

## Young Living Hong Kong Policies and Procedures

This document was published on 2nd July 2018. Whoever joining as a Member on or after 2nd July 2018 shall be bound by these Policies and Procedures as from such date. Existing Members shall be bound by these Policies and Procedures with effect from 1st August 2018 and before that, for the avoidance of doubt, the Young Living Policies and Procedures published and prevailing before 2nd July 2018 shall continue to apply to them.

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## 1: INTRODUCTION

### 1.1 Welcome

Welcome to Young Living Hong Kong Limited ("Young Living")! We are pleased that you have chosen to become a Member of Young Living.

### 1.2 Definitions

In these Policies and Procedures, unless the context otherwise defines, the following expressions shall have the following meanings:-

"**affiliated parties**" has the meaning given to it under Section 3.6;

"**Agreement**" has the meaning given to it in Section 1.5;

"**Associate**" shall have the meaning as follows:-

(a) in relation to an individual means:

- (i) his spouse and any child or step-child of the person or of his spouse ("**family interests**");
- (ii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- (iii) any company in the equity capital of which he and/or his family interests taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company;

(b) in relation to a company means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity capital of which it and/or such other company or companies taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors;

"**beneficiary**" has the meaning given to it under Section 3.7.1;

"**Business**" means the business of Young Living being network marketing of essential oil products through independent Members;

"**Business day**" means a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business;

"**business entities**" or "**business entity**" has the meaning given to it under Section 3.8;

"**COD**" means Cash on Delivery;

"**Companies Ordinance**" means the Companies Ordinance (Chapter 622 of the laws of Hong Kong);

"**Compensation Plan**" means the global compensation plan, which includes the terms and definitions for it, organized and managed by Young Living Essential Oils, LC under the laws of the state of Utah, the United States of America, and under which the Members and the other members of the Young Living Group shall be eligible, subject to the fulfillment of specified sales requirements for bonuses, commissions and order benefits;

"**Competing Business Venture**" means any business venture offering a similar business opportunity or similar or alternative products or services to those offered by Young Living;

"**Competition Ordinance**" means the Competition Ordinance (Chapter 619 of the laws of Hong Kong);

"**Confidential Information**" has the meaning given to it under Section 3.14;

"**Contracts (Rights of Third Parties) Ordinance**" means the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong);

"**Designated Third Party**" has the meaning given to it under Section 15.6;

"**Direct Marketing**" has the meaning given to it under Section 3.16;

"**Diamond**" and "**Diamond Leadership Bonuses**" have the meanings given to them under the Compensation Plan;

"**Effective Date**" has the meaning given to it under Section 3.16;

"**Enroller**" means, in relation to a new Member, the Member who enrolls such new Member into Young Living and for the avoidance of doubt an individual can be enrolled only once in 12 months;

"**entity**" has the meaning given to it under Section 3.4;

"**Essential Oil**" means an extract, distillation, or derivative, in any amount, of any herb or plant grown, harvested, processed, promoted, identified as a future Young Living's product, marketed or sold by Young Living during the term of the Agreement;

"**Essential Rewards Autoship Program**" has the meaning given to it under Section 8.2 and "**autoship order**" means order made under the Essential Rewards Autoship Program;

"**Executive, Silver, and Gold ranking Members**" have the meanings given to them under the Compensation Plan;

"**Generation and Diamond Leadership Bonuses**" has the meaning given to it under the Compensation Plan;

"**Government Recipient**" has the meaning given to it under Section 3.12.2;

"**HK\$**" means the lawful currency for the time being of Hong Kong;

"**holding company**" has the meaning attributed to it in section 13 of the Companies Ordinance;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Image Material**" has the meaning given to it in Section 3.17;

"**immediate household**" means (i) in relation to a Member who is an individual, the spouse of and other persons residing with such individual in the same home; and (ii) in relation to a Member which is an entity, any of the shareholders, owners, directors, officers, members, trustees, responsible parties, etc. of such entity and any person married to or residing in the same home with any of such shareholders, owners, directors, officers, members, trustees, responsible parties, etc. of such entity.

"**IDS**" has the meaning given to it under Section 5.3.2;

"**Level**" means, in relation to a sales organization, the position of a Member within such sales organization. Those Members who are immediately Sponsored by another Member would be considered the Sponsoring Member's first level. Those Members who are Sponsored by a Member's first level would be considered that Member's second level and so on;

"**Member**" means any person (including you) who is eligible to join and becomes a member of Young Living through the making of the Member Agreement and as a result of which is bound by the terms of the Agreement, and "Member's membership" or "your membership" shall be construed accordingly;

"**Member Agreement**" means the application made by a person and accepted by Young Living for such person to become a Member;

"**Member Sites**" has the meaning given to it under Section 5.7;

"**Non-Young Living Program**" has the meaning given to it under Section 3.11.3;

"**OGV**" means Organization Group Volume as defined in the Compensation Plan;

"**parties concerned**" has the meaning given to it under Section 13.2.1;

"**PDPO**" means the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong);

"**personal data**" has the meaning given to it under Section 3.14;

"**PIN**" has the meaning given to it under Section 8.1.1;

"**Privacy Policy Statement**" means the privacy policy statement published by Young Living from time to time in connection with the collection, use, transfer and retention of personal data, which is assessable at [https://www.youngliving.com/en\\_HK](https://www.youngliving.com/en_HK)

"**Promotional Materials**" has the meaning given to it under Section 3.11.3;

"**PV**" means personal volume as defined in the Compensation Plan and is one of the requirements for ranking within the Compensation Plan;

"**Reports**" has the meaning given to it under Section 12.2;

"**Retail Customer**" has the meaning given to it under Section 3.2.1;

"**Return Merchandise Authorization**" or "**RMA**" has the meaning given to it under Section 9.2;

"**Rights**" has the meaning given to it in Section 3.17;

"**rollup**" means has the meaning given to it under Section 3.9;

"**sales organization**" means, in relation to a Member, such Member's member account with Young Living along with the downline that such Member build, and "**downline organization**", "**your sales organization**" and "**upline organization**" shall be construed accordingly;

"**Special Rights**" has the meaning given to it in Section 3.17;

"**Sponsor**" means, in relation to a Member, such Member's immediate upline Member, and "**Sponsored**", "**Sponsoring**" and "**Sponsorship**" shall be construed accordingly;

"**Starter Kit**" means a kit that helps Members get started with their Young Living experience by providing material on Young Living's products and business;  
**"subsidiaries"** has the meaning attributed to it in section 15 of the Companies Ordinance;  
**"Three Active Upline"** has the meaning given to it in section 12.1.1;  
**"Transfer"** has the meaning given to it under Section 3.7;  
**"Username"** has the meaning given to it under Section 5.7;  
**"Virtual Office"** means a software business tool program that allows Members to manage their business with Young Living;  
**"Young Living"** has the meaning given to it under Section 1.1;  
**"Young Living Group"** means the holding company of Young Living and its subsidiaries from time to time, and **"member of the Young Living Group"** shall be construed accordingly;  
**"Young Living Order Form"** means the order form prescribed by Young Living from time to time for use by the Members to purchase Young Living's products; and  
**"Young Living Placement Program"** means the Sponsor placement Program as described in 12.1.3;  
**"Young Living Trademarks"** has the meaning given to it under Section 5.5.

### 1.3 Interpretations

References herein to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

The headings herein are inserted for convenience only and shall not affect the construction of the Agreement.

Unless the context requires otherwise, (a) words importing the singular include the plural and vice versa and words importing a gender include every gender; and (b) references to Sections are to Sections of these Policies and Procedures.

References herein to persons include references to individuals, firms, limited liability companies, corporations and unincorporated bodies of persons and vice versa (where the context requires).

### 1.4 Purpose

The purposes of these Policies and Procedures are:

- to set standards of acceptable business behavior expected of you;
- to define your relationship with Young Living, your Retail Customers and other Members; and
- to assist you in building and protecting your business with Young Living.

### 1.5 Policies and Procedures and Compensation Plan Incorporated into the Member Agreement

Throughout these Policies and Procedures, whenever the term "**Agreement**" is used, it refers collectively to the Member Agreement (pursuant to which you became a Member), these Policies and Procedures, the Privacy Policy Statement and the Compensation Plan. These Policies and Procedures, the Privacy Policy Statement and the Compensation Plan are incorporated by reference into the Member Agreement (in their current form and as amended by Young Living from time to time). It is your responsibility to read, understand, adhere to, and ensure that you are operating under the most current version of all these documents, as found online at [https://www.youngliving.com/en\\_HK](https://www.youngliving.com/en_HK).

### 1.6 Ethics

You are required to abide by the following Code of Ethics in the operation of your sales organization and your opportunity to participate in the Young Living's business. Violations of the Code of Ethics may, without prejudice to other rights of Young Living, result in disciplinary action.

