relationship with, advantage with, or access to the Company, employees or Founders that other Distributors of equal rank do not have. Distributors may not rely on the Company to provide legal, placement, tax, financial, or other professional advice, nor may it rely on any such advice if given.

### **3.10 Commercial Outlets**

#### **3.10.1 Retail Locations**

Yoli strongly encourages the retailing and selling of products and services through person-to-person contact. However, a Distributor who owns or is employed by a service-related establishment may display or sell Yoli products or literature, as long as:

- I. The service-related establishment's primary source of revenue is from professional services and product sales are secondary. Approved service-oriented establishments may include (but are not limited to) health clubs and spas, beauty shops, and physicians' and chiropractors' offices. Unapproved retail-oriented establishments may include (but are not limited to) retail stores, Internet auction sites and pharmacies.
- II. The number of independent establishments within a given chain of stores may not exceed five with annual gross revenues exceeding \$1 million USD per store without the expressed written consent of Yoli.
- III. No product banners or other Sales Aid materials may be displayed visibly to the general public in a manner as to attract the general public into the establishment to purchase products or services.

#### **3.10.2 Online Auctions and Sales Forums**

Yoli products may not be sold via online sales forums or auction sites including but not limited to eBay, Amazon, Craigslist or any Social Media site. The only online sales facilities that Distributors may use to sell Yoli products are official Yoli replicated websites.

#### **3.10.3 Trade Shows, Expositions and Other Sales Forums**

Distributors may display and/or sell only Yoli products at trade shows and professional expositions,

except those where Yoli announces it will have an exclusive presence. Yoli, however, reserves the right to refuse participation at any function which it does not deem a suitable forum to appropriately portray the professional image of Yoli, such as swap meets, garage sales, flea markets, or farmers' markets, for the promotion of the Products or opportunity. For any venue that a Distributor should participate in responsibility falls on the Distributor to be compliant with rules and regulations of the venue. Participating Distributor is responsible to obtain any licenses or insurances as may be required for participation in said venue. Any signage and or displays used must clearly state that the participant sponsoring the event or display is an Independent Distributor.

### **3.11 Conflicts of Interest**

#### **3.11.1 Non-solicitation**

Yoli Distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, during the term of this Agreement, with the exception of their personally sponsored Distributors, Distributors may not recruit other Yoli Distributors or Customers for any other network marketing business. For a period of one year following the cancellation of this Agreement for any reason, with the exception of his/her personally sponsored downlines, a former Distributor may not recruit any other Yoli Distributor or Customer for another network marketing business. Because network marketing is conducted via networks of individuals located throughout the United States and internationally, and these individuals regularly communicate via the internet and telephones, placing a geographic limitation on the scope of this non-solicitation provision would render it ineffective. Therefore, Distributors agree that this non-solicitation provision shall apply to all markets in which Yoli or any parent, subsidiary or related company conducts business. The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Yoli Distributor or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Distributors must not sell, or attempt to sell, any competing non-Yoli products to Yoli Customers or Distributors. Any product in the same generic category as Yoli products are deemed to be competing, regardless of differences including but not limited to cost, quality, ingredient content, delivery system, manufacturing method, or method of function.

Distributors may not display Yoli promotional material with any other promotional material, products or services in a fashion that might in any way confuse or mislead a prospective Customer or Distributor into believing there is a relationship between the Yoli and non-Yoli products or services. Distributors may not offer the Yoli opportunity, products or services to prospective or existing Customers or Distributors in conjunction with any non-Yoli program, opportunity, product or service. Distributors may not offer any non-Yoli opportunity, products or services at any Yoli-related meeting, seminar or convention, or immediately following such event.

#### **3.11.2 Downline Activity (Genealogy) Reports**

Downline Activity Reports are available for Distributor access and viewing at Yoli's Team Office. Distributor access to their Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Yoli. Downline Activity Reports are provided to Distributors in

strictest confidence and are made available to Distributors for the sole purpose of assisting Distributors in working with their respective Downline organizations in the development of their Yoli business. Distributors should use their Downline Activity Reports to assist, motivate, and train their Downlines. The Distributor and Yoli agree that, but for this agreement of confidentiality and nondisclosure, Yoli would not provide Downline Activity Reports to the Distributor. A Distributor shall not, on his/her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- I. Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- II. Directly or indirectly disclose the password or other access code to his/her Downline Activity Report;
- III. Use the information to compete with Yoli or for any purpose other than promoting his/her Yoli business;
- IV. Recruit or solicit any Distributor or Customer of Yoli listed on any report, or in any manner attempt to influence or induce any Distributor or Preferred Customer of Yoli, to alter their business relationship with Yoli; or
- V. Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Distributor will return the original and all copies of Downline Activity Reports to the Company.

### **3.12 Cross-Sponsoring**

Actual or attempted cross-sponsoring is strictly prohibited. "Cross-sponsoring" is defined as the enrollment of an individual who or entity that already has a current Customer or Distributor Agreement on file with Yoli, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, fictitious real identification numbers, or any other artifice to circumvent this policy is prohibited. Distributors shall not demean, discredit or defame other Yoli Distributors in an attempt to entice another Distributor to become part of the first Distributor's marketing organization.

If cross-sponsoring is discovered, it must be brought to the Company's attention immediately. Yoli may take disciplinary sanctions against the Distributor, pursuant to Section 8 called "Disciplinary Sanctions" of this Agreement, who changed organizations and/or those Distributors who encouraged or participated in the cross-sponsoring. Yoli may also move all or part of the offending Distributor's downline to his/her original downline organization if the Company deems it equitable and feasible to do so. However, Yoli is under no obligation to move the cross-sponsored Distributor's downline organization, and the ultimate disposition of the organization remains within the sole discretion of Yoli. Distributors waive all claims and causes of action against Yoli arising from or relating to the disposition of the cross-sponsored Distributor's downline organization.

