

# Sisel International Global Policies and Procedures

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## 1 MISSION / VISION / VALUES

### 1.1 MISSION

Sisel is an acronym standing for Science, Innovation, Success, Energy & Longevity. Our name describes our mission. Drawing upon the latest research and technology Sisel International seeks to explore the true nature of health and wellness and to provide alternative nutritional, personal care and cosmetics products designed to help people live healthier lives. We dedicate our unrelenting research into emerging life sciences to our customers who, through our unique distribution model, bring our innovative products and our message to the world.

### 1.2 VISION

We live in societies plagued by chronic disease and obesity on the one hand, and extreme malnutrition and poverty on the other; with prescription drugs more frequently consumed than ever before in history by some and absolutely inaccessible to others; and in communities that either embrace health care systems that put pharmaceutical and sick-care profits first or in communities that have little or no health care at all. Sisel embraces a future in nutrition and personal care that puts the human body first, that uses Science and Innovation to promote lives infused by Energy and Longevity, combined with temporal and spiritual Success. This is what our products are about; this is what our business model is about. We seek to promote the body's natural ability to sustain itself through proper nutrition, physical exercise and the elimination of toxic ingredients. We promote wellness rather than simply responding to sickness, and we do so with a business model designed to empower and reward entrepreneurship in a healthy and sustainable system, rather than simply maximizing short-term profits.

### 1.3 VALUES

In pursuit of all of our stakeholder's (company, independent distributors and other business partners, customers), we seek to develop structures where self-interest benefits the whole, while encouraging stakeholders to consider the benefit of others and to appropriately temper the single-minded pursuit of individual interests. We seek to instill a culture of cooperation and collaboration and to promote the sharing of world-wide best practices while retaining local sensitivity and respect for native cultures. We acknowledge and appreciate the uniqueness of our individual team members and recognize their contributions. We do not compromise moral or ethical principles--ever! We are committed to understanding and satisfying the expectations of our customers, distributors and employees. We support a culture that embraces change and encourages innovation. We inform, enlighten, uplift, elevate, motivate, excite and inspire the human spirit. We do not control, dictate, demand, coerce, manipulate or demean. We strive for sustainable growth in harmony with a global environment. We proudly offer the world the Sisel Solution for wellness.

## 2 INTRODUCTION

### 2.1 POLICIES AND COMPENSATION PROGRAM INCORPORATED INTO DISTRIBUTOR AGREEMENT

These Policies and Procedures, in their present form and as amended at the sole discretion of Sisel International, LLC, Sisel International AG, and its affiliates, (hereafter "Sisel"; or the "Company"), represent business practices which are consistent with the best interests of the company and a violation of these policies could constitute a breach of the distributor's duties under the Distributor Agreement. Throughout these Policies and Procedures, when the term "Agreement"; is used, it collectively refers to the Sisel Distributor Application and Agreement, these Policies and Procedures, Sisel's Distributor Compensation Program, and the Sisel Statement of Beneficial Interest Form (if applicable), and any other documents or agreements between Sisel and Independent Distributors. It is the responsibility of each Distributor to read, understand, adhere to and ensure that he or she is aware of, and operating 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 provide the most current version of these Policies and Procedures and Sisel's; Distributor Compensation Program to the applicant prior to his or her execution of the Distributor Agreement.

## 2.2 PURPOSE OF POLICIES

Sisel is a direct sales company that markets products through Independent Distributors. To clearly define the relationship that exists between Independent Distributors and Sisel, and to explicitly set a standard for acceptable business conduct, Sisel has established the Agreement. Sisel is a global company, and laws governing business relationships vary from country to country. Whenever possible, Sisel attempts to achieve uniformity in how it does business across the globe, but where local law requires changes, those changes are outlined in a country-specific addendum. If you do business in a country requiring local changes, your Agreement with Sisel will be modified as stated in the country addendum. Country addenda are included at the end of these Policies and Procedures. Sisel Independent Distributors are required to comply with the terms of the Agreement as a condition of doing business with the Company; to protect Sisel's good name and reputation, Sisel also requires that its Independent Distributors abide by all federal, state, provincial, territorial and local laws governing their Sisel business and their conduct in relation to it. Sisel Independent Distributors are not employees of Sisel; they are independent business enterprises. These Policies and Procedures are designed to clearly outline the contractual terms and conditions for doing business between Sisel and Independent Distributors, but they do not govern an Independent Distributor's day to day business affairs. Rather, these Policies and Procedures govern the protection of Sisel intellectual property rights (including use of Trademarks and other marketing intangibles) and establish acceptable business practices where necessary to protect the mutual business interests of both Sisel and Independent Distributors. Sisel attempts to create a turn-key business opportunity for its Independent Distributors, empowering Independent Distributors to operate successful independent businesses without having to incur the costs of stockpiling inventory, managing employees, or having to invent safe and innovative products to sell. Still, the success of Independent Distributors will depend upon their own abilities to communicate clearly and effectively, their strong work ethic, and their integrity in dealing with others. Success of Independent Distributors will also depend on becoming familiar with the terms and conditions under which they are allowed to sell Sisel products, use Sisel trademarks, and otherwise take advantage of what Sisel offers to its Independent Distributors. Being thoroughly familiar with these Policies and Procedures will help Independent Distributors abide by the terms of their Agreement but will also help them succeed in the marketplace.

## 2.3 CHANGES TO THE AGREEMENT

Federal, state, provincial, territorial and local laws, as well as business environments, periodically change. Sisel reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Distributor Agreement, a Distributor agrees to abide by all amendments or modifications that Sisel elects to make. Amendments shall be effective upon notice to all Distributors that the Agreement has been modified. Notification of amendments shall be published in official Sisel materials. The Company shall provide or make available to all Distributors a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official website; (2) electronic mail (email); (3) fax-on-demand; (4) voice mail system broadcast; (5) inclusion in Company periodicals; (6) inclusion in product orders or bonus checks; or (7) special mailings. The continuation of a Distributor's Sisel business or a Distributor's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

## 2.4 DELAYS

Sisel 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.

## 2.5 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.

## 2.6 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 Sisel 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 Sisel's right to demand exact compliance with the Agreement. Waiver by Sisel can be effected only in writing by an authorized officer of the Company. Sisel's waiver of any particular breach by a Distributor shall not affect or impair Sisel'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 Sisel to exercise any right arising from a breach affect or impair Sisel's rights as to that or any subsequent breach. The existence of any claim or cause of action of a Distributor against Sisel shall not constitute a defense to Sisel's enforcement of any term or provision of the Agreement.

## 3 BECOMING A DISTRIBUTOR

### 3.1 REQUIREMENTS TO BECOME A DISTRIBUTOR

To become a Sisel Distributor, each applicant must:

- a) Be of the legal age of majority in his or her country, state, or province of residence;
- b) Reside in a country in which the Independent Distributor may sell Sisel products or otherwise participate in the Sisel business opportunity in compliance with local law;
- c) Have a valid Social Security, Social Insurance, Tax ID, or national ID number;
- d) Purchase a Sisel Distributor Kit (not applicable in North Dakota); and e) Submit a properly completed and signed Distributor Application and Agreement to Sisel.

The Company reserves the right to reject any applications for a new Distributor or applications for renewal (including automatic renewals described in Section 3.5 below).

### 3.2 NO PURCHASE REQUIRED

No person is required to purchase Sisel products, services or sales aids, or to pay any charge or fee to become an Independent Distributor. Notwithstanding the foregoing, where local law allows, new Independent Distributors are required to purchase at Company "cost" an Independent Distributor Kit, containing information about Sisel products, sales aids and other matters related to the Sisel business opportunity. Sisel will repurchase resalable unused and unopened, Distributor Kits from any Distributor who terminates his or her Distributor Agreement pursuant to the terms of Section 8.2.

### 3.3 NEW DISTRIBUTOR ENROLLMENT

Where local law allows, Sisel provides four convenient methods for new Distributors to enroll. An applicant may:

- a) mail the Application and Agreement and Distributor Kit payment to Sisel's corporate offices as provided on the form;
- b) enroll online at Sisel's website or at the personal Sisel website of his or her Sponsor;
- c) submit the Application and Agreement by fax; or
- d) call the Sisel home office during regular business hours to receive a temporary Distributorship Identification Number ("DIN"); and temporary authorization for a new Distributor. (See the front of the Distributor Application and Agreement for phone numbers and appropriate business hours.)

If the applicant enrolls by fax, he or she must fax both the front and back of the Application and Agreement to Sisel at the fax number listed on the Application and Agreement. For fax enrollments, payment for the Distributor Kit must be made by credit card. If the applicant enrolls by telephone, he or she must be able to provide all necessary Distributor Agreement information over the telephone and order a Distributor Kit using a valid credit card. The new Distributor's DIN and authorization will be valid for 30 days, pending acceptance of the completed and signed original

Distributor Application and Agreement by Sisel. Once the original Distributor Application and Agreement is received by Sisel, the new Distributor Agreement will be extended to one full year from the date on which the DIN was issued, and the Distributor will be mailed an ID card. If the new Distributor Application and Agreement is not received within the temporary 30 day time period, the temporary authorization shall expire, the DIN will be canceled, and the Distributor Application and Agreement will be automatically terminated.

### 3.4 DISTRIBUTOR BENEFITS

Once a Distributor Application and Agreement has been accepted by Sisel, the full benefits of the Distributor Agreement are available to the new Distributor.