#### Code of Ethics

- You will follow the highest standards of honesty, professionalism, and integrity in the development and operation of your sales organization.
- You will give prompt and efficient service to anyone to whom you have introduced Young Living's products, as well as to your downline Members.
- You will not make negative or disparaging remarks about Young Living, Young Living's founders, any Young Living's competitor(s) or their people, products, or organizations.
- You will not engage in activities that may cause losses to Young Living or another Member.
- You will perform all duties of a Sponsor and a leader as you build your business with Young Living, including providing the necessary training and support.
- You will respect the privacy of both your upline and downline Members and Retail Customers.
- You will not recruit any Member to other business opportunities.

- You will abide by all rules, regulations, laws, and ordinances that are applicable to the operation of your sales organization as a Member.

### 1.7 Amendments/Acceptance

Young Living may amend the terms and conditions of the Agreement from time to time. The changes will become effective 30 days after first published by Young Living through official Young Living's publications distributed to all active Members (e.g. e-News) or posted on an official Young Living website. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment.

By executing the Member Agreement, you agree to abide by all amendments or modifications that Young Living elects to make. If a Member is not willing to accept these changes, Young Living must be notified in writing within the 30 days period prior to the change being effective. Any continued business, ordering, acceptance of a commission or bonus payout, or any other benefit by a Member pursuant to the Agreement constitutes acceptance of the Agreement in whole with any and all amendments.

## 2: BECOMING A MEMBER

### 2.1 Requirements to Become a Member

To become a Member, you must meet the following requirements:

- If you are an individual, be at least 18 years old and provide a Hong Kong Identity Card number.
- If you are a business entity, provide copy of the articles of incorporation, tax number/ business registration number.
- Read and agree to these Policies and Procedures, the Privacy Policy Statement and the Compensation Plan.
- Apply to become a Member by completing, signing and submitting a Member Agreement to Young Living within 30 days of your enrollment.
- Purchase a Starter Kit.

Young Living reserves the right, in its sole discretion, to reject your application to become a Member or otherwise the Member Agreement submitted by you for any reason whatsoever.

### 2.2 Member Agreement

You can submit your completed and signed Member Agreement through mail, fax or Young Living's website ([https://www.youngliving.com/en\\_HK](https://www.youngliving.com/en_HK)). Your application must be received within 30 days of your enrollment for you to receive benefits as a Member. If the Member Agreement is not received within the said 30 days, your application to become a Member will be placed on hold until the Member Agreement is received.

### 2.3 Telephone Enrollments

You may enroll as a Member over the phone. However, you must submit a completed and signed Member Agreement that is received at Young Living's office in Hong Kong within 30 days of your telephone registration, as outlined in Section 2.2. A Retail Customer may be enrolled over the telephone.

### 2.4 Web Enrollments

If you enroll on Young Living's website or on any Young Living-sponsored replicated website, you are not required to submit a paper application but shall agree to the Member Agreement, these Policies and Procedures and the Compensation Plan as shown in the said website. While your Sponsor may assist you in completing the online enrollment as a Member, you must personally review and agree to the Member Agreement, these Policies and Procedures and the Compensation Plan as aforesaid.

## 3: OPERATING YOUR SALES ORGANIZATION

### 3.1 Independent Contractor Status

As a Member, you are an independent sales contractor and are not a purchaser of a franchise or business opportunity. The agreement between you and Young Living does not create an employer/employee relationship, agency, partnership, or joint venture. You will not be treated as an employee for your services for any purpose whatsoever. You are responsible for your own taxes due from all compensation earned as a Member. You have no authority (expressed or implied) to bind Young Living to any obligation. You are encouraged to establish your own goals, hours, and methods of sale, as long as you comply with applicable laws and the terms and conditions of the Agreement.

### 3.2 Retail Customers and Members

Individuals may join Young Living as Retail Customers or as Members.

#### 3.2.1 Retail Customers

Retail Customers, who are not Members, can purchase products directly from Young Living for personal consumption but do not participate in Member's sales

organization or Compensation Plan. Retail Customers are not required to sign a Member Agreement. Retail Customers purchase products at the published retail price. Retail Customers' purchases apply toward their Sponsor's OGV. Thus, orders placed by any Retail Customers of a Member will be included in the total sales volume for their Sponsor's sales organization. A Retail Customer may become a Member at any time by satisfying the requirements outlined in Section 2.1.

### 3.2.2 Members

Members purchase products from Young Living at the published wholesale price and have the potential of earning commissions and bonuses based on qualification and achievement rank, as outlined in the Compensation Plan.

In these Policies and Procedures, a Member's member account is referred to as being "active" if such Member enrolled as a new Member and purchased products of a minimum of 50 PV within the previous 12 months and is referred to as being "inactive" if he/she has not. If any Member does not order a minimum of 50 PV for 12 consecutive months, such Member is considered inactive.

### 3.3 Beneficial Interest in More than One Member Account and Duplicate Member Accounts

Unless as specified in the other parts of this Section 3.3, a Member may operate or have an interest, legal or equitable, in only one member account. If Young Living finds that you have an interest in multiple member accounts, it will terminate the duplicate member account(s), leaving only the member account created first. You are specifically prohibited from creating duplicate member accounts in an attempt to change lines of Sponsorship, manipulate the Compensation Plan, or circumvent the Agreement in any way.

You may have a beneficial interest in more than one member account if you receive an interest in another member account as an inheritance (either through a direct inheritance or as a beneficiary of a trust) from another Member, you notify Young Living of the inheritance in writing (as specified in Sections 3.7 and 3.7.1), and Young Living approves of the transfer in writing. Young Living reserves the right, in its sole and absolute discretion and with or without reason and at any time, to (1) deny you the option of owning an interest in your original member account and an inherited member account or (2) to deny you the right to earn the Generation and Diamond Leadership Bonuses on the inherited member account, such as, without limiting any right of Young Living as aforesaid, if Young Living determines you have not demonstrated the ability to operate two sales organizations by failing to engage in leadership activities such as contacting and training your downline, participation in meetings, increasing enrollments, and/or increasing PV and OGV within the payment levels of your downline in the recent past. If Young Living denies you the right to have a beneficial interest in a second member account that you received through inheritance, it may allow you up to a four-month grace period to sell your interest in one of your member accounts. After that grace period, the inherited member account will be placed on hold or terminated.

Young Living strongly encourages and prefers that Members work together with their spouse/de facto partner (if applicable) in building a single sales organization. However, due to divorce, separation, mutual agreement, etc., there may be an exception to this general rule. Beginning 1 August, 2018, you and your spouse/de facto partner may have separate member accounts as long as the second member account is sponsored as the first or second level to the other spouse's member account. Young Living will periodically audit these two member accounts and may terminate the latter-created member account if it is found that, in Young Living's sole discretion, the latter-created member account is used to manipulate the Compensation Plan or the spouse is not complying with the 70% rule as outlined in Section 6.1. A joint sales organization will be treated as a joint tenancy with rights of survivorship.

### 3.4 Actions of Household Members or Affiliated Parties

If any individual of your same household engages in any activity which, if performed by you, would violate any provision of the Agreement, such activity will be deemed a violation by you; and Young Living may, without prejudice to other rights of Young Living, take disciplinary action against you pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, limited liability company, trust or other entity (collectively "entity") violates the Agreement, such action(s) will be deemed a violation by the entity; and Young Living may, without prejudice to other rights of Young Living, take disciplinary action against the entity. Likewise, if a Member enrolls in Young Living as an entity, each affiliated party of the entity will be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

### 3.5 Actions of Upline Members

If any upline Member encourages, aids, or supports a downline Member in any activity which, if performed by the upline Member, would violate any provision of the Agreement (e.g., creating duplicate member accounts or cross-line recruiting), such activity will be deemed to be a violation by the upline Member; and Young Living may, without prejudice to other rights of Young Living, take disciplinary action against that upline Member pursuant to these Policies and Procedures. If such

violations continue, Young Living reserves the right to terminate the upline Member's member account.

### 3.6 Corporations, Partnerships, Limited Liability Companies and Trusts

A partnership, corporation, limited liability company, or trust may become a Member by submitting to Young Living a partnership agreement, trust agreement, certificate of incorporation, articles and memorandum of association and latest annual return of such limited liability company and other documents of such partnership, corporation, limited liability company or trust (whether filed with the Companies Registry in Hong Kong or not) indicating the names of all of the shareholders, directors, members, managers, partners, or trustees of the entity, as the case may be ("affiliated parties"). The entity must demonstrate that no part or participant within the entity has participation in another sales organization because no individual may participate in more than one sales organization in any form. A Member may change status under the same Sponsor from individual to partnership or corporation by submitting the appropriate documentation mentioned above.

Young Living reserves the right to approve or disapprove any Member's change of business names, formation of partnerships, and corporations, and trusts for tax, estate planning, and limited liability purposes. In addition, by submitting a copy of the certificate of incorporation or other substantiating documentation for the entity, it is certifying that no person with an interest in the new business entity has had an interest in another sales organization within 6 months of the submission of the certificate (unless it is the continuation of an existing sales organization that is changing its form of doing business).