### **3.13 Errors or Questions**

If a Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Distributor must notify Yoli in writing within 60 days of the date of the purported error or incident in question. Yoli will not be responsible for any errors, omissions or problems not reported to the Company within 60 days. When an order is received, the

products should be checked against the packing slip to make certain there is no discrepancy or damage. Please notify Yoli Customer Service of any shipping discrepancy or damage within ten (10) business days of receipt of shipment. Failure to do so will forfeit a Distributor's right to request a correction.

### **3.14 Governmental Approval or Endorsement**

Neither federal nor state regulatory agencies nor officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that Yoli or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency. A Distributor may indicate that he/she and/or Yoli has a license to operate a direct sales business in a state where such a license has been issued as a requirement to do business in that state.

### **3.15 Income Taxes**

Each Distributor is responsible for paying all taxes on any income generated as an Independent Distributor. Each Preferred Customer is responsible for paying all taxes that may come due on allocated funds earned through the Yoli referral program. Product earned as a bonus or "free kit" is taxable, based upon the published wholesale value. If a Yoli business is tax exempt, the federal tax identification number must be provided to Yoli. Every year, Yoli will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: 1) Have had earnings of over \$600 in the previous calendar year; or 2) Made purchases during the previous calendar year in excess of \$5,000.

### **3.16 Independent Contractor Status**

Distributors are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Yoli and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Distributor. Distributors shall not be treated as an employee for any purpose including, without limitation, for federal or state tax purposes or for retirement benefits. All Distributors are responsible for paying local, state, and federal taxes due from all compensation earned as a Distributor of the Company. The Distributor has no authority (expressed or implied) to bind the Company to any obligation. Each Distributor shall establish his/her own goals, hours, and methods of sale, so long as he/she complies with the terms of the Distributor Agreement, these Policies and Procedures, and applicable laws.

The name of Yoli and other names as may be adopted by Yoli are proprietary trade names, trademarks and service marks of Yoli. As such, these marks are of great value to Yoli and are supplied to Distributors for their use only in an expressly authorized manner. Use of Yoli name on any item not produced by the Company is prohibited except as follows:

Distributor's Name  
Independent Yoli® Distributor

All Distributors may list themselves as an "Independent Yoli® Distributor" in the white or yellow pages of the telephone directory under their own name. The name "Yoli" must always be followed by the "®" symbol. No Distributor may place telephone directory display ads using Yoli's name or logo, except where the Distributor-authorized version of the Yoli logo that displays "Independent Member" or "Miembro Independiente" beneath the word Yoli is used. Distributors may not answer the telephone by

saying “Yoli”, “Yoli Corporate”, or in any other manner that would lead the caller to believe that he/she has reached the Corporate offices of Yoli.

### **3.17 Insurance**

You may wish to arrange insurance coverage for your business. Your homeowner’s insurance policy may not cover business-related injuries or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple “Business Pursuit” endorsement attached to your present home owner’s policy.

### **3.18 International Marketing**

Because of critical legal considerations, Yoli must limit the resale of Yoli products and the presentation of the Yoli business to prospective Customers and Distributors located within the United States and U.S. Territories, and other markets that the Company has officially announced are open for business subject to possible limitations. Moreover, allowing a few Distributors to conduct business in markets not yet opened by Yoli would violate the concept of affording every Distributor the equal opportunity to expand internationally.

Accordingly, Distributors are authorized to sell Yoli products and enroll Customers or Distributors only in the countries in which Yoli or a Yoli affiliated company is authorized to conduct business, as announced in official Company literature and subject to any conditions or limitations therein. Yoli products or sales aids cannot be shipped into or sold in any foreign country by a Distributor. Distributors may sell, give, transfer, or distribute Yoli products or sales aids only in their home country. In addition, no Distributor may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential Customers or Distributors; or (c) conduct any other activity for the purpose of selling Yoli products, establishing a marketing organization, or promoting the Yoli opportunity.

### **3.19 Inventory Loading and Bonus Buying**

Distributors must never purchase more products than they can reasonably use or sell to Retail Customers in a month, and must not influence or attempt to influence any other Distributor to buy more products than they can reasonably use or sell to Retail Customers in a month.

In addition, bonus buying is strictly and absolutely prohibited. “Bonus buying” involves any method of directly or indirectly maintaining or increasing a Distributor’s rank, volume, or commission level by purchasing products for which the Distributor does not have a bona fide reasonable intent to resell within 30 days from the date of the order. This policy specifically, although not exclusively, prohibits the use of a false positioner “dummy account” or other artifice as a conduit to purchase products. Distributors who use their own email, phone number, shipping address, billing address, or method of payment on the account of a Downline, for the purpose of generating volume for themselves or their greater team, may be subject to investigation, suspension, termination, and/or penalties or fines.

### **3.20 Adherence to Laws and Ordinances**

Distributors shall comply with all federal, state and local laws and regulations in the conduct of their businesses. Local laws may require a Food Handlers Permit or other certification to mix and serve Yoli products at any gathering. Distributors should receive all necessary certificates and permits prior to conducting any business. If a city or county official tells a Distributor that an ordinance



applies to him or her, the Distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Yoli.

### **3.21 Actions of Household Distributors or Affiliated Individuals**

If any Distributor of a Distributor's immediate household engages in any activity which, if performed by the Distributor, would violate any provision of the Agreement, such activity will be deemed a violation by the Distributor and Yoli may take disciplinary sanctions against the Distributor pursuant to Section 8.1 of this Agreement. Similarly, if any individual who owns a business entity in whole or in part, or who controls a business entity in whole or in part, (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and the affiliated individuals. Yoli may take disciplinary action against the entity and/or joint and several actions against any or all of the affiliated individuals.