These benefits include the right to:

- a) Retail Sisel products and profit from these sales;
- b) Participate in Sisel's Compensation Program;
- c) Sponsor other individuals as Preferred Customers or Distributors into the Sisel business;
- d) Receive periodic Sisel literature and other Sisel communications;
- e) Participate in Sisel-sponsored support, service, training, motivational and recognition functions (additional charges may apply); and
- f) Participate in promotional and incentive contests and programs sponsored by Sisel for Independent Distributors.

### 3.5 RENEWAL OF YOUR SISEL BUSINESS

The term of the Distributor Agreement is one year from the date of its acceptance by Sisel. Distributors must renew their Distributor Agreement each year by paying an annual administrative renewal fee of \$15 on or before the anniversary date of their Distributor Agreement. If the renewal fee is not paid within 30 days after the expiration of the current term of the Distributor Agreement, the Distributor Agreement will be canceled. Distributors may elect to utilize the Automatic Renewal Program, under which the renewal fee may be: a) deducted from the Distributor's bonus check for the anniversary month of the Distributor Agreement; or b) charged to the Distributor's credit card or checking account. To enroll in the Automatic Renewal Program, simply check the "YES"; box under Automatic Renewal Program, on the Distributor Application.

## 4 OPERATING A SISEL BUSINESS

### 4.1 ADHERENCE TO SISEL'S MARKETING PROGRAM

Distributors must adhere to the terms of Sisel's marketing program as set forth in official Sisel literature. In order for the Company to protect its intellectual property rights, Distributors are prohibited from offering the Sisel opportunity through, or in combination with, any other system, program, or method of marketing that is inconsistent with or in violation of those specifically set forth in official Sisel literature. Distributors shall not require or encourage other current or prospective Preferred Customers or Distributors to participate in Sisel in any manner that varies from the program as set forth in official Sisel literature. Distributors shall not require or encourage other current or prospective Preferred Customers or Distributors to execute any agreement or contract other than official Sisel agreements and contracts in order to become a Sisel Distributor. Similarly, Distributors shall not require or encourage other current or prospective Preferred Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in Sisel's Compensation Program other than those purchases or payments identified as recommended or required in official Sisel literature.

### 4.2 ADVERTISING

#### 4.2.1 GENERAL

Independent Sisel Distributors are allowed to use Sisel trademarks, brands, business models, Distributor information and other intellectual property only according to a limited license described in the Agreement. Accordingly, all Distributors are required to safeguard and promote the good reputation of Sisel and its products as a condition of being an Independent Distributor.

Furthermore, the marketing and promotion of Sisel, the Sisel opportunity, Sisel's Compensation Program and Sisel products should be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. Any activity or material that promotes Sisel products or the Sisel business opportunity must utilize only the sales aids and support materials produced or approved by Sisel (and approval of activities or materials can be withheld for any reason). In addition to the legal issues involved with protecting Sisel's intellectual property rights, strict adherence to these rules helps protect Sisel's Independent Distributors as well. Sisel has carefully designed products, product labels, a Compensation Plan and business models, and promotional materials to ensure that each aspect of the Sisel business opportunity is fair, truthful, substantiated, and complies with the vast and complex requirements of the laws of multiple jurisdictions. Distributors who attempt to develop their own sales aids and promotional materials (including Internet advertising), notwithstanding their integrity and good intentions, may unintentionally violate any number of statutes or regulations affecting the Company as well as fellow Independent Distributors. Distributors who violate Company intellectual property rights, produce unapproved sales and marketing aids (including Internet advertising), make improper claims regarding Sisel products, or otherwise engage in any unlawful or improper activity may subject themselves to Company sanctions or discipline (described more fully in Section 9.1 below), as well as expose themselves to civil charges from the Company or third parties or to civil or criminal charges from government authorities. Distributors may not upload Company produced videos on file or video sharing sites, including YouTube.

#### 4.2.2 DISTRIBUTOR WEBSITES

If a Distributor desires to utilize an Internet web page to promote his or her business, he or she may do so through the Company's replicated website program (where available). This program permits Distributors to advertise on the Internet and to choose from among a variety of home page designs that can be personalized with the Distributor's message and the Distributor's contact information. These websites seamlessly link directly to the official Sisel website giving the Distributor a professional and Company-approved presence on the Internet. No Distributor may independently design a website that uses the names, logos or product descriptions of Sisel or otherwise promotes (directly or indirectly) Sisel products or the Sisel opportunity. Nor may a Distributor use ads on the Internet that make product or income claims which are ultimately associated with Sisel products, the Sisel opportunity, or Sisel's Compensation Program. The use of any other Internet website or web page (including without limitation auction sites such as eBay) to in any way promote the sale of Sisel products, the Sisel opportunity, or the Compensation Plan is a breach of the Agreement and may result in any of the disciplinary sanctions set forth in Section 9.1. Sisel allows Distributors to advertise on the internet on their own personal websites, provided they comply with all related policies. All use, including internet use, of Sisel trademarks, logos, or other intellectual property must comply with Sisel policies and must be approved by Sisel prior to use. Distributor websites may not be published on the internet prior to receiving approval from the Sisel Compliance Department. Once a website has been approved by Sisel, any alteration of the site or its contents without prior written approval from Sisel may, at Sisel's discretion, result in suspension or termination of that Distributor. The use of any material that, in Sisel's sole discretion, is deemed to be pornographic, discriminatory, or otherwise offensive is strictly prohibited and will subject the Distributor to immediate termination. Links from a web page containing information concerning Sisel or its products to a page containing such inappropriate information will also subject the Distributor to immediate termination. In order to approve a Distributor website, Sisel requires an electronic copy including all sourced HTML and supporting assets. Electronic copies must be submitted directly to Sisel Compliance. Once the site has been received by Compliance, and the website registration fee has been paid, the site will be converted to a PDF, denoting all required changes to be made. Please note: A fee of \$200 is charged annually for your website.

##### 4.2.2.1 SISEL'S WEBSITE POLICIES INCLUDE THE FOLLOWING:

- 1.0 Distinction Between Independent Distributor Website and Sisel Corporate Website
- 1.1 The website must have a header and footer on each page with the words "Independent Distributor" prominently displayed.

1.2 Distributor's personal website may not be an exact copy of Sisel's International Company website and must be visually distinguishable.

## 2.0 Sisel Trademarks and Business Documents

2.1 The website must have a header and footer on each page with the sentence "Sisel™, FuCoyDon™, FuCoyDon UFG™, SupraMaxx™, and Spectra AO™ are trademarks of Sisel International, LLC and/or its affiliates." (Distributors need to reference only those trademarks that actually appear on the site). The site only needs to reference the first time that a trademarked term is used on each page.

2.2 All use of trademarks, in any form, in internet website URL's and domain names is prohibited without the prior written consent of Sisel. This includes but is not limited to the Sisel trademarks such as Sisel™, FuCoyDon™, FuCoyDon UFG™, SupraMaxx™, and Spectra AO™, either individually or in combination with other words. Distributors may not use Sisel trademarks, trade names, logos, or copyrighted material without the prior written consent of Sisel.

2.3 All use of trademarks, in any form, in buried codes and metatags, is prohibited without the prior written consent of Sisel, as with all other trademark usage.

2.4 The website may not contain PDF forms of Sisel business documents. Distributors may view and print Sisel business documents from the company's official website.

## 3.0 Verbiage and Claims

3.1 The website may not claim to be an "official" or "approved" site.

3.2 When using the name Sisel in text, always capitalize the letters. Sisel is written with all capital letters because our name is an acronym—each letter stands for one of the principles our company is founded upon: Science, Innovation, Success, Energy, Longevity. Individual Distributor websites should follow this style.

3.3 Buried codes and metatags may not make any explicit or implicit medical claims or use words that refer to illness or diseases.

3.4 The website must comply with Sisel's Nondisparagement policy. This includes, but is not limited to, claims that may indirectly disparage other Distributors, such as "only legitimate" or "only certified" Distributor.

## 4.0 Operations of an Independent Distributor Website

4.1 Distributors may not sell Sisel products on internet sites, including but not limited to online malls, online auctions, online stores, or virtual shopping sites. Such sites are considered to be retail or service establishments by Sisel, based on the Commercial Outlets policy. Personal Distributor websites are not considered retail or service establishments when the sites are privately owned by Sisel Distributors and when the products sold on the sites are limited to the personal products of the website owner.

## 5.0 Links

5.1 Distributor websites may link a page about Sisel products to a home page which contains multiple products for sale or advertisement. Both the Sisel product page and the home page must comply with Sisel's advertising policies and must be approved by Sisel. The Sisel product page itself must advertise only Sisel products and not link to any of the other products. Sisel reserves the right to deny sites that portray Sisel products in a comparatively unfavorable way. Sisel also reserves the right to deny approval of placing Sisel products on a home page with products or services of a questionable or offensive nature.

5.2 Distributor websites may not be linked to any website that Sisel deems to be of questionable or offensive nature. Also, the Distributor website may not link to sites that contain curative or income claims in connection with Sisel trademarks.

5.3 Distributor websites must link to the company's website at [www.Siselinternational.com](http://www.Siselinternational.com) and may link to other sites that have been approved by the Sisel Compliance Department.

5.4 Distributor websites may link to other sites that contain legitimate scientific research. When linking to such sites, an intermediate disclaimer page must be included. This page must be between the personal sites' home page and the third-party research website and be free of everything but the disclaimer. The disclaimer should read:

“The site linked hereby is not endorsed nor operated by Sisel. The information and views expressed therein are solely those of the owner of that site and do not constitute ‘advertising’ of Sisel products. If you have read and understood this disclaimer, click below to continue.”