### 3.7 Sale, Transfer or Assignment

You may sell, transfer, or assign (collectively "Transfer") your entire downline organization by submitting a request to Young Living along with the Hong Kong Dollar equivalent of USD\$50.00 as a processing fee. Young Living will receive the request and then transfer them to the corporate office in the United States. For your request to be granted, the following criteria must be met:

- You and the receiving party must notify Young Living in writing of your intent to Transfer your sales organization. This request must be duly signed by you and the receiving party.
- Young Living must approve the receiving party before you may Transfer your sales organization.
- After you Transfer your sales organization, the transferring party must not retain any copies, digital or otherwise, of personal data belonging to his/her downline organization Members.
- The receiving party must be (or must become) a Member in good standing.
- If the receiving party has an existing downline, he/she must first Transfer that sales organization, or has already obtained approval by Young Living to Transfer that sales organization before accepting the new sales organization. Alternatively, the receiving party may choose to cancel his/her existing sales organization and allow that downline to roll-up to his/her Sponsor as provided in Section 3.9.
- No changes in your line of Sponsorship or your downline can result after you Transfer your sales organization.
- Before you Transfer your sales organization, all debt obligations that you and the receiving party may have with Young Living must be satisfied. The individual, to whom the sales organization is sold and/or transferred, will be expected to meet leadership qualification in order to be eligible for leadership commission payouts.
- Before you Transfer your sales organization, you and the receiving party must each be in compliance with all the terms of the Agreement.
- You shall not Transfer any sales organization with OGV 50,000 or higher unless it is approved by Young Living in writing.

Young Living reserves the right to approve or disapprove your request to Transfer your sales organization for any reason. You may not Transfer your sales organization to any person or entity without Young Living's prior written approval.

Young Living shall not waive any violation of the Agreement even though such violation may have occurred by a previous owner of your sales organization. As a new owner of a pre-existing sales organization, you shall be responsible for violations of the Agreement made by the previous owner in connection with your sales organization. Any action that may be taken on a sales organization with the previous owner under Section 13.3 will carry over to you.

#### 3.7.1 Succession

Upon your death or incapacitation, the rights to commissions, bonuses, and your sales organization, together with all your responsibilities as a Member, may pass to your legal heir(s) or legal representative(s) (collectively "beneficiary") if the terms of succession are met. Your beneficiary must present Young Living with proof of your death or incapacitation, along with appropriate legal documentation and a properly completed and signed Member Agreement. If the transfer is approved, the beneficiary will be eligible to collect all future commissions and bonuses of your

sales organization provided that he/she meets all of the qualifications necessary for the Compensation Plan. Member accounts acquired under succession will not receive the same recognition benefits of original member account of the Member who built the original organization; however, the beneficiary may earn recognition benefits fulfilling the responsibilities and continuing to grow the said sales organization as a Member. If the beneficiary already has an existing sales organization, he/she will be subject to the terms in Section 3.3. Young Living reserves the right to approve or reject a succession transfer.

### 3.8 Separation of a Member Business

You may, with others, operate a single sales organization as a husband-wife partnership, regular partnership, corporation, limited liability company or trust (the latter four entities are collectively referred to herein as "business entities" and each a "business entity"). If your marriage ends in divorce or your business entity dissolves, arrangements must immediately 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 business upline or downline of Sponsorship. If divorcing spouses or a dissolving business entity fail to provide for the best interests of other Members and Young Living, such actions will constitute a breach of the Agreement and Young Living may terminate the Agreement pursuant to these Policies and Procedures.

During the proceedings of a divorce or business entity dissolution, the divorcing spouses or a dissolving business entity must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the business pursuant to an assignment in writing whereby the relinquishing party(ies) authorize(s) Young Living to deal directly and solely with the other party(ies). A request duly signed by the person being removed is required. A new Member Agreement is required from the person remaining on the member account.
- The parties may continue to operate the sales organization jointly on a "business-as-usual" basis, whereupon all compensation paid by Young Living will be paid in the joint names of the Members or in the name of the business entity to be divided as the parties may independently agree among themselves.
- The parties may operate the business pursuant to a court order involving such parties.
- If one of these requirements is not met, Young Living will maintain the status quo as to how commissions are paid.

Young Living will not divide your sales organization with a divorcing spouse or with affiliate parties of a dissolving business entity. Similarly, Young Living will not split your commission or bonus between you and a divorcing spouse or affiliate parties of a dissolving business entity. Young Living will recognize only one sales organization and will issue only one commission deposit per sales organization per commission cycle. Commission deposits will always be deposited to the same individual or business entity, unless all parties to a sales organization agree that commissions will be due and paid to another party or by order of a court having jurisdiction over Young Living. If you have completely relinquished all of your rights as a former spouse or a former affiliate party to a sales organization, you are free to enroll as a new Member under any Sponsor of your choice. However, in such case you will have no rights to any Members or Retail Customers from your former sales organization. In that instance, you must develop the new business in the same manner as would any other new Member.

### 3.9 Roll Up of Marketing Organization

When a vacancy occurs in any sales organization of Young Living due to the cancellation or termination of the member account of a Member, each Member in the first level immediately below the terminated Member on the date of the cancellation will "roll up", which means to move to the first level of the terminated Member's Sponsor. For example, if A Sponsors B, and B Sponsors C1, C2, and C3, if B terminates her business then C1, C2, and C3 will roll up to A and become part of A's first level. Young Living also reserves the right to sell the sales organization that has been canceled or terminated for inappropriate behavior.

### 3.10 Taxes

You acknowledge that you are a self-employed person and not employed as an employee of Young Living. In Hong Kong, as a self-employed person, you are chargeable to profits tax on the earnings generated through your sales organization. You acknowledge that you are required to:

- keep sufficient business records for at least 7 years;
- prepare accounts based on your accounting records;
- complete and submit a tax return to the Inland Revenue Department every year for reporting business profits or losses;
- notify the Inland Revenue Department in writing about your liability to profits tax after the end of the basis period for the year of assessment concerned, unless you have already received the tax return from the Inland Revenue Department;

- notify the Inland Revenue Department about the cessation of your business within 1 month of cessation;
- notify the Inland Revenue Department about your change of address within 1 month of the change; and
- pay the profits tax.

Young Living may be required by other countries to collect value added taxes, customs fees, or duties. You will be required to cover these additional fees.

If you have any questions concerning your tax obligations, you should consult your tax advisor.

Retail customers are not required to provide any tax information.

### 3.11 Restrictions/Unauthorized Practices

#### 3.11.1 Unauthorized Recruiting

You may engage in other non-competing business ventures. However, you may not take advantage of your knowledge of, or association with, other Members, including your knowledge resulting from or relating to your upline and downline, which you agree are confidential information, in order to promote and expand such other business ventures. Such conduct constitutes an unwarranted and unreasonable interference with the business of other Members and Young Living and will entitle Young Living to terminate the Agreement.

#### 3.11.2 Restrictive Covenants

To qualify for compensation under the Compensation Plan, you have the ongoing responsibility to help, educate, train, motivate, and assist the Members in your sales organization. You also have the responsibility to promote Young Living's products and the Young Living income opportunity. Young Living and its Members have made a great investment in the establishment of organizations consisting of the Retail Customers and the Members, of which you will benefit. This constitutes one of Young Living's most valuable assets. Young Living reserves the right to cease paying compensation to any Member, including you, who recruits any Retail Customers or Members to participate in a Competing Business Venture.

To protect the efforts of all Members in building and maintaining their sales organizations and customer bases, and in order to protect Young Living's interest and investment in the overall customer base, you hereby undertake and covenant with Young Living that except with the consent in writing of Young Living, there shall be **Non-Solicitation of Retail Customers and Members as follows** :-

- (a) During the term of the Agreement, you shall not, and shall procure your Associate not to, in Hong Kong, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, carry on or be engaged in or be interested in a Competing Business Venture.
- (b) During the 6 months period from the date of termination of the Agreement for whatever reasons, you shall not, and shall procure your Associate not to, in Hong Kong, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, carry on or be engaged in or be interested in a Competing Business Venture.
- (c) During the term of the Agreement, you shall not, and shall procure your Associates not to, in Hong Kong, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, entice away any of the Members or Retail Customers within your sales organization for the purpose of procuring or engaging such Member or Retail Customer for other businesses which are in competition with the Business.
- (d) During the 6 months period from the date of termination of the Agreement for whatever reasons, you shall not, and shall procure your Associates not to, in Hong Kong, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, entice away any of the Members or Retail Customers within your sales organization for the purpose of procuring or engaging such Member or Retail Customer for other businesses which are in competition with the Business.
- (e) During the term of the Agreement, you shall not, and shall procure your Associates not to, in Hong Kong, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, entice away any officers, consultants, employees of the Young Living Group.
- (f) During the 6 months period from the date of termination of the Agreement for whatever reasons, you shall not, and shall procure your Associates not to,