### **3.22 Sale, Transfer or Assignment of Yoli Business**

Although a Yoli business is a privately owned, independently operated business which a Distributor may sell or transfer to another party, Yoli will only consider whether it will consent to the assignment of the Agreement if, the following criteria must be met:

- I. The Company must be offered the right of first refusal to purchase the business under the same terms pursuant to which the Distributor receives a bona fide offer from a third-party purchaser.
- II. Protection of the existing line of sponsorship must always be maintained so that the Yoli Business continues to be operated in that line of sponsorship.
- III. The new position owner must complete a Distributor Application and Agreement. Yoli will not consent to the assignment of the Agreement to existing Yoli Distributors. If the new position owner is an active Yoli Distributor, he/she must first terminate his/her Yoli business and remain inactive for six (6) consecutive calendar months before purchasing the Yoli business.
- IV. Before the sale, transfer and assignment can be finalized and approved by Yoli, any debt obligations the selling Distributor has with Yoli must be satisfied.
- V. The selling Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a Yoli business.
- VI. A \$250.00 assignment fee must be paid to Yoli before the assignment will be processed.
- VII. The Account to be purchased must have actively purchased at least 50 pv of product monthly for the prior 3 months. The account cannot be terminated and must be in good standing with Yoli Policies and Procedures.
- VIII. The original account must have achieved the rank of Ruby or above for the prior four (4) weeks.
- IX. All the required documentation needs to be submitted to Yoli for review. If all required documentation, payment and permissions are not received within three (3) weeks of a transfer initiation, the process will need to be restarted, which may include paying an additional fee. Yoli reserves this right, at its sole discretion, to request additional information and/or documentation prior to the consenting to the assignment of the Agreement.

Prior to selling a Yoli business, the selling Distributor must notify Yoli's Compliance Department in writing of his/her intent to sell the Yoli business. No changes in line of sponsorship can result from the sale or transfer of a Yoli business. Yoli reserves the right to approve or deny any requested

assignment.

### **3.23 Separation of a Yoli Business**

Yoli Distributors sometimes operate their Yoli businesses as husband-wife partnerships, regular partnerships, or corporations. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three entities are collectively referred to herein as “entities”) may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Distributors and the Company, Yoli will involuntarily terminate the Distributor Agreement.

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

- I. One of the parties may, with consent of the other(s), operate the Yoli business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Yoli to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- II. The parties may continue to operate the Yoli business jointly on a “business-as-usual” basis, whereupon all compensation paid by Yoli will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the downline organization of divorcing spouses or dissolving business entities be divided between the spouses or business owners. Yoli will recognize only one downline organization and will issue only one commission check per Yoli business per commission cycle. Commissions shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Distributor Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in their original Yoli business, they are thereafter free to enroll under any sponsor of their choosing. In divorce cases, the spouse who does not receive the Yoli business need not wait six calendar months before re-enrolling as a Yoli Distributor. However, the former spouse shall have no rights to any Distributors in their former organization. He/she must develop the new business in the same manner as would any other new Distributor.

### **3.24 Succession**

Upon the death or incapacitation of a Distributor, his/her business may be passed to his/her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Yoli business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Distributor’s marketing organization provided the following qualifications are met. The successor(s) must:

- I. Execute a Distributor Agreement;
- II. Comply with terms and provisions of the Agreement;
- III. Meet all of the qualifications for the deceased Distributor’s status;

- IV. Provide an address of record to which all bonus and commission checks will be sent. Bonus and commission checks of a Yoli business transferred pursuant to this section will be paid in a single check jointly to the devisees;
- V. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer Identification number. Yoli will issue all bonus and commission checks and one 1099 to the business entity.

#### **3.24.1 Transfer upon Death of a Distributor**

To affect a testamentary transfer of a Yoli business, the successor must provide the following to Yoli: (1) letters testamentary appointing an executor; (2) written instructions from the executor instructing on the proper disposition of the business; and (3) a completed and properly executed Distributor Agreement from the beneficiary.

#### **3.24.2 Transfer upon Incapacitation of a Distributor**

To effectuate a transfer of a Yoli business because of incapacity, the successor must provide the following to Yoli: (1) a notarized copy of an appointment as trustee; (2) written instructions from the trustee on the disposition of the business; and (3) a completed and properly executed Distributor Agreement executed by the trustee.

#### **3.25 Telemarketing Techniques**

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have “do not call” regulations as part of their telemarketing laws. Although Yoli does not consider Distributors to be “telemarketers” in the traditional sense of the word, these government regulations broadly define the term “telemarketer” and “telemarketing” so that your inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$16,000.00 per violation).

Therefore, Distributors must not engage in telemarketing in the operation of their Yoli businesses. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Yoli product or service, or to recruit them for the Yoli opportunity. “Cold calls” made to prospective Customers or Distributors that promote either Yoli’s products or services or the Yoli opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective Customer or Distributor (a “prospect”) is permissible under the following situations:

- I. If the Distributor has an established business relationship with the prospect. An “established business relationship” is a relationship between a Distributor and a prospect based on the prospect’s purchase, rental, or lease of goods or services from the Distributor, or a financial transaction between the prospect and the Distributor, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect’s purchase of a product or service.
- II. The prospect’s personal inquiry or application regarding a product or service offered by the Distributor within the three (3) months immediately preceding the date of such a call.
- III. If the Distributor receives written and signed permission from the prospect authorizing the

Distributor to call. The authorization must specify the telephone number(s) which the Distributor is authorized to call.