Once the “continue” button is clicked, the user would be directed to the third-party website. The third-party website must be on a separate website domain, and not have a reciprocal link back to the Distributor’s website.

These Policies apply to Distributor websites, internet ads, Distributor posts to blogs, guest books, and forums.

#### 4.2.3 DOMAIN NAMES AND EMAIL ADDRESSES

Distributors may not use or attempt to register any of Sisel’s trade names, trademarks, service names, service marks, product names, the Company’s name, or any derivative thereof, for any Internet domain name. Nor may Distributors incorporate or attempt to incorporate any of the Company’s trade names, trademarks, service names, service marks, product names, the Company’s name, or any derivative thereof, into any electronic mail address.

#### 4.2.4 TRADEMARKS AND COPYRIGHTS

Sisel will not allow the use of its trade names, trademarks, designs or symbols by any person, including a Sisel Distributors, without its prior, written permission. Distributors may not produce for sale or distribution any recorded Company events and speeches without written permission from Sisel nor may Distributors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations. The name of Sisel and other names as may be adopted by Sisel are proprietary trade names, trademarks and service marks of Sisel. As such, these marks are of great value to Sisel and are supplied to Distributors for their use only in an expressly authorized manner. Use of Sisel name on any item not produced by the Company is prohibited except as follows:

Distributor’s Name

Independent Sisel Distributor

All Distributors may list themselves as an “Independent Sisel Distributor”; in the white or yellow pages of the telephone directory under their own name. No Distributor may place telephone directory display ads using Sisel’s name or logo. Distributors may not answer the telephone by saying “Sisel”, “Sisel International” or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Sisel.

#### 4.2.5 MEDIA AND MEDIA INQUIRIES

Distributors must not attempt to respond to media inquiries regarding Sisel or its products. All inquiries by any type of media must be immediately referred to Sisel’s Legal Department. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

#### 4.2.6 SPAMMING AND UNSOLICITED FAXES

Except as provided in this section, Distributors may not use or transmit unsolicited faxes, mass email distribution, unsolicited email, or “spamming”; relative to the operation of their Sisel businesses. The terms “unsolicited faxes”; and “unsolicited email”; mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting Sisel, 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 email:

- 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.

#### 4.3 BONUS BUYING PROHIBITED

Bonus buying is strictly prohibited. “Bonus buying”; includes:

- a) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Distributor Application and Agreement by such individuals or entities;
- b) the fraudulent enrollment of an individual or entity as a Distributor or Preferred Customer;
- c) the enrollment or attempted enrollment of non-existent individuals or entities as Distributors or Preferred Customers (“phantoms”);
- d) the use of a credit card by or on behalf of a Distributor or Preferred Customer when the Distributor or Preferred Customer is not the account holder of such credit card, unless prior arrangements have been made for the Distributor or Preferred Customer receiving the Product or service to reimburse the credit card holder on a timely basis where the purchase assistance is provided as an accommodation to the purchaser who may not have a credit card and not simply to accelerate a purchase into any given commission or bonus period or cycle;
- e) Purchasing Sisel merchandise on behalf of another Distributor or Preferred Customer, or under another Distributor’s or Preferred Customer’s ID number, to qualify for commissions or bonuses.

#### 4.4 BUSINESS ENTITIES

A corporation, limited liability company (LLC), partnership or trust (collectively referred to in this section as a “Business Entity”); may apply to be a Sisel Distributor by submitting its Certificate of Incorporation, Certificate of Organization, Partnership Agreement or trust documents (these documents are collectively referred to as the “Entity Documents”); to Sisel, along with a properly completed Statement of Beneficial Interest Form. If a Distributor enrolls online, the Entity Documents and Statement of Beneficial Interest Form must be submitted to Sisel within 30 days of the online enrollment. (If not received within the 30-day period, the Distributor Agreement will automatically terminate.) A Sisel business may change its status under the same sponsor from an individual to a partnership, LLC, corporation or trust, 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 and the completed Distributor Application and Agreement.

The Statement of Beneficial Interest Form must be signed by all of the shareholders, members, partners or trustees. Members or owners of the entity act as personal guarantors of the Business Entity in relation to Sisel and are thus jointly and severally liable for any indebtedness or other obligation to Sisel.

#### 4.5 CHANGES TO A SISEL BUSINESS

##### 4.5.1 GENERAL

Each Distributor must immediately notify Sisel of all changes to the information contained on his or her Distributor Application and Agreement. Distributors may modify their existing Distributor Agreement (i.e., change Social Security number to Federal ID 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 and appropriate supporting documentation. Changes shall be processed only once per year. All changes must be submitted by November 30 to become effective on January 1 of the following year.

##### 4.5.2 ADDITION OF CO-APPLICANTS

When adding a co-applicant (either an individual or a business entity) to an existing Sisel business, the Company requires both a written request as well as a properly completed Distributor Application

and Agreement containing the applicant and co-applicant's Social Security Numbers (or national or tax identification numbers) and signatures. To prevent the circumvention of Section 3.27 (regarding transfers and assignments of Sisel business), the original applicant must remain as a party to the original Distributor Application and Agreement. If the original Distributor wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 3.27. If this process is not followed, the business will 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 3.5.3, 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. Sisel may, at its discretion, require notarized documents before implementing any changes to a Sisel business. Please allow thirty (30) days after the receipt of the request by Sisel for processing.

#### 4.5.3 CHANGE OF SPONSOR

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

Requests for change of sponsorship must be submitted in writing to the Distributor Services Department, and must include the reason for the transfer. Transfers will only be considered in the following two (2) circumstances:

- a) In cases involving fraudulent inducement or unethical sponsoring, a Distributor may request that he or she be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case-by-case basis.
- b) The Distributor seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of all parties whose income will be affected by the transfer. Photocopied or facsimile signatures are not acceptable. All Distributor signatures must be notarized. The Distributor who requests the transfer must submit a fee of \$50.00 for administrative charges and data processing. If the transferring Distributor also wants to move any of the Distributors in his or her marketing organization, each downline Distributor must also obtain a properly completed Sponsorship Transfer Form and return it to Sisel; with the \$50.00 change fee (i.e., the transferring Distributor and each Distributor in his or her marketing organization multiplied by \$50.00 is the cost to move a Sisel business.) Downline Distributors will not be moved with the transferring Distributor unless all of the requirements of this paragraph are met. Transferring Distributors must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by Sisel for processing and verifying change requests.

#### 4.5.4 CANCELLATION AND RE-APPLICATION

A Distributor may legitimately change organizations by voluntarily canceling his or her Sisel business and remaining inactive (i.e., no purchases of Sisel products for resale, no sales of Sisel products, no sponsoring, no attendance at any Sisel functions, participation in any other form of Distributor activity, or operation of any other Sisel business) for six (6) full calendar months. Following the six month period of inactivity, the former Distributor may reapply under a new sponsor.

### 4.6 UNAUTHORIZED CLAIMS AND ACTIONS

#### 4.6.1 INDEMNIFICATION

A Distributor is fully responsible for all of his or her verbal and written statements made regarding Sisel products and the Marketing and Compensation Plan which are not expressly contained in official Sisel materials. Official Sisel materials do not include oral statements made on the telephone or at meetings in which Company personnel participate. If a Distributor makes a claim or statement that is not reflected in official Company materials, including repeating something heard from someone else (even Sisel management), the Distributor accepts full responsibility for those statements or claims. These are unauthorized statements or claims. Distributors agree to indemnify

Sisel and Sisel'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 Sisel as a result of the Distributor's unauthorized representations or actions. This provision shall survive the termination of the Distributor Agreement.

#### 4.6.2 PRODUCT CLAIMS

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Sisel may be made except those contained in official Sisel literature. In particular, no Distributor may make any claim that Sisel products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate of Sisel policies, but they potentially violate national, state, or provincial laws and regulations, including the U.S. Food, Drug, Cosmetic Act and Federal Trade Commission Act, or laws and regulations of the ministry of health in the country where the claims are made.

#### 4.6.3 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. Sisel income potential should be sufficiently attractive to prospective Distributors based upon official Sisel literature without reporting the earnings of others.

Moreover, the U.S. Federal Trade Commission and several countries and states/provinces 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 Sisel 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 Sisel Distributors do not have the data necessary to comply with the legal requirements for making income claims, a Distributor, when presenting or discussing the Sisel opportunity or Marketing and Compensation Plan to a prospective Distributor, may not make income projections, income claims, or disclose his or her Sisel income (including the showing of checks, copies of checks, bank statements, or tax records). Hypothetical income examples that are used to explain the operation of the Marketing and Compensation Plan, and which are based solely on mathematical projections, may be made to prospective Distributors, so long as the Distributor who uses such hypothetical examples makes clear to the prospective Distributor(s) that such earnings are hypothetical.

#### 4.7 COMMERCIAL OUTLETS

Sisel strongly encourages the retailing and selling of its products through person-to-person contact. In an effort to reinforce this method of marketing and to help provide a standard of fairness for its Independent Distributor base, Distributors may not display or sell Sisel products or literature in any retail or service establishment. Sisel will permit Distributors to solicit and make commercial sales upon prior written approval from the Company. For the purposes of these Policies and Procedures, the term "commercial sale"; means the sale of:

- a) Sisel products that equal or exceed \$150 or more in a single order; and
- b) To a third party who intends to resell the products to an end consumer.