- in Hong Kong, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, entice away any officers, consultants, employees of the Young Living Group whom you have dealt with while you were a Member.
- (g) During the term of the Agreement, you shall not, and shall procure your Associates not to, solicit, directly or indirectly, other Members that you did not personally enroll or Sponsor to sell, offer to sell, promote, or market other products, services, or business opportunities, investments, securities, or loans not offered or marketed by, or affiliated with, Young Living or take any action that would cause the termination or curtailment of the business relationship between such other Members as mentioned and Young Living. The term "solicit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, inducement of, or effort to influence in any other way, either directly, indirectly, or through a third party, another Member to enroll or participate in another multilevel marketing, network marketing, or direct sales company, network, business, or opportunity.
- (h) During the 6 months period from the date of termination of the Agreement for whatever reasons, you shall not, and shall procure your Associates not to, solicit, directly or indirectly, other Members that you did not personally enroll or Sponsor to sell, offer to sell, promote, or market other products, services, or business opportunities, investments, securities, or loans not offered or marketed by, or affiliated with, Young Living or take any action that would cause the termination or curtailment of the business relationship between such other Members as mentioned and Young Living. The term "solicit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, inducement of, or effort to influence in any other way, either directly, indirectly, or through a third party, another Member to enroll or participate in another multilevel marketing, network marketing, or direct sales company, network, business, or opportunity.
- (i) During the term of the Agreement and after the termination of the Agreement for whatever reasons, you shall not, and shall procure your Associates not to, either alone or in conjunction with or on behalf of any other person use any materials, trade or business name or distinctive mark or style or logo the same as or similar to those used by the Young Living Group or in the Business or anything intended or likely to be confused with those of the Young Living Group and/or the Business.
- (j) During term of the Agreement, you shall not, and shall procure all members of your immediate household not to, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, recruiting any Retail Customer or Member to participate in a Competing Business Venture, regardless of who initiates the contact.
- (k) During the 12 months period from the date of termination of the Agreement for whatever reasons, you shall not, and shall procure all members of your immediate household not to, either alone or jointly with or as manager, agent, consultant or employee of any person, firm or company, or through a third party, directly or indirectly, recruiting, regardless of who initiates the contact, any Retail Customer or Member who satisfies all the conditions below, to participate in a Competing Business Venture:
- (i) who was in your sales organization or upline at any time during the term of his or her association with Young Living;
  - (ii) with whom you had contact during the term of your association with Young Living;
  - (iii) whose contact information (name, address, phone number or email address, etc.) you or any member of your immediate household obtained at any time during the term of your association with Young Living; or
  - (iv) whose contact information (name, address, phone number or email address, etc.) you or any member of your immediate household obtained at any time from another person who obtained the information because of any other person's association with Young Living.
- (l) During the term of the Agreement, you shall not, and shall procure all members of your immediate household not to:
- (i) produce any literature, tapes or promotional material of any nature (including but not limited to websites and emails) which is used by you or any third person to recruit any Retail Customers or Member to participate in a Competing Business Venture;
  - (ii) offer any product or service which is not that of Young Living or that of any Competing Business Venture in conjunction with the offering of Young Living's products, services or income;
- (m) During the 12 months period from the date of termination of the Agreement for whatever reasons, you shall not, and shall procure all members of your immediate household not to:
- (i) produce any literature, tapes or promotional material of any nature (including but not limited to websites and emails) which is used by you or any third person to recruit any Retail Customers or Member to participate in a Competing Business Venture;
  - (ii) offer any product or service which is not that of Young Living or that of any Competing Business Venture in conjunction with the offering of Young Living's products, services or income;
- The prohibitions under Sections 3.11.2 (j) and (k) above include but are not limited to presenting or assisting in the presentation of any Competing Business Venture to any Retail Customer or Member, and implicitly or explicitly encouraging any Retail Customer or Member to join any Competing Business Venture that would detract from their relationship with Young Living (as determined by Young Living in its sole discretion). It is a violation of these Policies and Procedures to recruit any Retail Customer or Member to participate in a Competing Business Venture even if you do not know that the prospect is a Retail Customer or Member. It is your responsibility to first determine whether the prospect is a Retail Customer or Member before recruiting the prospect to participate in a Competing Business Venture. As used herein the term "recruit" or "recruiting" means: 1) to enroll, enlist, or solicit an individual or entity to join a business, program or organization, or attempt to do so; 2) to promote, influence or encourage an individual or entity to join a business, program or organization, or attempt to do so; or 3) to present, or participate or assist in the presentation of, a business, program, organization or its products to an individual or entity. Such recruitment constitutes a violation of Sections 3.11.2 (j) or (k) whether or not the individual or entity ultimately leaves their relationship with Young Living. To constitute recruiting, such efforts or attempts may be performed either directly through personal contact (including, but not limited to electronic and social media means) or indirectly through a third party.
- Each and every obligation under the above provisions of this Section 3.11.2 shall be treated as a separate obligation and shall be severally enforceable as such and in the event of any obligation or obligations being or becoming unenforceable in whole or in part such part or parts as are unenforceable shall be deleted from this Section 3.11.2 and any such deletion shall not affect the enforceability of all such parts of this Section 3.11.2 as remain not so deleted.
- You agree that Young Living has a protectable interest in its goodwill, customer-base, member network, confidential information, and trade secret information. You further acknowledge that any breach of your obligations under this Section 3.11.2 will cause immediate and irreparable harm to Young Living for which monetary damages and other legal remedies could not adequately compensate. You further acknowledge that the restrictions set forth in this Section 3.11.2 are reasonable and necessary to protect, maintain and preserve the legitimate business interests of Young Living and other Members, and restrict your conduct only to the extent necessary to protect, maintain, and preserve such interests. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in this Section 3.11.2 and that the enforcement of its provisions will cause no undue hardship to you. You agree that such restrictions will not prevent you from working or otherwise earning a living. Without limiting the generality of the foregoing, while the restrictions contained in this Section 3.11.2 are considered by you to be reasonable in all the circumstances, it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen, and accordingly, it is hereby agreed and declared that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Business or the Young Living Group or the interest of the Members but would be valid if part of the wording thereof were deleted or the periods thereof reduced or the range of activities or area dealt with thereby reduced in scope, the said restriction shall apply with such modifications as may be necessary to make it valid and effective.
- Any violation of any provision of this Section 3.11.2 constitutes your voluntary cancellation of the Agreement, effective as of the date of the violation, and:
- (i) The forfeiture by you of all commissions or bonuses payable to you for and after the calendar month in which the violation occurred.
  - (ii) If Young Living pays any bonuses or commissions to you after the date of the violation, all bonuses and commissions for and after the calendar month in which the violation occurred shall be refunded to Young Living.
  - (iii) Young Living may seek and obtain both injunctive relief and damages for violations of this Section 3.11.2.
  - (iv) In addition to being entitled to a refund of bonuses and commissions and to damages as described above, in the event you violate this Section 3.11.2, Young Living and any Member that experiences an adverse financial impact

as a result of your violation of this Section 3.11.2 shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations or other benefits which you directly or indirectly receive and/or may receive as a result of, growing out of, or in connection with any violation of this Section. Such remedy shall be in addition to and not in limitation of any damages, or injunctive relief or other rights or remedies to which Young Living is or may be entitled at law or in equity.

- (v) You recognize that the restrictions herein are reasonable and necessary to protect the legitimate business interests of Young Living and other Members, and that such restrictions will not prevent you from working or otherwise earning a living.

Any violation of this Section 3.11.2 is especially detrimental to the growth and sales of other Members' Young Living businesses and to Young Living's business. Consequently, if you have knowledge that any other Member has violated this Section 3.11.2 must immediately report that information to Young Living's Conduct Success Team at [hk.conduct@youngliving.com](mailto:hk.conduct@youngliving.com). The failure of a Member to report such information to Young Living will also constitute a violation of these Policies and Procedures. The names of those reporting violations of this Section 3.11.2 will be held in confidence.

### 3.11.3 Non-competition

If, during the term of the Agreement, you engage in a non-Young Living direct selling program (the "**Non-Young Living Program**"), you will ensure that you operate your sales organization separately and apart from such Non-Young Living Program. To that end, except with the consent in writing of Young Living, you understand that you are prohibited from:

- displaying promotional materials, sales aids, products or services ("**Promotional Materials**") of Young Living with or at the same location as the Promotional Materials of such Non-Young Living Program (related to another direct selling program or its product), or in any manner or format that enables a viewer to contemporaneously view Young Living's Promotional Materials and Non-Young Living Program's Promotional Materials. For example, you may not present Young Living's Promotional Materials and Non-Young Living Program's Promotional Materials on or in the same website, blog, tweet, post, text, brochure or printed marketing material, signage, or electronic or other communication;
- offering Young Living's programs, opportunities, products or services to the prospective or existing Retail Customers or Members in conjunction with any Non-Young Living Program's programs, opportunities, products or services; and
- offering any Non-Young Living Program's products, opportunities, products or services at any Young Living-related meeting, seminar, convention, webinar, teleconference, or other event.