- IV. You may call family distributors, personal friends, and acquaintances. An “acquaintance” is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you make a habit of “card collecting” with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling “acquaintances,” you must make such calls on an occasional basis only and not make this a routine practice.
- V. Distributors shall not use automatic telephone dialing systems relative to the operation of their Yoli businesses. The term “automatic telephone dialing system” means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

## **SECTION 4 – RESPONSIBILITIES OF DISTRIBUTORS**

### **4.1 Account Changes**

#### **4.1.1 Change of Address or Telephone**

To ensure timely delivery of products, support materials, and commission checks, it is critically important that Yoli’s files are current. Street addresses are required for shipping since all shippers except USPS are unable to deliver to a post office box. Distributors planning to move should send their new address and telephone numbers to Yoli’s Corporate Offices to the attention of the Customer Services Department, or the Distributor may make the necessary changes in his/her website back office. To guarantee proper delivery, two weeks advance notice must be provided to Yoli on all changes.

#### **4.1.2 Other Account Changes**

Changes requested that fall outside of normal operating procedures and requiring significant time spent to review and or complete said changes will incur a “Special Service Fee”. Special Service Fees will be determined based on an estimate of time and effort projected to make the requested change(s), with a minimum of \$25. Distributor will be notified in advance if there will be a fee charged and, when possible, an estimate of what that fee will be.

### **4.2 Continuing Development Obligations**

#### **4.2.1 Ongoing Training**

Any Distributor who sponsors another Distributor into Yoli must perform a bona fide assistance and training function to ensure that his/her downline is properly operating his/her Yoli business. Distributors must have ongoing contact and communication with the Distributors in their downline organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downlines to Yoli meetings, training sessions, and other functions. Upline Distributors are also responsible to motivate and train new Distributors in Yoli product knowledge, effective sales techniques, the Yoli Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downlines must

not, however, violate Section 3.2 (regarding the development of Distributor-produced sales aids and promotional materials).

Distributors must monitor the Distributors in their downline organizations to ensure that downlines do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Distributor should be able to provide documented evidence to Yoli of his/her ongoing fulfillment of the responsibilities of a Sponsor.

#### **4.2.2 Increased Training Responsibilities**

As Distributors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Yoli program. They will be called upon to share this knowledge with lesser experienced Distributors within their organization.

#### **4.2.3 Ongoing Sales Responsibilities**

Regardless of their level of achievement, Distributors have an ongoing obligation to continue to personally promote sales through the generation of new Customers and through servicing their existing Customers.

#### **4.3 Non-disparagement**

Yoli wants to provide its independent Distributors with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Customer Service Department. To best serve you, we must hear from you! While Yoli welcomes constructive input, negative comments and remarks made in the field by Distributors about the Company, its products, or compensation plan serves no purpose other than to sour the enthusiasm of other Yoli Distributors. For this reason, and to set the proper example for their downline, Distributors must not disparage, demean, or make negative remarks about Yoli, other Yoli Distributors, Yoli's products, the Marketing and Compensation plan, or Yoli's directors, officers, or employees.

#### **4.4 Providing Documentation to Applicants**

Distributors must physically provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Distributors before the applicant signs a Distributor Agreement, or direct the applicant to the Policies and Procedures and Compensation Plan on Yoli's website. Additional copies of Policies and Procedures can be downloaded from Yoli's team office.

#### **4.5 Reporting Policy Violations**

Distributors observing a Policy violation by another Distributor should submit a written report of the violation directly to the attention of the Yoli Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report. Yoli is the only entity that can enforce Yoli policies. Distributors who intentionally circumvent the contract to accomplish indirectly what is prohibited directly will be disciplined as if the applicable policy or rule had been broken directly. The contract is not intended to give a Distributor the right to enforce the policies against another Distributor directly or to take any legal action against another Distributor.

### **SECTION 5 – SALES REQUIREMENTS**

### **5.1 Product Sales**

The Yoli Marketing and Compensation Plan is based upon the sale of Yoli products and services to end consumers. Distributors must satisfy the Personal Sales Volume requirements to fulfill the requirements as specified in the Yoli Marketing and Compensation Plan. "Personal Sales Volume" includes purchases made by the Distributor and purchases made by the Distributor's personal Customers who place orders from the Distributor's replicated website or who the Distributor personally enrolls as Preferred Customers. Personal Sales Volume does not include volume of your personally sponsored downline Distributors.

Distributors are free to sell products to end consumers at any price they wish above Yoli's listed wholesale price. Selling products for less than Yoli's wholesale price creates unnecessary competition amongst Yoli distributors, and is not allowed.

### **5.2 No Territory Restrictions**

There are no exclusive territories granted to anyone. No franchise fees are required.

### **5.3 Sales Receipts**

All Distributors must provide their Retail Customers with two copies of an official Yoli sales receipt approved by Yoli at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Distributors must maintain all retail sales receipts for a period of two years and furnish them to Yoli at the Company's request. Records documenting the purchases of Distributors' Preferred Customers and those Customers who purchase from a Distributor's Yoli replicated website will be maintained by Yoli. Customers must receive two copies of the sales receipt. In addition, Members must verbally inform the buyer of his/her cancellation rights.

## **SECTION 6 – BONUSES AND COMMISSIONS**

### **6.1 Bonus and Commission Qualifications**

A Distributor must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Distributor complies with the terms of the Agreement, Yoli shall pay commissions to such Distributor in accordance with the Marketing and Compensation plan.