#### 4.8 TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS

Distributors may display and/or sell Sisel products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Distributors must contact the Distributor Services Department in writing for conditional approval, as Sisel's policy is to authorize only one Sisel; business per event. Final approval will be granted to the first Distributor who submits an official advertisement of the event, and a satisfactory request to display at the event. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Distributor Services Department. Sisel further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the

promotion of its products or the Sisel opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image Sisel wishes to portray.

#### 4.9 CONFLICTS OF INTEREST

##### 4.9.1 NON-SOLICITATION

As Independent Distributors, Sisel Distributors may participate in other direct selling or network marketing or multilevel marketing ventures (collectively "network marketing"), and Distributors may engage in selling activities related to non-Sisel products and services if they desire to do so. However, if a Distributor elects to participate in another network marketing opportunity, in order to avoid conflicts of interest and loyalties, Distributors are prohibited from Unauthorized Recruiting, which includes the following:

- a) During the term of this agreement, any actual or attempted recruitment or enrollment of Sisel Preferred Customers or Distributors for other network marketing business ventures, either directly or through a third party. This includes, but is not limited to, presenting or assisting in the presentation of other network marketing business ventures to any Sisel Preferred Customer or Distributor, or implicitly or explicitly encouraging any Sisel Preferred Customer or Distributor to join other business ventures. Because there is an extreme likelihood that conflicts will arise if a Distributor operates two network marketing programs, it is the Distributor's responsibility to first determine whether a prospect is a Sisel Preferred Customer or Distributor before recruiting or enrolling the prospect for another network business venture.
- b) For a period of six months following the cancellation of a Distributor's Agreement, the former Distributor may not recruit any Sisel Distributor or Preferred Customer for another network marketing program.
- c) Producing or offering any literature, tapes or promotional material of any nature for another network marketing business which is used by the Distributor or any third person to recruit Sisel Preferred Customers or Distributors for that business venture;
- d) Selling, offering to sell, or promoting any competing non-Sisel products to Sisel Preferred Customers or Distributors. Any product in the same generic category as a Sisel product is deemed to be competing; e.g.; Any dietary supplement is in the same generic category as Sisel's dietary supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content.
- e) Offering Sisel; products or promoting Sisel's Compensation Program, in conjunction with any non-Sisel products, services, business plan, opportunity or incentive; or
- f) Offering any non-Sisel products, services, business plan, opportunity or incentive at any Sisel meeting, seminar, launch, convention or other Sisel function, or immediately following such event.

##### 4.9.2 DOWNLINE ACTIVITY (GENEALOGY) REPORTS

Downline Activity Reports are available for Distributor access and viewing at Sisel's official website. 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 Sisel. 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 Sisel business. Distributors should use their Downline Activity Reports to assist, motivate and train their downline Distributors. The Distributor and Sisel agree that, but for this agreement of confidentiality and nondisclosure, Sisel would not provide Downline Activity Reports to the Distributor. A Distributor shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a) Directly or indirectly disclose any information contained in any Downline Activity Report to any individual, partnership, association, corporation or other entity;

- b) Directly or indirectly disclose, to any individual, partnership, association, corporation or other entity, the password or other access code to his or her Downline Activity Report;
- c) Use the information contained in any Downline Activity Report to compete with Sisel or for any purpose other than promoting or supporting his or her Sisel business; or
- d) Recruit or solicit any Distributor or Preferred Customer listed on any Downline Activity Report, or in any manner attempt to influence or induce any Sisel Distributor or Preferred Customer to alter their business relationship with Sisel.

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

#### 4.10 TARGETING OTHER DIRECT SELLERS

Sisel does not condone Distributors specifically or consciously targeting the sales force of another direct sales company to sell Sisel products or to become Distributors for Sisel, nor does Sisel condone Distributors solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Distributors engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Distributor alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Sisel will not pay any of Distributor's defense costs or legal fees, nor will Sisel indemnify the Distributor for any judgment, award or settlement.

#### 4.11 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 Preferred Customer or Distributor Agreement on file with Sisel, 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, DBA's, assumed names, corporations, partnerships, trusts, federal ID numbers or fictitious ID numbers to circumvent this policy is prohibited. Distributors shall not demean, discredit or defame other Sisel Distributors in an attempt to entice another Distributor to become part of the first Distributor's marketing organization. This policy shall not prohibit the transfer of a Sisel business in accordance with Section 4.27.

If Cross Sponsoring is discovered, it must be brought to the Company's attention immediately. Sisel may take disciplinary action against the Distributor that changed organizations and/ or those Distributors who encouraged or participated in the Cross Sponsoring. Sisel may also move all or part of the offending Distributor's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Sisel 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 Sisel. Distributors waive all claims and causes of action against Sisel arising from or relating to the disposition of the Cross Sponsored Distributor's downline organization.

#### 4.12 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 Sisel in writing within 60 days of the date of the purported error or incident in question. Sisel will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

#### 4.13 EXCESS INVENTORY PURCHASES PROHIBITED

Distributors are not required to carry inventory of products or sales aids. Distributors who do so may find making retail sales and building a marketing organization somewhat easier because of the decreased response time in fulfilling customer orders or in meeting a new Distributor's needs. Each Distributor must make his or her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to Sisel upon the Distributor's cancellation pursuant to the terms of Section 8.2.

Sisel strictly prohibits the purchase of products in unreasonable amounts primarily for the purpose of qualifying for commissions, bonuses or advancement in the Compensation Plan. Distributors may not purchase more inventory than they can reasonably resell or consume in a month nor may

they encourage others to do so. Distributors are prohibited from purchasing more than \$500 in products per month unless they certify to Sisel; that they have pending retail orders in excess of that amount or provide Sisel with other written reason why such a purchase is necessary.

#### 4.14 GOVERNMENTAL APPROVAL OR ENDORSEMENT

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that Sisel or its Marketing and Compensation Plan have been “approved,” “endorsed”; or otherwise sanctioned by any government agency.

#### 4.15 HOLDING APPLICATIONS OR ORDERS

Distributors must not manipulate enrollments of new applicants and purchases of products. All Distributor Applications and Agreements, and product orders must be sent to Sisel within 72 hours from the time they are signed by a Distributor or placed by a customer, respectively.

#### 4.16 IDENTIFICATION

All Distributors are required to provide their Social Security Number, Social Insurance Number, Federal Employer Identification Number, or national tax or other identification number to Sisel on the Distributor Application and Agreement. Upon enrollment, the Company will provide a unique Distributor Identification Number to the Distributor by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

#### 4.17 INCOME TAXES

Each Distributor is responsible for paying local, state/provincial, and federal taxes on any income generated as an Independent Distributor. If a Sisel business is tax exempt, the Federal tax identification number must be provided to Sisel. Every year, Sisel will provide U.S. non-corporate Distributors with an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: 1) had earnings of over \$600 in the previous calendar year; or 2) made purchases during the previous calendar year in excess of \$5,000. Sisel will provide earning statements to the applicable tax authorities for residents of countries where required.

Note: If you are a U.S.-based Independent Distributor, by your signature on the Distributor Application you certify the following (pursuant to the requirements of Form W-9):

- a) Your Taxpayer Identification Number provided thereon is correct;
- b) You are not subject to “backup withholding” due to failure to report interest and dividend income;
- c) You are a U.S. person for U.S. federal tax purposes.

#### 4.18 INDEPENDENT CONTRACTOR STATUS

Distributors are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Sisel 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 his or her services or for Federal or State tax purposes. 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 or her own goals, hours and methods of sale, so long as he or she complies with the terms of the Distributor Agreement, these Policies and Procedures, and applicable laws. The Distributor Agreement and these Policies and Procedures are designed to enforce the Company’s rights with regard to its intellectual property and similar business interests and rights and are not designed to govern the activities of Independent Distributors accept as specifically noted and necessary to protect the Company.

#### 4.19 INSURANCE

##### 4.19.1 BUSINESS PURSUITS COVERAGE

You may wish to arrange insurance coverage for your business. Your homeowner’s insurance policy does 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.

#### 4.19.2 PRODUCT LIABILITY COVERAGE

Sisel maintains insurance to protect the Company against product liability claims. Sisel’s insurance policy also contains a “Vendor’s Endorsement”; which extends coverage to Independent Distributors so long as they are marketing Sisel products in accordance with Company Policies and applicable laws and regulations. Sisel’s product liability policy does not extend coverage to claims or actions that arise as a result of a Distributor’s misconduct in marketing the products.

#### 4.20 INTERNATIONAL MARKETING

Because of critical legal and tax considerations, Sisel must limit the resale of Sisel products and the presentation of the Sisel business opportunity to prospective customers and Distributors located within jurisdictions where such activities may be lawfully undertaken. Some jurisdictions allow residents of their regions to import products for personal use on a “not-for-resale” basis, but prohibit any domestic marketing of those products. Accordingly, Distributors are authorized to sell Sisel products and enroll Preferred Customers or Distributors only in the countries in which they may do so in compliance with local law, nor can Sisel products or sales aids be shipped into or sold in any “unopened” country from another country unless specifically authorized in writing to do so or unless approval of such activities are published in official Sisel literature. 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 Sisel products, establishing a marketing organization or promoting the Sisel opportunity.