Notwithstanding the foregoing, during the term of the Agreement and for a period of 6 months after the cancellation, expiration or termination of the Agreement for whatever reasons, you shall not, and shall procure your Associates not to, directly or indirectly serve in any capacity as a member, representative, consultant, employee, agent, officer, director, shareholder, partner, seller, distributor, or owner of or with doTERRA International, LLC or any parent or affiliate of this company. This restriction applies to any geographic market which you (or your sales organization) serviced or within which you (or your sales organization) physically worked during the term of this Agreement.

Reaching the rank of Diamond and above is very prestigious and requires a significant time commitment to Young Living. Additionally, Members who have achieved the rank of Diamond and above are privy to additional Young Living confidential and trade secret information. To achieve rank of Diamond and above and participate in the Diamond Leadership Bonuses it is important for a Member to be an example in all facets of his/her Young Living business and be dedicated to Young Living. Accordingly, notwithstanding the foregoing, once you have achieved the rank of Diamond or above, during the term of the Agreement and for a period of six (6) months after the cancellation, expiration, or termination of the Agreement for any reason, you will not directly or indirectly serve in any capacity as a member, representative, consultant, employee, agent, officer, director, shareholder, partner, seller, distributor, or owner of or with any other multi-level marketing, party planning, or other direct sales company, regardless of the type of products or services offered by that entity. This restriction applies to any geographic market which you (or your sales organization) serviced or within which you (or your sales organization) physically worked during the term of the Agreement. Any Member who has achieved the rank of Diamond or above and is violating these provisions as of 2<sup>nd</sup> July 2018 will be given a grace period until 1<sup>st</sup> December 2018 to comply with these provisions. Diamond ranking Members may, however, purchase products from other multi-level marketing, party planning, or other direct sales company companies solely for their personal use.

Each and every obligation under the above provisions of this Section 3.11.3 shall be treated as a separate obligation and shall be severally enforceable as such

and in the event of any obligation or obligations being or becoming unenforceable in whole or in part such part or parts as are unenforceable shall be deleted from this Section 3.11.3 and any such deletion shall not affect the enforceability of all such parts of this Section 3.11.3 as remain not so deleted.

You agree that Young Living has a protectable interest in its goodwill, customer-base, member network, confidential information, and trade secret information. You further acknowledge that any breach of your obligations under this Section 3.11.3 will cause immediate and irreparable harm to Young Living for which monetary damages and other legal remedies could not adequately compensate. You further acknowledge that the restrictions set forth in this Section 3.11.3 are reasonable and necessary to protect, maintain and preserve the legitimate business interests of Young Living and other Member, and restrict your conduct only to the extent necessary to protect, maintain, and preserve such interests. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in this Section 3.11.3 and that the enforcement of its provisions will cause no undue hardship to you. You agree that such restrictions will not prevent you from working or otherwise earning a living. Without limiting the generality of the foregoing, while the restrictions contained in this Section 3.11.3 are considered by you to be reasonable in all the circumstances, it is recognised that restrictions of the nature in question may fail for technical reasons unforeseen, and accordingly, it is hereby agreed and declared that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Business or the Young Living Group or the interest of the Members but would be valid if part of the wording thereof were deleted or the periods thereof reduced or the range of activities or area dealt with thereby reduced in scope, the said restriction shall apply with such modifications as may be necessary to make it valid and effective.

### 3.11.4 Targeting Other Direct Sellers

Young Living does not condone Members specifically or consciously targeting the sales force of another direct sales company to sell Young Living's products or to become Members. Nor does Young Living condone the 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 you engage in such activity, you bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against you alleging that you have engaged in inappropriate recruiting activity of its sales force or customers, Young Living will not pay any of your defense costs or legal fees, nor will Young Living indemnify you for any judgment, award, or settlement.

### 3.11.5 Cross-Line Recruiting

Actual or attempted cross-line recruiting is strictly prohibited. "Cross-line recruiting" is defined as (i) the enrollment, indirect or otherwise, of an individual or entity that is already a Member or who has entered into the Agreement within the preceding 6 calendar months, within a different line of Sponsorship or with a different Sponsor, (ii) training current Members from different lines of Sponsorship on how to change Sponsors in a non-permitted way in order to facilitate their move to your sales organization; or (iii) aiding, encouraging, or facilitating the actions outlined in (i) or (ii) of this definition. The use of a spouse's or relative's name, trade names, DBAs (Doing Business As), assumed names, corporations, trusts, Hong Kong identity card/passport numbers, or fictitious Hong Kong identity card/passport numbers to circumvent this Section is strictly prohibited.

You may not demean, discredit, or defame another Member especially in an attempt to entice another Member to become part of your sales organization. Young Living reserves the right to terminate your sales organization for failure to comply with this Section.

### 3.11.6 Bonus Buying and Stacking

Bonus buying and stacking are material breaches of these Policies and Procedures and are strictly and absolutely prohibited, and Young Living shall have the right to terminate your membership for committing any of such breaches.

"Bonus buying" includes (a) the enrollment of Members without their knowledge or execution of the Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Member or Retail Customer; (c) the enrollment or attempted enrollment of non-existent individual or entity as a Member or Retail Customer (phantom); or (d) without written authorization, the use of a credit card by or on behalf of a Member or Retail Customer when the Member is not the account holder of such credit card.

The term "stacking" means (a) the failure to transmit to Young Living, or the holding of a Member Agreement in excess of two (2) Business days after its execution; (b) the manipulation of Member Agreements for the purpose of maximizing compensation pursuant to the Compensation Plan; (c) providing financial assistance to Members, buying products or drop shipping through another Member's member account for the purpose of increasing the payout of your sales organization.



Notwithstanding the above provisions of this Section 3.11.6, Members may offer up to only HK\$200 in enrollment incentives (e.g. Young Living product credit, gift cards, or a gift) plus additional reference materials as desired as incentives to new enrollees or reactivated Members. No other discount, promotion, or monetary incentive can be associated with new enrollees and reactivated Members.

### 3.12 International

Compliance with foreign laws regarding intellectual property, customs, taxation, literature content, and other direct selling guidelines is critical to successful international expansion of Young Living into new markets. Consequently, you are authorized to market and sell Young Living's products and services and to recruit and Sponsor other Members only in countries in which Young Living is authorized to conduct business, as listed in official Young Living's literature. Unauthorized pre-market opening activity may jeopardize Young Living's ability to enter a new market and may result in lost opportunity for many other Members. Because of the severe possible consequences, those who engage in unauthorized pre-market opening activity will be subject to disciplinary measures, possibly leading to termination. You are prohibited from registering product, trade names, trademarks, patents, web domains, or IP addresses in any country for or on behalf of Young Living.

You agree to indemnify Young Living for any such activity of yours that damages Young Living including, but not limited to, loss of profit, loss of goodwill, any damages, and reasonable attorneys' fees.

If you want to Sponsor Members in a country officially recognized as open, you must do all of the following:

- be in good standing in the country of residence;
- read and understand the Young Living's policies and procedures in place for that country;
- agree to follow all of Young Living's policies and procedures for that country;
- agree to follow all applicable laws of that country; and
- agree to any tax withholdings that may be required for that country (if applicable).

Members may Sponsor and/or enroll Members globally. However, Members may only market and sell products in countries that are legally registered with the government for business activity. Only products that have been registered for sale in that country may be promoted and sold. Members may not import product into any country that is not legally importable or saleable. You agree to follow all laws in any country in which you Sponsor Members, including, but not limited to, all direct selling laws, all solicitation laws, all advertising laws, all claims laws, all tax laws, and any other laws that apply to operating a sales organization in a foreign country.

#### 3.12.1 Not For Sale (NFR) Products & Location Where Services are Performed

In some countries, Members may purchase Young Living's products on a not-for-resale (NFR) basis as retail customers. If you purchase NFR products, you may not resell them.

If you are not a resident of the United States, then you agree that all services you perform in connection with your Young Living business are performed outside the United States. If you perform services within the United States in connection with your Young Living business, you agree to and will contact Young Living at [USbusinessstrips@youngliving.com](mailto:USbusinessstrips@youngliving.com) within 30 days of performing such services to report the time you spent in the United States on business activities in connection with your Young Living business.

#### 3.12.2 Anti-Bribery

You and your agents, employees or consultants must not pay or give, or offer or promise to pay or give, any money or anything of value to any government official or employee, political party, or candidate for political office (collectively referred to as "Government Recipient") or to any person, while knowing or having reason to know that all or a portion of such money or thing of value will be paid or given to, or offered or promised to, directly or indirectly, any Government Recipient for purposes of obtaining an unfair advantage or influencing any act or decision of a Government Recipient or inducing a Government Recipient to use his, her, or its influence with the government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality; and you will cause your employees, officers, agents, and sub-consultants to do likewise.

#### 3.13 Repackaging and Relabeling

You may not re-label, alter the labels of, repackage, or refill any Young Living's products. Young Living's products must be sold in their original containers only. Young Living strongly recommends that you do not use Young Living's products as ingredients in or components of any product for resale. If a Member uses Young Living's products as an ingredient of any product for sale, the Member is strictly prohibited from using Young Living's trademarks or logos in conjunction with selling such product. Such relabeling or repackaging could result in severe criminal penalties. Violations of this Section may, without prejudice to other rights of Young Living, subject a Member to disciplinary actions as outlined in Section 13.3.