### **6.2 Adjustments to Bonuses and Commissions**

#### **6.2.1 Returns and Refunds**

Distributors receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to Yoli for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the week in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Distributors who received bonuses and commissions on the sales of the refunded products. Yoli will from time to time have special promotions that entitle qualifying members to earn free product or promotional items. If during or after the promotional period the eligibility of the Member changes based on returns or refunds, the promotional product/item must be returned. Yoli reserves the right to charge Member's accounts for unreturned promotional items.

### **6.2.2 Commission Processing Fee**

All commissions are paid into the PayHub and can be transferred out. In extenuating circumstances Yoli can chose to cut a physical check. At that time a \$5.00 processing fee will be deducted from each commission payment issued to Distributors by check.

### **6.2.3 Inactive User Fee**

All commissions shall be paid through the PayHub system and are subject to the applicable terms and conditions of PayHub. PayHub shall be managed in the Distributor's Team Office. Distributors that have not purchased product for a period of six (6) months or longer, and have either Standard or Allocated funds sitting in their PayHub could be assessed a PayHub hosting fee which will be deducted against those PayHub funds. The fees will be assessed monthly and may be up to \$10 per month, the assessed fees will be deducted each month until the PayHub account is cleared of funds. Funds deducted from PayHub will be deducted first out of Allocated Funds until those are depleted and then deducted from Standard Funds until those are depleted. At the time of termination, voluntary or non-voluntary, all PayHub funds will be forfeited.

### **6.3 Reports**

All information provided by Yoli in online, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products, credit card and electronic check charge-backs, the information is not guaranteed by Yoli or any persons creating or transmitting the information.

ALL INFORMATION IN YOUR ACTIVITY REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, YOLI AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DISTRIBUTOR OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF YOLI OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, YOLI OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

ACCESS TO AND USE OF YOLI'S ONLINE REPORTING SERVICES AND YOUR RELIANCE UPON SUCH INFORMATION IS AT YOUR OWN RISK. IF YOU ARE DISSATISFIED WITH THE ACCURACY OR QUALITY OF

THE INFORMATION, YOUR SOLE AND EXCLUSIVE REMEDY IS TO DISCONTINUE USE OF AND ACCESS TO YOLI'S ONLINE AND SERVICES AND YOUR RELIANCE UPON THE INFORMATION.

## **SECTION 7 – PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE**

### **7.1 Product Guarantee**

#### **7.1.1 Customer Product Guarantee**

Yoli offers a 100% 30-day money-back satisfaction guarantee to Customers (includes Preferred Customers) on opened and unopened products that are returned to the company within 30 days from the date of delivery to the Customer. If the order is received between 31 and 90 days from the date of delivery, the Customer is eligible to receive a 90% refund (10% restocking fee applied). Returned items received back to the Corporate office after 90 days from Customer delivery date are not refunded. If a Customer returns more than \$250.00 in merchandise to Yoli for refund in any 90 day period pursuant to this product guarantee, it shall constitute the Customer's request to voluntarily cancel his/her account. Customers must follow the product returns procedure as outlined in Section 7.5. Shipping and handling and return shipping and handling charges are not subject to this refund policy. Product re-sold directly to a Member's Customers, must be fully refunded to the Customer if the Customer returns the Product to the Member within thirty (30) days of the sales transaction. Shipping and handling and return shipping and handling charges are not subject to this refund policy.

#### **7.1.2 Distributor Product Guarantee**

Yoli offers a 30-day money-back satisfaction guarantee to Distributors on unopened, resalable products that are returned to the company within 30 days from the date of shipment. Distributors must follow the product returns procedure as outlined in Section 7. The Distributor will be subject to a 10% restocking fee on unopened returned products returned after 30 days, but before 90 days, from the date of delivery, if the Distributor is terminated. After 90 days there will be no refund given.

Shipping and handling and return shipping and handling charges are not subject to this refund policy. If a Distributor was paid a commission based on a product(s) that he/she purchased, and such product(s) is subsequently returned for a refund, the commission that was paid based on that product purchase will be deducted from future commissions. The Distributor shall reimburse Yoli for any amounts not deducted from future commissions upon Yoli's request at any time and at Yoli's sole and unfettered discretion.

Excessive returns may be deemed an abuse of Yoli's return policy and may result in suspension of your return privileges, and/or termination of your Yoli account.

### **7.2 Three Day Right to Cancel**

Distributors shall inform Retail Customers of the applicable cancellation rights for Retail Customers. A Retail Customer who makes a purchase of \$25.00 or more has three business days (Saturday is included as a business day) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form (Alaska residents have five business days). When a Distributor makes a sale or takes an order from a Retail Customer who cancels the sale or requests a refund within the three business day period, the Distributor must promptly refund the



Customer's money as long as the products are returned to the Distributor in substantially as good condition as when received. Additionally, Distributors must verbally inform Customers of their right to rescind a purchase or an order within three business days, and ensure that the date of the order or purchase is entered on the order form. All Retail Customers must be provided with two dated copies of an official Yoli sales receipt at the time of the sale. The back of the receipt provides the Customer with written notice of his/her rights to cancel the sales agreement. No person is required to purchase Yoli products, services to become a Distributor or to earn compensation. In order to familiarize new Distributors with Yoli products or services, sales techniques, sales aids, and other matters, the Company requires that they purchase a Distributor Success Kit (not applicable in North Dakota).

### **7.3 Refused Product**

Distributors and a Preferred Customers who order Products and then refuse delivery are subject to a 10% restocking fee, plus shipping charges. These fees will be processed prior to any refund received on the order.