#### 4.21 ADHERENCE TO LAWS AND ORDINANCES

##### 4.21.1 LOCAL ORDINANCES RELATED TO HOME BASED BUSINESSES

Many cities and counties have laws regulating certain home-based businesses. In many cases these ordinances are not applicable to Distributors because of the nature of their business. However, Distributors must obey those laws that do apply to them. Distributors who become aware of any local law or ordinance that restricts their ability to conduct an Independent Distributor business effectively may send a copy of that ordinance to the Sisel Compliance Department for review and possible assistance in identifying options or exceptions to the ordinance.

##### 4.21.2 COMPLIANCE WITH NATIONAL, FEDERAL, STATE, PROVINCIAL AND LOCAL LAWS

Distributors agree to comply with all applicable laws and regulations in the conduct of their businesses as a condition of being an Independent Sisel Distributor.

#### 4.22 MINORS

A person who is recognized as a minor in his/her country, state or province of residence may not be a Sisel Distributor. Distributors shall not enroll or recruit minors into the Sisel program.

#### 4.23 ONE SISEL BUSINESS PER DISTRIBUTOR AND PER HOUSEHOLD

A Distributor may operate or have an ownership interest (legal or equitable) as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Sisel business. No individual may have, operate or receive compensation from more than one Sisel business. Individuals of the same family unit may not enter into or have an interest in more than one Sisel business. A “family unit”; is defined as spouses and dependent children living at or doing business at the same address.

In order to maintain the integrity of Sisel’s Compensation Program, husbands and wives or common-law couples (collectively “spouses”;) who wish to become Sisel Distributors must be jointly sponsored as one Sisel business. Spouses, regardless of whether one or both are signatories to the Distributor Application and Agreement, may not own or operate any other Sisel business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or any other legal or equitable ownership) in the ownership or management of another Sisel business in any form.

An exception to the one business per Distributor rule 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.

#### 4.23.1 ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member 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 Sisel; may take disciplinary action pursuant to the Statement of Policies against the Distributor. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual"); violates the Agreement, such action(s) will be deemed a violation by the entity, and Sisel may take disciplinary action against the entity.

#### 4.24 RE-PACKAGING AND RE-LABELING PROHIBITED

Distributors may not re-package, re-label, refill or alter the labels on any Sisel products, information, materials or programs in any way. Sisel products must be sold in their original containers only. Such re-labeling or repackaging would likely violate national, federal, state or provincial laws, which could result in severe criminal penalties. You should also be aware that civil liability can arise when, as a consequence of the repackaging or re-labeling of products, the persons using the products suffer any type of injury or their property is damaged.

#### 4.25 REQUESTS FOR RECORDS

Any request from a Distributor for copies of duplicate invoices, applications, downline activity reports, or other records will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

#### 4.26 ROLL-UP OF MARKETING ORGANIZATION

When a vacancy occurs in a Marketing Organization due to the termination of a Sisel business, each Distributor in the first level immediately below the terminated Distributor on the date of the cancellation will be moved to the first level ("front line"); of the terminated Distributor's sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates her business, C1, C2, and C3 will "roll-up"; to A and become part of A's first level.

#### 4.27 SALE, TRANSFER OR ASSIGNMENT OF SISEL BUSINESS

##### 4.27.1 IN GENERAL

Although a Sisel business is a privately owned, independently operated business, the sale, transfer or assignment of a Sisel business is subject to certain limitations. If a Distributor wishes to sell his or her Sisel business, the following criteria must be met:

- a) Protection of the existing line of sponsorship must always be maintained so that the Sisel business continues to be operated in that line of sponsorship.
- b) The business must first be offered to the selling Distributor's upline Distributors as provided in Section 4.27.2 below;
- c) The buyer or transferee must be (or must become) a qualified Sisel Distributor. If the buyer is an active Sisel Distributor, he or she must first terminate his or her Sisel business simultaneously with the purchase, transfer, assignment or acquisition of any interest in the new Sisel business.
- d) Before the sale, transfer or assignment can be finalized and approved by Sisel, any debt obligations the selling Distributor has with Sisel must be satisfied.
- e) 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 Sisel business.

##### 4.27.2 RIGHT OF FIRST REFUSAL

If a Distributor desires to sell his or her Sisel business, the Distributor's Sponsor must be given the first right and option, in writing and sent via certified mail/return receipt requested, to purchase the business. If the Sponsor desires to purchase the business, the purchased business will merge with the Sponsor's business to create a single business. If the Sponsor fails to notify the selling Distributor of his or her intention to purchase the business within 10 business days after his or

her receipt of selling Distributor's notice of intent to sell, the selling Distributor must offer (in succession beginning with the Distributor immediately above the seller's Sponsor) the business to the first three immediate upline distributors of the seller's Sponsor upon the same terms provided in the option to the seller's Sponsor. If an upline Distributor desires to purchase the selling Distributor's business, the purchasing Distributor must first sell his or her own business or cancel his or her Distributor Agreement before purchasing another.

If each of the three upline Distributors fails to notify the selling Distributor of his or her intention to purchase the business within 10 business days after his or her receipt of selling Distributor's notice of intent to sell, the selling Distributor may proceed with the sale to a third party willing to purchase the existing business upon the same terms provided in the offer to the seller's Sponsor. The buyer, transferee or assignee must complete a Distributor Agreement (or Transfer Agreement if he or she is a current Sisel Distributor) and possess reasonable ability to satisfactorily perform the obligations of a Sisel Distributor who is of the same rank or status as the selling Distributor.

Upon complete execution of the purchase and sale agreement, and the new Distributor Agreement, the parties must submit copies of the same to Sisel's Compliance Department for review and approval. Sisel reserves the right to request additional documentation that may be necessary to analyze the transaction between the buyer and seller. The Compliance Department will approve or deny the sale, transfer or assignment within 30 days after its receipt of all necessary documents from the parties.

If the seller sells, transfers or assigns or attempts to sell, transfer or assign his or her business upon terms different than those set forth in the offer to the seller's Sponsor, such transfer shall be voidable at Sisel's option. Further, if the parties fail to obtain Sisel's approval for the transaction, the transfer shall be voidable at Sisel's option. The purchaser of the existing business will assume the obligations and position of the selling Distributor. A Distributor who sells his or her business shall not be eligible to re-apply as a Sisel; Distributor for a period of at least six full calendar months after the sale.

#### 4.28 SEPARATION OF A SISEL BUSINESS

Sisel Distributors sometimes operate their Sisel businesses as husband-wife partnerships, regular partnerships, corporations or trusts. 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, Sisel will involuntarily terminate the Distributor Agreement and roll-up their entire organization pursuant to Section 4.26. During the pendency of a divorce or entity dissolution, the parties must adopt one of the following methods of operation:

- a) One of the parties may, with consent of the other(s), operate the Sisel business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Sisel to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- b) The parties may continue to operate the Sisel business jointly on a "business-as-usual"; basis, whereupon all compensation paid by Sisel will be paid in the joint names of the Distributors or in the name of the entity to be divided as the parties may independently agree between themselves.
- c) If the parties cannot mutually agree on how the business shall be allocated during the pendency of a divorce or dissolution, the Company shall treat the business according to the status quo as existed prior to the filing of the divorce or dissolution.

#### 4.29 SPONSORING

All active Distributors in good standing have the right to sponsor others as new Sisel Distributors; Each prospective Preferred Customer or Distributor has the ultimate right to choose his or her own Sponsor. If two Distributors claim to be the Sponsor of the same new Distributor or Preferred Customer, the Company shall regard the first application received by the Company as controlling,

unless the new Distributor certifies in writing within 30 days that the original application was submitted in error.

#### 4.30 STACKING

“Stacking” is strictly prohibited. The term “stacking” includes:

- a) the failure to transmit to Sisel or the holding of an Independent Distributor Application and Agreement in excess of two business days after its execution;
- b) the placement or manipulation of Independent Distributor Applications and Agreements for the purpose of maximizing compensation pursuant to Sisel’s Marketing and Compensation Plan; or
- c) providing financial assistance to new Distributors for the purpose of maximizing compensation pursuant to Sisel’s Marketing and Compensation Plan;
- d) violating the one business per household rule; and/or
- e) enrolling fictitious individuals or entities into the Sisel compensation plan.

#### 4.31 SUCCESSION

Upon the death or adjudicated mental incapacitation of a Distributor, the Company may terminate the Distributorship unless prior arrangements have been made to pass the business interest to an heir or successor, and unless the heir or successor is willing assume all of the responsibilities of a Distributor, as described herein. Whenever a Sisel 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:

- a) Not be a current Sisel Distributor
- b) Execute a Distributor Agreement;
- c) Comply with terms and provisions of the Agreement; and
- d) Meet all of the qualifications for the deceased Distributor’s status.

Bonus and commission checks of a Sisel business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Sisel with an “address of record”; to which all bonus and commission checks will be sent. If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification number. Sisel will issue all bonus and commission checks and one 1099 to the business entity.

##### 4.31.1 TRANSFER UPON DEATH OF A DISTRIBUTOR

To effect a testamentary transfer of a Sisel business, the successor must provide the following to Sisel:

- a) an original death certificate;
- b) a notarized copy of the will or other instrument establishing the successor’s right to the Sisel business; and
- c) a completed and executed Distributor Agreement.

##### 4.31.2 TRANSFER UPON INCAPACITATION OF A DISTRIBUTOR

To effect a transfer of a Sisel business because of incapacity, the successor must provide the following to Sisel:

- a) a notarized copy of an appointment as trustee or a guardian by a court (or similar legal authority outside the United States);
- b) a notarized copy of the document establishing the trustee’s or guardian’s right to administer the Sisel business; and
- c) a completed Distributor Agreement executed by the trustee.