Additionally, you agree to indemnify Young Living against any harm resulting from the use of Young Living's products as an ingredient and the repackaging or relabeling of any of its products.

### 3.14 Confidentiality

As a Member, you may be supplied with confidential information that is of a confidential or proprietary nature such as genealogical and organization reports, customer lists, customer information developed by Young Living or developed for and on behalf of Young Living by Members (including, but not limited to, profiles of Retail Customers and Members, and personally identifiable information including personal data and product purchase information), lists of Member, manufacturer and supplier information, business reports, commission or sales reports, marketing strategies and plans, product formulae, product information, promotional information, and other financial and business information ("Confidential Information").

All Confidential Information (whether in written, oral, or electronic form) is transmitted to you in strictest confidence on a need-to-know basis for use solely in your sales organization for Young Living's business purposes only. You shall keep all Confidential Information confidential, adopt reasonable security practices to safeguard the confidentiality of the information, and must not disclose any such information to a third party directly or indirectly. You must not use or disclose the information to compete with Young Living or for any purpose other than for promoting Young Living's program and its products and services. Without limiting the generality of the foregoing, you may use and disclose the Confidential Information only in strict accordance with the conditions and restrictions that Young Living may impose from time to time at its sole discretion (for example, with respect to promotional information supplied to you as a high ranking Member in advance of the applicable promotions, you may not share such information with anyone else including your sales organization until Young Living makes such promotional materials generally available to all Members).

You and your sales organization agree to indemnify Young Living against damages incurred from any and all unauthorized disclosures made or caused by you.

Upon cancellation, expiration or termination of the Agreement for any reason, you must discontinue the use of such Confidential Information and destroy or promptly return to Young Living any Confidential Information in your possession. Without limiting your obligations as set forth in this Section 3.14, Young Living may further require a signed non-disclosure agreement before releasing any business information to you, and may require you to certify that you have returned or destroyed all Confidential Information upon termination of your membership by way of a statutory declaration made pursuant to the Oaths and Declarations Ordinance (Chapter 11 of the laws of Hong Kong).

To the extent that any of the Confidential Information contains data relating to an identifiable individual ("personal data"), you acknowledge that you are required to comply with Section 3.16 and the relevant provisions under the PDPO in connection with, inter alia, the collection, processing, use and retention of the personal data.

Your confidentiality obligations under this Section 3.14 is irrevocable and survive the cancellation, expiration or termination of the Agreement for any reason, and are subject to legal enforcement by injunction, damages, and all other available remedies. You further agree that in the event Young Living prevails in any legal action in enforcing its right under this Section 3.14, Young Living shall be entitled to all costs and reasonable legal fees incurred in enforcing its rights under this Section 3.14.

### 3.15 Reporting Violations of Policies and Procedures

You should report any violations of these Policies and Procedures by any Member to Young Living by email at [hkconduct@youngliving.com](mailto:hkconduct@youngliving.com).

### 3.16 Personal Data

You acknowledge that Young Living will, in accordance with the requirements in the PDPO and the Privacy Policy Statement, collect, use, transfer and retain (i) your personal data provided to Young Living upon your applying to become a Member and thereafter from time to time under the Agreement; and (ii) any other personal data (including your personal data and other third parties' personal data) that you may develop as a result of your activities as a Member. In relation to the personal data of other third parties provided by you to Young Living, you warrant that those third parties have consented to the transfer of their personal data to Young Living and the collection, use, transfer or retention of their personal data by Young Living for the purposes set out in the Privacy Policy Statement.

You also acknowledge that Young Living is entitled to disclose your personal data to the Associates of Young Living and/or to applicable government agencies or regulatory bodies and/or required by the applicable law.

Without limiting the generality of the foregoing, you consent to (i) the use of your personal data for processing your application as a Member, orders, deliveries of orders, for providing administrative support to you (e.g. operation, administration or development of your membership services or sponsorship), for processing (subject to the fulfillment of specified sales requirements) payment to you of bonuses, commissions and other benefits under the Compensation Plan and for maintaining the running of the same, organizing seminars, trainings or other marketing or development programs or events of Young Living, producing Young Living's publications or marketing materials, providing you with services or products or activities of such nature, and all other purposes related or incidental to the above; (ii) the disclosure of your personal data to your Enroller and/or Sponsor (including those assigned to you under the Young Living Placement Program as your Sponsor(s) and/or Enroller(s)) and all the upline Members of such Sponsor(s) or Enroller(s) for the purpose of inter alia providing ongoing supervision, training and sales, communicate with you to ensure that you are not making improper product or business claims or engage in any illegal or inappropriate conduct that violates the Agreement; (iii) the disclosure of your personal data to your downline for inter alia training and support purposes; and (iv) the use of your personal data for direct marketing as defined in the PDPO ("**Direct Marketing**"), including without limitation the marketing of Young Living's products or services, and the making of promotions or special offers thereof and the transfer of your personal data to another person for use by that person in Direct Marketing. You shall continue to provide consent for such purpose as may be requested by Young Living from time to time.

You agree and undertake to Young Living that it shall have the right to use, transfer and retain the personal data collected from you as aforesaid for the purposes as set out in the Agreement or any directly related purpose.

Young Living reserves the right to amend the Privacy Policy Statement from time to time and shall notify you of the posting of the revised version of the Privacy Policy Statement on its website, and such amendment shall take effect after 30 days from such posting (the "**Effective Date**"). You shall check the Privacy Policy Statement upon being notified of such amendment to ensure that you are aware of the latest version. Please note that once amendment is made to the Privacy Policy Statement and the effect of which is to use and/or transfer your personal data collected by us for any "new purpose" as defined under data protection principle 3 of the PDPO, you shall be taken to have given your consent to use and/or transfer your personal data for such "new use" voluntarily unless, on or before the Effective Date, you notify Young Living to the contrary in writing by sending to its Member Education Officer an email at [hkconduct@youngliving.com](mailto:hkconduct@youngliving.com) or a letter to its business address from time to time.

Without limiting any right of Young Living under the Agreement, Young Living is entitled to and may terminate the Agreement if (a) you do not give your consent for the "new purpose" as aforesaid; or (b) you fail to give your consent for the use and/or transfer of any of your personal data; or (c) to the extent you are entitled to withhold or withdraw your consent for the use and/or transfer of any of your personal data, you withhold or withdraw such consent.

### 3.17 Authorization to Take and Use your Photo or Video

By becoming a Member, you consent to having your image captured in photographs or video (which collectively shall be referred to as the "**Image Material**") at various Young Living-sponsored events by Young Living's staff or agents, and Young Living shall be considered the author of the Image Material for all purposes and, at all stages of completion, the sole and exclusive author and owner throughout the universe in perpetuity, of all right, title and interest in and to the Image Material and each and every part thereof, including all copyrights therein, all renewals and extensions of such copyrights, all similar rights, and all the rights, and all other ownership, performance, fixation, and exploitation rights of any kinds, nature or description in, to and with respect to the Image Material that may be secured under the laws now or hereafter in effect in Hong Kong or in any other jurisdictions (all such rights collectively, the "**Rights**"). The Rights shall include, without limitation, the right to authorize, prohibit and/or control the production, reproduction, fixation, adaptation, distribution, rental, lending, performance, broadcast, communication to the public, incorporation into other works, and other exploitation of the Image Material in any and all media and by any and all means now known or hereafter devised, the right to be identified as the author of the Image Material, and the right to make such changes therein and such uses and dispositions thereof as Young Living or its licensees may deem necessary or desirable in their sole discretion to have the Image Material used by Young Living as it may see fit. If and to the extent that under any applicable law Young Living is not deemed to be the author of the Image Material and the sole and exclusive owner of the Image Material and all right, title and interest therein, then to the fullest extent allowable and for the full term of protection otherwise accorded you under such applicable law, you hereby irrevocably assign, grant and transfer to Young Living throughout the universe in perpetuity all of the Rights and, in connection therewith, all right, title and interest of you in, to and with respect to any works now or hereafter created containing the Image Material. If and to the extent that under any applicable law the foregoing assignment and transfer of ownership is not deemed valid, then to the fullest extent

allowable and for the full term of protection otherwise accorded you under such applicable law, you hereby irrevocably grant to Young Living an unrestricted, exclusive, royalty-free license to use the Image Material throughout the universe in perpetuity, with such license including all of the Rights. If and to the extent not transferred or conveyed to Young Living as aforesaid, then to the fullest extent allowable under any applicable law, you hereby irrevocably waive any and all moral rights of authors, author's rights, personal rights, or similar rights (collectively referred to as the "**Special Rights**") which you may now or later have in the Image Material and any other works now or hereafter created containing the Image Material. To the extent, if any, that such waiver is invalid or unenforceable, you covenant not to sue or otherwise enforce any of the Special Rights against Young Living or any of its Associates anywhere in the world. Without limiting the generality of the foregoing, you hereby acknowledge and agree that Young Living and/or its Associates shall have the unlimited and exclusive rights to do the following: to change, edit, add to, take form, adapt, reformat or reprocess the Image Material in any manner, in any medium, and for any reason; and to publish, reproduce, broadcast, distribute, or otherwise communicate the Image Material to the public, in whole or in part, with or without mention of your name.