### **7.4 Return of Product Inventory and Sales Aids upon Termination**

Within 30 days of the date on which a Distributor cancels his or her Distributor Agreement the Distributor may return Business Kits, products and sales aids that he/she personally purchased from Yoli (purchases from other Distributors or third parties are not subject to refund) and which are in resalable (see Definition of "resalable" below) condition and which have been purchased within 12 months prior to the date of cancellation. Upon receipt of a resalable Success Kit and/or resalable products and sales aids, the Distributor will be reimbursed 90% of the original purchase price(s). Original and return shipping fees are not refundable. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Distributor was paid a commission based on a product(s) that he/she purchased, and such product(s) is subsequently returned for a refund, the commission that was paid based on that product purchase will be deducted from the amount of the refund.

Products and sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) it was purchased within 12 months prior to the date of the Distributor's cancellation and returned to Yoli within 30 days after the Distributor's cancellation. Only unopened, complete multi-packs are resalable. Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resalable.

#### **7.4.1 Montana Residents**

A Montana resident may cancel his/her Distributor Agreement within 15 days from the date of enrollment, and may return his/her Distributor Success Kit and all other products and sales tools he or she purchased directly from the Company within such time for a full refund.

### **7.5 Procedures for All Returns**

The following procedures apply to all returns for refund, repurchase or exchange:

- I. All merchandise must be returned by the Distributor or Customer who purchased it directly from Yoli.
- II. All products to be returned must have the Yoli RMA (return merchandise authorization) number appearing on the packing slip and written on the outside of each carton returned. Product

returned to the Company without prior authorization will not qualify for a refund or credit and will be returned to the Customer or Distributor at his/her expense.

- III. The unopened, resalable multipacks of the product must be in its original container.

Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to Yoli with the shipping pre-paid. Yoli does not accept shipping collect packages. Yoli recommends shipping all packages via a traceable method. The risk of loss during transit is the responsibility of the shipper. If returned product is not received by the Company's Distribution Center, it is the responsibility of the shipper to trace the shipment.

No refund or replacement of product will be made if the conditions of these rules are not met. The Company reserves the right to reject repeated returns or replacements.

### **7.6 Product Exchanges**

Products may only be exchanged that were purchased from the Company personally, and on a volume-for-volume basis (purchases from third parties are not subject to exchanges). Product must be exchanged within 90 days of shipment date and be unopened and in good condition. Products considered seasonal, discontinued, or special promotion are not eligible for exchange. No refund will be made for subsequent returns of the same product, except when the product was damaged in shipment or defective. No exchanges are offered on sales tools or other marketing items.

## **SECTION 8 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS**

### **8.1 Disciplinary Sanctions**

A Distributor's violation of the Agreement, these Policies and Procedures, or violation of any common law duty, including, but not limited to, any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Distributor that, in the sole discretion of the Company may damage its reputation or goodwill, may result, at Yoli's discretion, in one or more of the following measures being imposed on the Distributor:

- I. Issuance of a written warning or admonition;
- II. Requiring the Distributor to take immediate corrective measures;
- III. Imposition of a fine, which may be withheld from bonus and commission checks;
- IV. Loss of rights to one or more bonus and commission checks;
- V. Yoli may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period that Yoli is investigating any conduct allegedly violating of the Agreement. If a Distributor's business is canceled for disciplinary reasons, the Distributor will not be entitled to recover any commissions withheld during the investigation period;
- VI. Suspension of the individual's Distributor Agreement for one or more pay period without pay;
- VII. Involuntary termination of the offender's Distributor Agreement;
- VIII. Any other measure expressly allowed within any provision of the Agreement or which Yoli deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's policy violation or contractual breach;
- IX. In situations deemed appropriate by Yoli, the Company may institute legal proceedings for monetary and/or equitable relief.

## **8.2 Grievances and Complaints**

When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in relationship to their respective Yoli businesses, the complaining Distributor should first report the problem to his/her Sponsor who should review the matter and try to resolve it with the other party's upline Sponsor. If the matter is not resolved, it must be reported in writing to the Customer Service Department at the Company. The Customer Service Department will review the facts and attempt to resolve it. If unsuccessful, the Customer Service Department will report it to the Compliance Department for resolution.

## **8.3 Dispute Resolution**

### **Mediation**

For claims of \$10,000.00 or more that arise from or relate to the Agreement, prior to filing arbitration as set forth below, the parties shall meet in good faith and attempt to resolve such dispute through confidential non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. If the Parties cannot agree on a mediator, the complaining party shall request a mediator be appointed by the American Arbitration Association ("AAA"). The mediation shall occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorney's fees, costs, and individual expenses. Mediation shall be held in Salt Lake City, Utah and shall last no more than two business days.

### **Arbitration**

Except as otherwise provided in the Agreement, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled through confidential arbitration. The Parties waive rights to trial by jury or to any court. This arbitration provision applies to claims that were not successfully resolved through the foregoing mediation process as well as claims for less than \$10,000.00 not subject to the mediation requirement. The arbitration shall be filed with, and administered by, the American Arbitration Association in accordance with the AAA's Commercial Arbitration Rules and Mediation Procedures, which are available on the AAA's website at [www.adr.org](http://www.adr.org). Copies of the AAA's Commercial Arbitration Rules and Mediation Procedures will also be emailed to Distributors upon request to Yoli's Customer Service Department. Notwithstanding the rules of the AAA, unless otherwise stipulated by the Parties, the following shall apply to all Arbitration actions:

- The Federal Rules of Evidence shall apply in all cases;
- The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Utah shall govern all other matters relating to or arising from the Agreement, without regard to principles of conflicts of laws.
- The arbitration hearing shall commence no later than 365 days from the date on which the arbitrator is appointed, and shall last no more than five business days;
- The Parties shall be allotted equal time to present their respective cases;

- The arbitration shall be brought on an individual basis and not as part of a class or consolidated action.