#### 4.32 TELEMARKETING

Many legal jurisdictions have laws and regulations that restrict telemarketing practices.

Telemarketing means, in brief, using the telephone to sell or advertise. Distributors must abide by the laws and regulations governing telemarketing of each country and state or province in which they are doing business. [Distributors residing in the U.S., for example, should be aware that both the Federal Trade Commission and the Federal Communications Commission (as well as a number of states) have “do not call”; regulations as part of their telemarketing laws. While a Distributor may not consider himself or herself to be a “telemarketer”; in the traditional sense of the word, these regulations broadly define the term “telemarketer”; and “telemarketing”; so that a Distributor’s inadvertent action of calling someone whose telephone number is listed on a “do not call”; registry could cause him or her to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties, up to \$11,000.00 per violation.] Independent Sisel Distributors are individually responsible for their marketing activities. The Company does not dictate the means or methods by which Distributors conduct their day to day business activities, except as necessary to protect the Company’s business and intellectual property rights. Pursuant to this, the Company has adopted the following Telemarketing guidelines, which Independent Distributors are expected to follow (without relieving Distributors of their individual duty to determine whether local laws are more restrictive than those adopted here).

- a) Telephone “cold calls” made to prospective customers or distributors to promote either Sisel’s products or the Sisel opportunity are specifically prohibited, including the use of automatic telephone dialing systems.
- b) Telephone call(s) placed to a prospective customer or Distributor (a “prospect”); is permissible under the following situations:
  - 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.
  - The prospect made a written 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.
  - You may call family members, personal friends and acquaintances. An “acquaintance”; is someone with whom you have at least a recent first-hand relationship (i.e., you have recently personally met him or her) and had a sufficiently in-depth exchange that the acquaintance is expected to recall the meeting.
  - You may call a first-hand referral from those identified as permissible to call above, provided that the referring person allows use of his or her name in connection with the call.

## 5 RESPONSIBILITIES OF DISTRIBUTORS

### 5.1 CHANGE OF ADDRESS OR TELEPHONE

To ensure timely delivery of products, support materials and commission checks, it is critically important that Sisel’s files are current. Street addresses are required for shipping since package delivery service companies cannot deliver to a post office box. Distributors planning to move should send their new address and telephone numbers to Sisel’s corporate offices to the attention of the distributor services department. To guarantee proper delivery, two weeks advance notice must be provided to Sisel on all changes. If more than one change of address notice has been submitted to Sisel, the most recent one will supersede previous notices. Please allow thirty (30) days after the receipt of the notice by Sisel for processing.

### 5.2 CONTINUING DEVELOPMENT OBLIGATIONS FOR DISTRIBUTORS AND SPONSORS

#### 5.2.1 ONGOING TRAINING

Any Distributor who sponsors another Distributor into Sisel must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Sisel

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 downline Distributors to Sisel meetings, training sessions and other functions. Upline Distributors are also responsible to motivate and train new Distributors in Sisel; product knowledge, effective sales techniques, Sisel's Dynamic Compensation Program and compliance with Company Policies and Procedures. Communication with and the training of downline Distributors 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 downline Distributors 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 Sisel of his or her ongoing fulfillment of the responsibilities of a Sponsor.

#### 5.2.2 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 Sisel program. They may be called upon to share this knowledge with less-experienced Distributors within their organization.

#### 5.2.3 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 and as an upline sponsor to their downlines on a monthly basis. Failure to properly service existing customers and downline Distributors may result in termination or suspension of distributorship, to be determined solely by Sisel.

#### 5.3 NONDISPARAGEMENT

While Sisel welcomes constructive input, negative comments and remarks made in the field by Distributors about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Sisel Distributors. For this reason, and to set the proper example for their downline, Distributors must not disparage, demean or make negative remarks about Sisel, other Sisel Distributors, Sisel's products, the Marketing and Compensation plan, or Sisel's directors, officers, or employees.

#### 5.4 PROVIDING DOCUMENTATION TO APPLICANTS

Distributors must 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. Additional copies of Policies and Procedures can be acquired from Sisel. In addition, Distributors may use only the forms provided by Sisel to sponsor new Distributors, order products and assist retail and Preferred Customers in ordering products. The necessary forms, which include the Independent Distributor Application and Agreement (Form 101), the Distributor Purchase Order Form (Form 102), the Preferred Customer Purchase Order Form (Form 103), the ACh (Automatic Clearing house) Application Form (Form 104) and Statement of beneficial Interest Form (Form 105), are included in the Distributor Kit. Additional forms may be obtained from Sisel;

#### 5.5 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 Sisel Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report. All complaints must be submitted in writing to Sisel's Compliance Department.

### 6 SALES REQUIREMENTS

#### 6.1 PRODUCT SALES

Sisel's Compensation Program is based upon the sale of Sisel products to end consumers.

Distributors must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Distributors to be eligible for commissions:

- a) Distributors must satisfy the Personal Sales Volume (PV) and group Sales Volume (PgV) requirements to fulfill the requirements associated with their rank as specified in Sisel's Compensation Program. PV includes purchases made by the Distributor and purchases made by the Distributor's personally enrolled Preferred Customers. PgV shall include the total Sales Volume of all Distributors in his or her marketing organization, including non-break-away Executive Distributors Sales Volume.
- b) A minimum of seventy percent (70%) of a Distributor's personal orders must be sold to his or her personal retail customers. Distributors may not purchase additional product until at least seventy percent (70%) of the previous order has been sold to end consumers. By reordering, a Distributor certifies that he or she has complied with this policy.
- c) Distributors must develop or service at least five customers every month. These customers can be either personal retail customers and/or Preferred Customers.

## 6.2 NO EXCLUSIVE TERRITORIES

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

## 6.3 PRODUCT PRICING

Sisel sells products to Distributors and customers at the same retail prices. There are no wholesale prices for Distributors or customers. Shipping Costs: Shipping and handling charges will be based on quantities shipped, weight and delivery requirements.

## 6.4 SALES RECEIPTS

Except for cases where orders are placed over the Internet, all Distributors must provide their retail customers with two copies of an official Sisel sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction guarantee for Sisel products, as well as any consumer protection rights afforded by applicable law. Distributors must maintain all retail sales receipts for a period of two years and furnish them to Sisel at the Company's request. Records documenting the purchases of Distributors' Preferred Customers will be maintained by Sisel. Distributors must ensure that the following information is contained on each sales receipt:

- a) The date of the transaction;
- b) The date by which the buyer may give notice of cancellation under applicable laws or regulations and
- c) Name and address of the selling Distributor.

Remember that customers must receive two copies of the sales receipt. In addition, Distributors must orally inform the buyer of his or her cancellation rights.

## 7 BONUSES AND COMMISSIONS

### 7.1 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, Sisel shall pay commissions to such Distributor in accordance with the Compensation plan.

### 7.2 ADJUSTMENT TO BONUSES AND COMMISSIONS

#### 7.2.1 ADJUSTMENTS FOR RETURNED PRODUCTS

Distributors receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to Sisel for a refund or is repurchased by the Company, any bonuses and commissions attributable to the returned or repurchased product(s) that is paid to Distributors will be deducted from subsequent bonus and commission payments until the commission is recovered.

## 7.2.2 HANDLING CHARGES

Depending upon the method selected for receiving Bonus and Commission payments, handling charges may apply to certain transactions as outlined in the current Compensation Plan.

## 7.3 UNCLAIMED COMMISSIONS AND CREDITS

Preferred Customers or Distributors who have a credit on account must use their credit within six months from the date on which the credit was issued. If credits have not been used within six months, Sisel shall attempt to notify the Distributor or Preferred Customer on a monthly basis, by sending written notice to the last known address, advising the Distributor or Preferred Customer of the credit. There shall be a \$10.00 charge for each attempted notification. This charge shall be deducted from the Distributor's or Preferred Customer's credit on account. In the event that a Preferred Customer chooses to become a Distributor, their Preferred Customer account will be automatically terminated. The points earned by that Preferred Customer are non-transferable. The balance of the points earned by the Preferred Customer must be used prior to their account being terminated. Any remaining balance will be canceled.

## 7.4 REPORTS

All information provided by Sisel in online or telephonic downline activity reports, 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 Sisel or any persons creating or transmitting the information.

All personal and group sales volume information 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, Sisel 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 personal and group 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 Sisel 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, Sisel 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 Sisel's online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is."; 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 Sisel's online and telephone reporting services and your reliance upon the information.

## 8 PRODUCT GUARANTEES, RETURNS, ETC.

### 8.1 PRODUCT GUARANTEE

Sisel offers a 100% 30-day, money-back guarantee (less shipping and 10% restocking fee) to all Preferred Customers, retail customers and Distributors for all product which is in resalable condition. Commissions paid out on the returned product will be deducted from the Distributor's and from the Uplines' commissions, bonuses, rebates, refunds or other incentives.

#### 8.1.1 RETURNS BY PREFERRED CUSTOMERS

Sisel offers Preferred Customers an unconditional 30-day, money-back guarantee for all product which is in resalable condition. If, for any reason, a Preferred Customer is dissatisfied with any Sisel product, he or she may return that product to the Company within 30 days, for a replacement, exchange or a refund of the purchase price (less shipping and 10% restocking fee) for product returned with unbroken seals and in resalable condition.