You will not be compensated for any usage of the Image Material as aforesaid. If you have a religious or moral objection to having your picture taken or appearing in a video, it is your responsibility to notify Young Living's staff or agents at the event where photographs and video are being taken. The provisions of this Section will survive the termination of the Agreement.

### 3.18 Rank Recognition

The Compensation Plan pays compensation based on different ranks and the criteria set forth in that plan. Each month you may qualify for payment according to the rank in which you qualify. Members are recognized in various ways and at various times as they achieve certain ranks.

For your information only, but you shall review the Compensation Plan as updated and which is binding upon you, in order to be recognized at and enjoy the perks of a new and higher rank that is Silver or above, you must qualify for that rank or above) for three consecutive months. You will be recognized as being at that new, higher rank beginning in the fourth month. In order to maintain recognition at a rank of Silver or above, after initially qualifying for that rank, you must re-qualify for that rank (or above) again within six months of the last month in which you qualified for that rank. If you fail to re-qualify for a rank for six consecutive months, then you will be recognized at the highest rank you qualified for during that six months period on the seventh month and be required to re-qualify for three consecutive months before you can be recognized at the higher rank again. As from 1<sup>st</sup> August 2018, all Members will be recognized at the highest rank they have achieved as of July 2018 and will be deemed to have initially qualified for that rank, meaning they will not be required to achieve that rank for three consecutive months to be recognized at that rank. To continue to be recognized at that rank, however, they must maintain that rank, as outlined in this Section

To the extent any of the above is inconsistent with the terms of the prevailing Compensation Plan, the latter shall prevail.

### 3.19 Non-Exclusivity

As a Member you will not be granted an exclusive territory nor required to pay franchise fees. Young Living reserves that right to offer its products and services through any sales channel, including through other companies (e.g. a direct sales company in China).

## 4: SPONSOR'S RESPONSIBILITIES

### 4.1 Sponsoring

A Member including you have the right to Sponsor other Members. Each prospective Member has the ultimate right to choose his/her own Sponsor. If two Members claim to be the Sponsor of the same new Member or Retail Customer, the new Member or Retail Customer has the right to choose between the two within the first 20 days. After that time, Young Living will regard the first application received by Young Living as binding.

When Sponsoring a new Member, you must provide the most current version of these Policies and Procedures and the Compensation Plan before he/she signs a Member Agreement, or ensure that such person has online access to these materials.

### 4.2 Sponsoring Online

When Sponsoring a new Member through the online enrollment process, you may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online Member Agreement, these Policies and Procedures and the Compensation Plan. You may not fill out the online application and the Member Agreement for the new application.



#### 4.3 Member and Sponsor Responsibilities

As a Sponsor, you are expected to train, supervise, and communicate with your downline through letters, newsletters, meetings, telephone contacts, voice mail, email, trainings, and by accompanying enrollees to Young Living's training meetings. If you feel you are not getting the necessary level of support from your Sponsor, you are encouraged to consult with your next upline leader or approach Member Services by email at [hkconduct@youngliving.com](mailto:hkconduct@youngliving.com). As a Sponsor, you also agree to make your contact information (telephone number/email address) available to your downline for training and support purposes.

You should monitor the Members in your downline to ensure that they do not make improper product or business claims or engage in any illegal or inappropriate conduct that violates the Agreement.

As you progress through the various levels of leadership, you will become more experienced in sales techniques, product knowledge, and understanding of the Young Living's program. In that event, you may be called upon to share this knowledge with lesser experienced Members within your downline.

#### 4.4 Non-Disparagement

In setting the proper example for your downline, you must not disparage, slander, or defame other Members, Young Living's products, the Compensation Plan, Young Living's employees or Young Living's founders. Such disparagement constitutes a material breach of these Policies and Procedures and may result in termination of your sales organization.

#### 4.5 Privacy

You must take appropriate steps to safeguard and protect all private information provided to you by Members in the operation of your sales organization in accordance with the Privacy Policy Statement

### 5: ADVERTISING

#### 5.1 Use of Young Living's Materials

To prevent inadvertent errors or illegal claims, you should strive to use the current Young Living's marketing materials, literature, and official claims and text when advertising and describing Young Living's products or programs. The materials should be used in context so as not to be misleading.

All Young Living's materials - whether printed, on video or DVD, produced by sound recording, or any other electronic format—are copyrighted. You may reproduce these materials for use in developing your own advertising materials that you use in connection with the development of your business as a Member and that of your downline. You may not, however, use these materials in connection with any business activity out of the scope of your membership.

There is no recording permitted during any Young Living's convention or meeting. Any Member found recording the Young Living's convention or any other Young Living's meeting will be removed and subject to disciplinary action, and the recording will be confiscated. Additionally, production or distribution of a Member's notes from any Young Living's event is prohibited.

#### 5.2 Member-Developed Advertising Materials and Products

If you choose to produce or use advertising materials that were not developed by the Young Living Group, you must clearly identify that the material is from an "Independent Member" or "Independent Distributor" and not the Young Living Group.

Any use of advertising material not produced by the Young Living Group must be compliant with all applicable laws and these Policies and Procedures—particularly Sections 5.3. Such material must be produced in a professional and tasteful manner. Material must not be used that reflects poorly upon the Young Living Group. Violation may, without prejudice to other rights of Young Living, subject a Member to disciplinary actions as outlined in Section 13.3.

#### 5.3 Advertising Claims and Representation

##### 5.3.1 Product Claims

You are prohibited from making inaccurate and impermissible claims about any of Young Living's products. In particular, you must not make any claim that Young Living's products are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease. You must also avoid making any statements and claims that are false or misleading concerning Young Living's products. You must comply with

all laws regarding any statements made including without limitation the Trade Description Ordinance (Chapter 362 of the laws of Hong Kong).

You must also not diagnose any disease or disease condition, or prescribe any Young Living's product unless you are a licensed medical professional authorized to do so. Anyone improperly diagnosing or prescribing Young Living's products may jeopardize the future of Young Living and all of its Members and will entitle Young Living to terminate your sales organization.

##### 5.3.2 Income Claims

You are prohibited from making income projections to prospective Members that may create false or misleading expectations. In their enthusiasm, some Members are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counterproductive since new Members may be disappointed if their results do not meet their expectations. The earning potential of a Member is enough to be attractive in reality without resorting to artificial and unrealistic projections.

Young Living has prepared an Income Disclosure Statement ("IDS") designed to convey truthful, timely and comprehensive information about the income that its Members have earned. A copy of the IDS is available online at [YoungLiving.com/IDS](http://YoungLiving.com/IDS). Any time that you present or discuss the Compensation Plan or make any type of income or earning representation about the Compensation Plan, you must provide any prospective Members with a copy of the IDS. Income and earning representation include:-

- Claims of actual, average or projected earnings under the Compensation Plan
- Income testimonials
- Hypothetical examples of earnings under the Compensation Plan

Young Living's primary mission is not about creating luxury and riches, but helping people achieve wellness, purpose, and an abundant life. As such, you should not claim (expressly or impliedly, with words or images) that operating the Young Living business will lead to a luxurious lifestyle (large homes, luxury cars, exotic vacations, or the like) or to riches. Nor should you disclose your commission to promote the Young Living business opportunity.

In any non-public meeting (e.g. a home meeting, one-on-one regardless of venue) with a prospective Member(s) in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective Member with a copy of the IDS. You must also display at least one 3-foot x 5-foot poster board in front of the room in reasonably close proximity to the presenter(s) and/or continuously display a slide of the IDS throughout the duration of the Compensation Plan discussion or while making an income claim in any meeting in which any type of video display is utilized (e.g. monitor, television, projector etc.).

##### 5.3.3 Compensation Plan Claims

When presenting or discussing the Compensation Plan, you must make it clear to prospective Members that financial success with Young Living requires commitment, effort, and sales skill. Conversely, you must never represent that individuals can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- Anyone can succeed with little or no effort.
- Failure to succeed is just a lack of effort.
- The system will do the work for you.
- Just get in and your downline will build through spillover.
- Just join and I will build your downline for you.
- The company does all the work for you.
- You don't have to sell anything.
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospective Member to believe that he or she can be successful as a Member without commitment of time and work effort.

##### 5.3.4 Governmental Approval or Endorsement

You may not represent or imply that Young Living or the Compensation Plan have been approved, endorsed or otherwise sanctioned by any government authority.

##### 5.3.5 Indemnification for Unlawful Advertising Statements

You are fully responsible for all verbal and written statements you make regarding Young Living's products, services and the Compensation Plan that are not expressly contained in official Young Living's materials. You agree to indemnify Young Living and Young Living's directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all

liability including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living from any liability arising from, or related to your actions in the promotion and operation of your sales organization. This provision will survive the termination of the Agreement.