All arbitration proceedings shall be held in Salt Lake City, Utah. There shall be one arbitrator selected from the panel that the AAA provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court to which the Parties have consented to jurisdiction as set forth in the Agreement. This agreement to arbitrate shall survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the arbitration proceedings and shall not disclose to third parties:

- The substance of, or basis for, the controversy, dispute, or claim;
- The substance or content of any settlement offer or settlement discussions or offers Distributed with the dispute;
- The pleadings, or the content of any pleadings, or exhibits thereto, filed in any arbitration proceeding;
- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- The terms or amount of any arbitration award;
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in the Agreement shall prevent either party from applying to and obtaining from any court to which the Parties have consented to jurisdiction as set forth in the Agreement a temporary restraining order, preliminary or permanent injunction, or other equitable relief to safeguard and protect its intellectual property rights, trade secrets, and/or confidential information, including but not limited to enforcement of its rights under the nonsolicitation provision of the Agreement.

#### **Class Action Waiver**

Any action brought by a Distributor shall be brought on an individual basis, and not on behalf of a class or on a consolidated basis. Distributors waive all rights to bring an action against Yoli, its officers, owners, directors, employees and agents as a class or consolidated action.

#### **8.4 Governing Law, Jurisdiction and Venue**

Jurisdiction and venue of any matter not subject to arbitration shall reside in the federal or state courts residing in Nevada, unless the laws of the state in which a Distributor resides expressly require the application of its laws. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Nevada shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Distributor resides expressly require the application of its laws.

Notwithstanding the foregoing, and the arbitration provision in Section 8.3 residents of the State of Louisiana shall be entitled to bring an action against Yoli in their home forum.

#### **8.5 Product Liability Claims**

Yoli maintains insurance to protect the Company and its Distributors against product liability claims. Yoli's

insurance policy contains a “Vendors Endorsement” which extends coverage to Independent Distributors so long as they are marketing Yoli products in accordance with applicable laws and regulations and the Associate Agreement. Yoli’s product liability policy does not extend coverage to claims that arise as a result of a Distributor’s misconduct in marketing the products (see Section 3.2.5).

## **SECTION 9 – PAYMENT AND SHIPPING**

### **9.1 Returned Checks**

All checks returned by a Distributor’s bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Distributor. After receiving a returned check from a Customer or a Distributor, *all future orders must be paid by credit card, money order or cashier’s check. Any outstanding balance owed to Yoli by a Distributor for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.* If a Distributor or Customer disputes a charge with Yoli through their bank, their account is subject to termination while the investigation is underway and can work directly with Yoli if they wish to remain a Distributor or Customer once the investigation of the Chargeback is complete.

### **9.2 Sales Taxes**

By virtue of its business operations, Yoli is required to charge sales taxes on all purchases made by Distributors and Customers, and remit the taxes charged to the respective states. Accordingly, Yoli will collect and remit sales taxes on behalf of Distributors, based on the suggested retail price of the products, according to applicable tax rates in the state to which the shipment is destined. If a Distributor has submitted, and Yoli has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Distributor. Exemption from the payment of sales tax is applicable only to orders that are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Yoli is not retroactive.

## **SECTION 10 – INACTIVITY, RECLASSIFICATION, AND CANCELLATION**

### **10.1 Effect of Cancellation**

So long as a Distributor remains active and complies with the terms of the Distributor Agreement and these Policies and Procedures, Yoli shall pay commissions to such Distributor in accordance with the Marketing and Compensation Plan. A Distributor’s bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Distributor’s non-renewal of his/her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his/her Distributor Agreement (all of these methods are collectively referred to as “cancellation”), the former Distributor shall have no right, title, claim or interest to the marketing organization that he/she operated, or any commission or bonus from the sales generated by the organization. A Distributor whose business is cancelled will lose all rights as a Distributor. This includes the right to sell Yoli products and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Distributor’s former downline sales organization. In the event of cancellation, Distributors agree to waive all rights they may have, including but not limited to property rights, to their former downline organization, and to any bonuses, commissions or other remuneration derived from the sales and other activities of his/her former downline organization.

Following a Distributor's cancellation of his/her Distributor Agreement, the former Distributor shall not hold himself or herself out as a Yoli Distributor and shall not have the right to sell Yoli products. A Distributor whose Distributor Agreement is canceled shall receive commissions and bonuses only for the last full pay period he/she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

### **10.2 Cancellation Due to Inactivity**

Distributors who fail to qualify by: (a) personally producing at least 50 Personal Sales Volume in a rolling 4 week period; or (b) maintaining at least one personally sponsored downline in each of their legs for any pay period, shall be "inactive" for that period and will not receive a commission for the sales generated through their marketing organization for that pay period. If a Distributor is inactive for a period of six (6) consecutive months his/her Distributor Agreement shall be canceled for inactivity. The cancellation will become effective on the day following the last day of the 6th month of inactivity. Written confirmation of the cancellation may or may not be provided by Yoli via e-mail.

Activity may be defined by the Company as, but not limited to, maintenance of the Team Office, ordering or selling product, sponsoring, attendance of Company-sponsored events, bonuses or commissions earned, or any other show of reasonable participation, at the discretion of the Company.

### **10.3 Signature Waiver Due to Inactivity**

Distributors, who are "inactive" as defined in Section 10.2 and have no accumulated PV, have not personally sponsored any Customers or Distributors and have no order history for the previous 90 days, may forfeit their right to approve any organizational tree changes that are submitted to Yoli.

### **10.4 Distributor Reclassification**

If a Distributor's account is canceled for inactivity, the cancellation shall become effective on the day following the last day of the 6th month of inactivity. The Distributor may then enroll as a Retail Customer and be entitled to purchase products at Retail Customer Prices.