#### 8.1.2 RETURNS BY DISTRIBUTORS (PRODUCTS PURCHASED FOR PERSONAL CONSUMPTION)

If a Distributor is unsatisfied with any Sisel product purchased for personal use, the Company offers a 100% 30-day, money-back guarantee (less shipping and 10% restocking fee) for product returned with unbroken seals and in resalable condition. If a Distributor wishes to return merchandise exceeding \$300, in any 12-month period, the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms of Section 8.2, and the Distributor's Agreement shall be canceled.

#### 8.1.3 RETURNS BY DISTRIBUTORS (PRODUCTS RETURNED BY PERSONAL RETAIL CUSTOMERS)

If a personal retail customer returns a product to the Distributor from whom it was purchased, the Distributor may return it to the Company for an exchange or refund (less shipping and 10% restocking fee) for product returned with unbroken seals and in resalable condition. All products returned by personal retail customers must be returned to the Company within 10 days from the date on which it was returned to the Distributor along with the sales receipt which the Distributor gave to the retail customer.

#### 8.2 RETURN OF INVENTORY AND SALES AIDS BY DISTRIBUTORS

Upon cancellation of a Distributor's Agreement, the Distributor may return inventory and sales aids for a refund if he or she is unable to sell or use the merchandise. A Distributor may only return products and sales aids purchased by him or her that are in resalable condition. Upon receipt of the products and sales aids, the Distributor will be reimbursed 100% of the net cost of the original purchase price(s), less shipping and 10% restocking fee. If the purchases were made through a credit card, the refund will be credited back to the same account. The Company shall deduct from the reimbursement paid to the Distributor any commissions, bonuses, rebates or other incentives received by the Distributor which were associated with the merchandise that is returned.

##### 8.2.1 MONTANA RESIDENTS

A Montana resident may cancel his or her Distributor Agreement within 15 days from the date of enrollment, and may return his or her Distributor Kit for a full refund including shipping costs within such time period.

#### 8.3 PROCEDURES FOR ALL RETURNS

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

- a) All merchandise must be returned by the Distributor or customer who purchased it directly from Sisel;
- b) All products to be returned must have a Return Authorization Number which is obtained by calling the Distributor Services Department. This Return Authorization Number must be written on each carton returned.
- c) The return is accompanied by: i) a completed and signed Consumer Return Form; ii) a copy of the original dated retail sales receipt; and iii) the unused portion of the product in its original container.
- d) 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 Sisel shipping pre-paid. Sisel does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Distributor. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Distributor to trace the shipment.
- e) If a Distributor is returning merchandise to Sisel that was returned to him or her by a personal retail customer, the product must be received by Sisel within ten (10) days from the date on which the retail customer returned the merchandise to the Distributor, and must be accompanied by the sales receipt the Distributor gave to the customer at the time of the sale.

#### 8.4 PRODUCT RETURN POLICY

- a) Product should not be used if tamper-evident seal is broken or tampered with in any way.

- b) Product that is damaged in shipment should be refused at the time of delivery. If unable to return damaged product to delivery company, the distributor should notify Sisel International Customer Service immediately (within 10 days) and request a return authorization number.
- c) Product that is shipped incorrectly due to company error, please notify Sisel Customer Service immediately (within 10 days) and ask for a return authorization number.
- d) Sisel International, whenever possible, will replace or exchange damaged or misshipped product with new product. However, when an exchange is not feasible, Sisel will refund the amount of the returned product less shipping and 10% restocking fee. No refund or replacement of product will be made if the conditions of these rules are not met.

## 9 DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 9.1 DISCIPLINARY SANCTIONS

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by a Distributor may result, at Sisel's discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring the Distributor to take immediate corrective measures;
- c) Imposition of a fine, which may be withheld from bonus and commission checks;
- d) Loss of rights to one or more bonus and commission checks;
- e) Sisel may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period that Sisel is investigating any conduct alleging violations 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;
- f) Suspension of the individual's Distributor Agreement for one or more pay periods;
- g) Involuntary termination of the offender's Distributor Agreement;
- h) Any other measure expressly allowed within any provision of the Agreement or which Sisel deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's policy violation or contractual breach; i) In situations deemed appropriate by Sisel, the Company may institute legal proceedings for monetary and/or equitable relief.

### 9.2 GRIEVANCES AND COMPLAINTS

When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in relationship to their respective Sisel businesses, the complaining Distributor should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party's upline sponsor. If the matter cannot be resolved, it must be reported in writing to the Distributor Services Department at the Company. The Distributor Services Department will review the facts and attempt to resolve it. If it is not resolved, it will be referred to the Dispute Resolution board for final review and determination.

### 9.3 DISPUTE RESOLUTION BOARD

The purpose of the Dispute Resolution board ("DRB") is to:

- a) review appeals of disciplinary sanctions; and
- b) review matters between Sisel Distributors.

After the response or settlement instituted by Distributor Services has been denied or otherwise remains unresolved, the DRB reviews evidence, deliberates, and responds to current outstanding issues on a collective basis. A Distributor may submit a written request for a telephonic or in-person hearing within seven business days from the date of:

- a) the written notice by Sisel of disciplinary action; or
- b) the written decision of Distributor Services regarding disputes between Distributors.

All communication with Sisel and the Distributor seeking resolution of a dispute must be in writing. It is within the DRB's discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a hearing within 30 days of receipt of the Distributor's written request. All evidence (e.g., documents, exhibits, etc.) that a Distributor desires to have considered by the DRB must be submitted to Sisel no later than seven business days before the date of the hearing. The Distributor shall bear all of the expenses related to his or her attendance and the attendance of any witnesses he or she desires to be present at the hearing. The decision of the DRB will be final and subject to no further review. During the pendency of the claim before the DRB, the Distributor waives his or her right to pursue arbitration or any other remedy. Following issuance of a sanction, the disciplined Distributor may appeal the sanction to the DRB. Distributor's appeal must be in writing and received by the Company within 15 days from the date of Sisel's cancellation notice. If the appeal is not received by Sisel within the 15 day period, the sanction will be final. The Distributor must submit all supporting documentation with his or her appeal correspondence. If the Distributor files a timely appeal of cancellation, the DRB will review and reconsider the cancellation, consider any other appropriate action, and notify the Distributor in writing of its decision.

#### 9.4 ARBITRATION

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the International Chamber of Commerce Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Zurich, Switzerland. All parties shall be entitled to all discovery rights pursuant to the International Chamber of Commerce Arbitration Rules. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, as approved by both parties. The prevailing party shall be entitled to receive from the losing party, 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 of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement. Nothing in these Policies and Procedures shall prevent Sisel from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect Sisel's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

#### 9.5 GOVERNING LAW, JURISDICTION AND VENUE

Jurisdiction and venue of any matter not subject to arbitration shall reside in Utah County, State of Utah unless the laws of the state in which a Distributor resides expressly require the application of its laws. The laws of the State of Utah of the United States 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.

##### 9.5.1 LOUISIANA RESIDENTS

Notwithstanding the foregoing, Louisiana residents may bring an action against the Company with jurisdiction and venue as provided by Louisiana law.

## 10 ORDERING

### 10.1 PREFERRED CUSTOMERS

Distributors are encouraged to promote Sisel's Preferred Customer Program to retail customers. Customers simply call Sisel's Toll Free Order Number or go online to the Sisel website or the replicated website of their Sisel Distributor to place their orders, which they can charge to their credit card. Sisel will send the ordered products directly to the customer. To ensure that Distributors receive the appropriate sales volume, Customers may not place an order without a Distributor's ID Number. In addition, a Preferred Customer may sign up to have a pre-selected package of Sisel; products delivered to his or her home automatically each month (the Automatic Purchase Program).

## 10.2 PRODUCT REBATE

Preferred Customers receive one product point for each \$20.00 of Sisel products purchased to redeem for free products. Redeemable value is one product point equals \$3.00 USD. In the event that a Preferred Customer chooses to become a Distributor, their Preferred Customer account will be automatically terminated. The points earned by that Preferred Customer are non-transferable. The balance of the points earned by the Preferred Customer must be used prior to their account being terminated. Any remaining balance will be canceled.

## 10.3 REDEEMED PRODUCTS

Free products redeemed for product points are not purchased and as such are exempt from the compensation program and have no PV or WBV value.

## 10.4 PURCHASING SISEL PRODUCTS

Each Distributor should purchase his or her products directly from Sisel. If a Distributor purchases products from another Distributor or any other source, the purchasing Distributor will not receive the personal sales volume that is associated with that purchase.

## 10.5 GENERAL ORDER POLICIES

On mail orders with invalid or incorrect payment, Sisel will attempt to contact the Distributor by phone, and/or mail to try to obtain another payment. If these attempts are unsuccessful after five working days the order will be returned unprocessed. No C.O.D. orders will be accepted. Sisel maintains no minimum order requirements. Orders for products and sales aids may be combined.

## 10.6 SHIPPING AND BACK ORDER POLICY

Sisel will normally ship products within 7 days from the date on which it receives an order. Sisel will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out-of-stock, it will be placed on back order and sent when Sisel receives additional inventory. Distributors will be charged and given Personal Sales Volume on back ordered items unless notified on the invoice that the product has been discontinued. Sisel will notify Distributors and Preferred Customers if items are back-ordered and are not expected to ship within 30 days from the date of the order. An estimated shipping date will also be provided. Back ordered items may be canceled upon a Preferred Customer's or Distributor's request. Preferred Customers and Distributors may request a refund, credit on account, or replacement merchandise for canceled back orders. If a refund is requested, the Distributor's Personal Sales Volume will be decreased by the amount of the refund in the month in which the refund is issued.