### **10.5 Involuntary Cancellation**

A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by Yoli in its sole discretion, may result in any of the sanctions listed in Section 8.1, including the involuntary cancellation of his/her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed, e-mailed, or delivered to an express courier, to the Distributor's last known address (or fax number), or to his/her attorney, or when the Distributor receives actual notice of cancellation, whichever occurs first.

### **10.6 Voluntary Cancellation**

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Distributor's signature, printed name, address, and Distributor I.D. Number. Distributor can send notice via common courier or via email to [cancel@yoli.com](mailto:cancel@yoli.com) from the email address listed on the account. If a Distributor is on Autoship, the Distributor's Agreement shall continue in force unless the Distributor also specifically requests that his/her Autoship Agreement also be canceled.

### **10.7 Non-renewal**

A Distributor may also voluntarily cancel his or her Distributor Agreement by failing to renew the

Agreement on its anniversary date. If the renewal fee of \$20.00 is not paid within 30 days after the expiration of the current term, the Distributor Agreement will be cancelled. If the Distributor allows his or her Distributor Agreement to expire, the Distributor will lose any and all rights to his/her downline organization unless the Distributor re-applies within 60 days following the expiration of the Agreement. If the former Distributor re-applies within the 60-day time limit, the Distributor will resume the rank and position held immediately prior to the expiration of the Distributor Agreement. However, such Distributor's payout level will not be restored unless he/ she qualify at that payout level in the new month. The Distributor is not eligible to receive commissions for the time that the Distributor's Distributorship was expired.

## **SECTION 11 – TERMS AND DEFINITIONS**

**Active:** Indicates that a Yoli Independent Distributor has accumulated, through either Customer sales from his or her Yoli replicated website, from the purchases of personal customers who are on Autoship, or his or her own personal purchases, a minimum of 50 Personal Volume (PV) within the current week or the previous three weeks combined (four weeks total).

**Agreement:** The contract between the Company and each Distributor includes the Distributor Application and Agreement, the Yoli Policies and Procedures, the Yoli Marketing and Compensation Plan, and the Business Entity Application and Agreement (where appropriate), all in their current form and as amended by Yoli in its sole discretion. These documents are collectively referred to as the "Agreement."

**Autoship:** An order that is automatically charged and shipped every four week cycle. Distributors and Preferred Customers in good standing may participate in the Yoli Autoship Program. Distributors may enroll in this program through their Distributor Application and Agreement or by completing a Product Order Form, identifying the products they wish Yoli to automatically send to them each four-week rolling period. The credit card or bank account from which they authorize payment will be automatically charged the amount of the order plus applicable shipping and sales tax. Associates must ensure that they have adequate funds in their account the week prior to the processing of their Autoship order.

- Once initiated, the program will remain in effect until a written cancellation is received at the Yoli Corporate Office.
- Any changes or cancellation must be received in writing no later than two business days prior to processing.
- Participation in the Autoship Program is purely optional and a participant may cancel at any time.

**Cancel:** The termination of a Distributor's business. Cancellation may be either voluntary, involuntary, through non-renewal or inactivity or through withdrawal of a previously granted consent to contract electronically.

**Downline:** The Distributors sponsored below a particular Distributor.

**Downline Leg:** Each one of the individuals enrolled immediately underneath you and their respective marketing organization represents one "leg" in your marketing organization.

Genealogy Report (or “Downline Activity Report”): A report generated by Yoli that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor’s Marketing Organization. This report contains confidential and trade secret information that is proprietary to Yoli.

Immediate Household: Heads of household and family distributors residing in the same house.

Official Yoli Material: Literature, audio or video tapes, and other materials developed, printed, published and distributed by Yoli to Distributors.

Member: The word Member as used in Yoli literature, websites, marketing materials and documents is defined as an Independent Distributor of Yoli Products “Distributor”. The terms are interchangeable and used together and separate as one in the same.

Personal Volume (PV): A Distributor’s PV is the total sales volume associated with purchases made by the Distributor and purchases made by the Distributor’s personal Customers who place orders from the Distributor’s replicated website or who the Distributor personally signs up as a Preferred Customers. Personal Sales Volume does not include volume of your personally sponsored downlines.

Preferred Customer: A Customer who is enrolled on Autoship. Preferred Customers purchase products at the Wholesale price. Preferred Customers are eligible to earn Allocation Funds for purchase of products through the Yoli referral program. Preferred Customers follow the same policies and procedures as Distributors unless otherwise specified.

Qualified: A Distributor who satisfied both: (a) is Active with the minimum Personal Sales Volume requirements as set forth in the Yoli Marketing and Compensation Plan, which ensures that he/she is eligible to receive bonuses and commissions; and (b) maintains at least one personally sponsored Distributor in each of his/her downline legs.

Recruit (when used as a verb): For purposes of Yoli’s Conflict of Interest Policy, the term “Recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Yoli Distributor or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Resalable: Products and sales aids shall be deemed "resalable" if each of the following elements is satisfied:

- they are unopened and unused;
- packaging and labeling has not been altered or damaged;
- they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price it is returned to Yoli within 90 days from the date of purchase. Only unopened, complete multipacks are resaleable. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resaleable.

Retail Customer: An individual who purchases Yoli products from a Distributor’s replicated website, or under a Distributor’s ID number as a Retail Customer, but who is not a Distributor.



Sponsor (when used as a noun): A Distributor who enrolls another Distributor into the Yoli program is the Sponsor of the new enrollee.

Upline: This term refers to the Distributor or Distributors above a particular Distributor in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Distributor to the Company.

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