## 10.7 CONFIRMATION OF ORDER

A Distributor and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify Sisel of any shipping discrepancy or damage within thirty days of shipment will cancel a Distributor's right to request a correction.

## 11 PAYMENT AND SHIPPING

### 11.1 DEPOSITS

No monies should be paid to or accepted by a Distributor for a sale to a personal retail customer except at the time of product delivery. Distributors should not accept monies from retail customers to be held for deposit in anticipation of future deliveries.

### 11.2 INSUFFICIENT FUNDS

It is the responsibility of each Distributor participating in the Automatic Purchase Program to ensure that there are sufficient funds or credit available in his or her account to cover the monthly Automatic Purchase order. Sisel will not contact Distributors in regard to Automatic Purchase orders canceled due to insufficient funds or credit. This may result in a Distributor's failure to meet his or her Personal Sales Volume requirements for the month.

### 11.3 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 Sisel by a Distributor for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

**11.4 RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND CHECKING ACCOUNT ACCESS**  
Distributors shall not permit other Distributors or customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the Company.

#### **11.5 SALES TAXES**

In designing the Sisel opportunity, one of our guiding philosophies has been to free Distributors from as many administrative, operational, and logistical tasks as possible. In doing so, Distributors are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To these ends, Sisel relieves Distributors of the burdens of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales taxes. By virtue of its business operations, Sisel; is required to charge sales taxes on all purchases made by Distributors and Preferred Customers, and remit the taxes charged to the respective states. Accordingly, Sisel will collect and remit sales taxes on behalf of Distributors, based on the retail price of the products, according to applicable tax rates in the country, state or province to which the shipment is destined. If a Distributor has submitted, and Sisel 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 which are shipped to a state or province 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/province. Any sales tax exemption accepted by Sisel is not retroactive. The taxability of products and sales tax rates differ by country, state and province. Additionally, an increasing number of local taxes (county and city) are being initiated in various jurisdictions. This could result in a disparity in what Sisel charges a Distributor and what the Distributor in turn can charge a retail customer depending upon where the sale occurs. The difference should be brought to the attention of Sisel Customer Service Department for adjustment. Distributors must provide date of sale, state, province, county, city and rate of tax where sold, total retail sales and the amount of the additional tax due, or credit due. It is the responsibility of each Distributor to know what products are taxable and at what rate. If you have questions regarding taxability and rates, contact the appropriate governmental agency for assistance.

## **12 INACTIVITY AND CANCELLATION**

### **12.1 EFFECT OF CANCELLATION**

So long as a Distributor remains active and complies with the terms of the Distributor Agreement and these Policies and Procedures, Sisel 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 or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his or 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 which he or she operated, or any commission or bonus from the sales generated by the organization. A Distributor whose business is cancelled will permanently lose all rights as a Distributor. This includes the right to sell Sisel 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 or her former downline organization. Following a Distributor's cancellation of his or her Distributor Agreement, the former Distributor shall not hold himself or herself out as a Sisel; Distributor and shall not have the right to sell Sisel products. A Distributor whose Distributor Agreement is canceled shall receive commissions and bonuses only for the last

full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

## 12.2 CANCELLATION DUE TO INACTIVITY

It is the Distributor's responsibility to lead his or her marketing organization with the proper example in personal production of sales to end consumers. Without this proper example and leadership, the Distributor will lose his or her right to receive commissions from sales generated through his or her marketing organization.

### 12.2.1 INSUFFICIENT PERSONAL VOLUME TO MAINTAIN ACTIVE REQUIREMENT

Distributors who personally generate less than \$100 in Personal Volume for any pay period will not receive a commission for the sales generated through their marketing organization for that pay period. If a Distributor has not purchased any products for a period of six consecutive calendar months (and thus becomes "inactive"); his or her Distributor Agreement shall be canceled for inactivity. The cancellation will become effective on the day following the last day of the sixth month of inactivity.

### 12.2.2 FAILURE TO MAINTAIN A PERSONALLY SPONSORED DISTRIBUTOR OR PREFERRED CUSTOMER.

If a Distributor does not have at least one personally sponsored active Distributor or Preferred Customer in his or her downline sales organization for 12 consecutive months, his or her Distributor Agreement shall be cancelled for inactivity.

## 12.3 INVOLUNTARY CANCELLATION

A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by Sisel in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed 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.

## 12.4 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 ID Number. Please allow 10 business days from the date of receipt until the Distributorship is cancelled.

## 12.5 NON-RENEWAL

A Distributor may also voluntarily cancel his or her Distributor Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew a Distributor's Agreement upon its anniversary date.

## 13 DEFINITIONS

**Active Distributor** – A Distributor who satisfies the minimum Personal Sales Volume requirements, as set forth in Sisel's; 5-Star global-Seamless hybrid Compensation Program, to ensure that he or she is eligible to receive bonuses and commissions.

**Active Rank** – The term "active rank"; refers to the current rank of a Distributor, as determined by Sisel's 5-Star global-Seamless hybrid Program, for any volume period. To be considered "active"; relative to a particular rank, a Distributor must meet the criteria set forth in Sisel's 5 Star global-Seamless hybrid Compensation Program for his or her respective rank. (See the definition of "Rank"; below.)

**Agreement** – The contract between the Company and each Distributor includes the Distributor Application and Agreement, the Sisel Policies and Procedures, Sisel's Dynamic Compensation Program, and the Statement of beneficial Interest Form (where appropriate), all in their current form and as amended by Sisel in its sole discretion. These documents are collectively referred to as the "Agreement.";

**Cancel** – The termination of a Distributor's business. Cancellation may be either voluntary involuntary, through non-renewal or inactivity.

**Commissionable Products** – All Sisel products on which commissions and bonuses are paid. Distributor Kits and sales aids are not commissionable products.

**Company** – The term “Company”; as it is used throughout the Agreement means Sisel International, LLC, Sisel International AG, and their affiliates.

**Distributor Kit** – A selection of Sisel training materials and business support literature that each new Distributor is required to purchase.

**Downline** – See “Marketing Organization”; below.

**Downline Activity Report** – A monthly report generated by Sisel 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 which is proprietary to Sisel.

**Downline Leg** – Each one of the individuals enrolled immediately underneath you, with you as their Sponsor, and their respective marketing organizations represents one “leg”; in your marketing organization.

**End Consumer** – A person who purchases Sisel; products for the purpose of personally consuming them rather than for resale to someone else.

**Immediate household** – Heads of household and dependent family members residing in the same house.

**Level** – The layers of downline Preferred Customers and Distributors in a particular Distributor’s Marketing Organization. This term refers to the relationship of a Distributor relative to a particular upline Distributor, determined by the number of Distributors between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A’s fourth level.

**Marketing Organization** – The Preferred Customers and Distributors sponsored below a particular Distributor of any rank.

**Official Sisel Material** – Literature, audio or video tapes, and other materials developed, printed, published and distributed by Sisel to Distributors.

**Personal Group Volume (PgV)** – The commissionable value of Sisel products generated by an Executive (or higher ranked) Distributor’s personal non-breakaway Marketing Organization. Group Sales Volume does not include the Personal Sales Volume of the subject Distributor. (Distributor Kits and sales aids have no Sales Volume.)

**Personal Sales Volume (PV)** – The commissionable value of products sold in a calendar month:

- a) by the Company to a Distributor; and
- b) by the Company to the Distributor’s personally enrolled Preferred Customers.

**Preferred Customer** – A customer who has executed a Sisel Preferred Customer Agreement. (See Section 10.1 above). And who uses the products for personal consumption and does not develop a downline distributor organization.

**Rank** – The “title”; that a Distributor has achieved pursuant to Sisel’s 5 Star global-Seamless hybrid Compensation Program. Rank advancements take effect on the 1st day of the month following their qualification. There are two primary ranks within Sisel’s Dynamic Compensation Program, Distributor and Executive. Details on each rank and their associated qualifications are found in Sisel’s 5 Star global-Seamless hybrid Compensation Program brochure.

**Recruit** – For purposes of Sisel’s Conflict of Interest Policy (Section 4.9), the term “recruit”; means actual or attempted solicitation, enrollment, encouragement or effort to influence in any other way, either directly or through a third party, another Sisel Distributor or Preferred Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the Distributor’s actions are in response to an inquiry made by another Distributor or Preferred Customer.

**Resalable** – Products and sales aids shall be deemed “resalable”; if each of the following elements are satisfied:

- a) they are unopened and unused;
- b) packaging and labeling has not been altered or damaged;
- c) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price;
- d) products are returned to Sisel; within one year from the date of purchase;
- e) the product expiration date has not elapsed; and
- f) the product contains current Sisel labeling.

Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued or as a seasonal item, shall not be resalable.

**Retail Customer** – An individual who purchases Sisel products from a Distributor. **Roll-Up** – The method by which a vacancy in a Marketing Organization left by a Distributor whose Distributor Agreement has been cancelled is filled.

**Sponsor** – A Distributor who enrolls a Preferred Customer or another Distributor into the Company, and is listed as the Sponsor on the Distributor Application and Agreement. The act of enrolling others and training them to become Distributors is called “sponsoring.”;

**Suggested Retail Price (SRP)** – The price at which Sisel may suggest Distributors sell a particular product to retail customers. Notwithstanding the SRP, Distributors are always free to sell Sisel products at any price they choose.

**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.