#### 5.4 Testimonials and Meetings

At Member-sponsored meetings, Members should not arrange for a disease-cure, disease-prevention, or disease-treatment testimonial, as described in Section 5.3. Nor should any disease-cure, disease-prevention, or disease-treatment testimonial be given at any such meeting. If there is an impromptu disease-cure, disease-prevention, or disease-treatment testimonial from someone, the leading Member should redirect the discussion by saying, something to the effect of, "Young Living's supplements are designed to improve nutrition; they are not intended to diagnose, treat, cure, or prevent any disease. However, scientific research has established a connection between nutrition and many disease conditions."

Third-party scientific literature that is compliant with the laws of Hong Kong may be distributed at a meeting in Hong Kong but must be placed separate and apart from promotional material.

#### 5.5 Trademarks and Copyrights

The name of Young Living, Young Living Essential Oils, YL, YLEO, or any other names that may be adopted by Young Living or its Associates or used by those entities as trade names, product brand names, trademarks, logos, slogans, hashtags, , and the web address or URL (or any names that are confusingly similar) are herein referred to as "Young Living Trademarks" and are owned by Young Living Group.

During the term of your membership, and only during that term, you are authorized to (i) copy and use the photographs made readily accessible on Young Living's Flickr® page (or other future-used free websites or services), the text of product and service descriptions provided by Young Living, and the videos posted to Young Living's online video sites (e.g., Young Living's Vimeo® and YouTube® pages) and (ii) use, except as prohibited herein, Young Living Trademarks (excluding Young Living's company logos) solely in connection with the development of online and printed materials for use in building and managing your sales organization. You may not, however, use these copyrighted materials or the Young Living Trademarks in connection with any activity outside of the scope of your membership without Young Living's written authorization nor may you sell materials containing these properties (e.g. marketing materials (including physical or electronic), essential oil accessories, swag, software or mobile apps, branded merchandise, books, brochures, movies, or other products that you sell to others (including other Members)), directly or indirectly. Upon termination or cancellation of your membership, this license will automatically terminate, and you must immediately cease all use of Young Living Trademarks, text, photographs, and video.

You are prohibited from applying for, owning, or registering any Young Living Trademark, in whole or in part, or any confusingly similar mark as a trademark in any jurisdiction in the world. In the event you do so or have done so, you hereby agree to assign, at no cost, the trademark registration or application to Young Living within ten days of Young Living's written request.

You are prohibited from using any Young Living Trademark (or confusingly similar marks) in connection with any online paid marketing program or effort, including, pay-per-click online advertising, Google AdWords, paid social ads, video content, content syndication, and display marketing.

#### 5.6 Domain Names and Email Addresses

You may not use, register, or own any internet domain name either in Hong Kong or abroad that includes any Young Living Trademarks, or any derivative thereof. Nor may you incorporate or attempt to incorporate any of the Young Living Trademarks, or any derivative thereof into any email address. In accordance with this Section, all existing Member-owned domain names that violate this provision will be expected to be brought into conformance within three months of notification of a violation by Young Living. In limited circumstances, an infringing domain name or email address registration may be allowed to exist upon the signing of an annual trademark license agreement with Young Living, which will also carry a license fee. Such license agreements may be offered, withdrawn, or modified by Young Living at its own discretion at any time, and those Members with non-conforming domain name registrations who do not make such an agreement with Young Living will be expected to transfer those registrations to Young Living within the three month time period noted above.

#### 5.7 Internet Policy

Many Members may use the internet to further their businesses using websites, blogs, social media etc. (collectively "Member Sites"). Member Sites used to promote Young Living, Young Living's products, or Young Living's events must display a current Young Living Independent Member logo (as described in Section 5.2) in a prominent location. Member Sites must further include the Member's member number.

Member Sites may include current product descriptions, photographs, videos, and other media made available to Members by Young Living (e.g. through the official Young Living's website, the Virtual Office or the Young Living Flickr® account). These sites may not (a) use Young Living's trade address; (b) make any improper product, income, or Compensation Plan claims, as outlined in Section 5.3; (c) promote the products or business of any other company; (d) contain false or misleading information; or (e) collect, store, process, or transmit Member's or customer's confidential information. Members are responsible to ensure that all users of their Member Sites comply with these requirements.

Member Sites may, at Young Living's sole discretion, be monitored by Young Living. Failure to monitor Member Sites for any period of time does not waive Young Living's rights to enforce the provisions of this Section.

When using social media, Members may not use as their username, member account name, or other identifier (collectively "Username"), any of trade names of the Young Living Group or company names or any other name that may be confused with any member of the Young Living Group or suggest the sponsorship by the Young Living Group. Usernames may, however, include the name "Young Living" only if they also include "Independent Member" or a similar identifier that effectively distinguishes it from a Young Living's corporate account.

#### 5.8 Internet Classified Ad Sites, Auction Sites, Shopping Sites or Order Fulfillment Stores Restricted

As a general rule, Members shall not sell or display Young Living's products on any internet classified ad site (such as but not limited to Craigslist, etc.), marketplace (such as but not limited to Facebook® marketplace, Walmart® marketplace, etc.), auction site, shopping site, order fulfillment store (such as but not limited to eBay®, Amazon®, OrderDog™.com, Overstock®.com, etc.), members exclusive redemption site (such as but not limited to The Club™, Asia Miles, credit card reward program) or sites of similar nature. Further, Members shall not (1) enlist or knowingly allow a third party to sell Young Living's products on any internet classified ad site, auction site, shopping site, order fulfillment store, members exclusive redemption site or sites of similar nature; or (2) sell Young Living's products to a third party that the Member has reason to believe will sell any of such products on any internet classified ad site, auction site, shopping site, order fulfillment store, members exclusive redemption site or sites of similar nature. Young Living reserves the right to grant specific permission at Young Living's sole discretion to allow exceptions to this Section provided that the Member has registered the online seller name and member number with Young Living. Members may continue to sell Young Living's products on their individual URL's and independent Members' retail sites provided that they register their URL with Young Living and prominently display the "Independent Member" logo and their member number on the URL.

Young Living reserves the right to strictly prohibit, monitor, charge a fee, and take all enforcement efforts necessary, including, but not limited to, termination of an online seller's member account if the Member is in violation of any laws, regulations, and these Policies and Procedures. Young Living shall be entitled to all and reasonable legal fees and related costs incurred in enforcing its rights in any action in which it is found that you violated the terms of this Section.

#### 5.9 Telephone and Email Solicitation

You may not use Young Living's name or copyrighted materials with automatic calling devices or "boiler room" operations to solicit potential Members. In addition, any email messages distributed to solicit for your business must conform to the PDPO.

You may not engage in telemarketing to promote Young Living's products or the Young Living's opportunity or to solicit potential Members. For the purposes of this Section, telemarketing refers to placing of one or more outbound telephone calls to an individual without that individual's express prior permission or invitation to call. If you violate this Section, you agree that you will indemnify Young Living and Young Living's directors, officers, members, shareholders, managers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorneys' fees, court costs, or lost business incurred by Young Living as a result of your telemarketing activities.

#### 5.10 Young Living Personal Websites

Young Living offers a personalized website to assist in your marketing efforts. You should contact Member Services at 852-2897-5600 for more details or log in to your Young Living Virtual Office (YoungLiving.org) for more information. You should be advised that by using a Young Living website, your contact information will become available to the public so that they may contact you with questions. Young Living will not be held responsible for any unintended or adverse consequences of this service.

#### 5.11 Commercial Outlets

Subject to the provisions of Section 5.11, you may display Young Living's products in commercial outlets that, in Young Living's sole discretion, are not large enough to be considered regional or national chains.

#### 5.12 Recommended Advertised Price

You may establish the price at which you resell Young Living's products,

Without limiting your right as aforesaid, to the extent permitted under the Competition Ordinance, it is recommended that you DO NOT advertise Young Living's products at a price less than a premium of 10% of the current Hong Kong wholesale price which are kept current on the official Young Living's website in any advertisement or promotional material that appears outside of a retail premises, including, but not limited to, internet, newspaper, magazines, catalogues, billboards, and direct mail. For the avoidance of doubt, not following the above recommendation shall not have any consequence under the Agreement.

Young Living will decide in its sole and unilateral discretion whether it is acceptable to use media advertising to directly or indirectly advertise Young Living's products. Certain advertisements can threaten healthy competition of essential oils and wellness products, can reduce sales of Young Living's products, and can cheapen the image that Young Living has worked hard to develop.

#### 5.13 Trade Shows and Expositions

Subject to the requirements in the Agreement, you may display and sell Young Living's products at trade shows and expositions. All literature displayed at the event must be official Young Living's literature and must clearly identify yourself as an independent Member.

#### 5.14 Media Inquiries

Do not attempt to respond to media inquiries regarding Young Living, its products or services, or your sales organization. All inquiries by any type of media must be immediately referred to Young Living. This will ensure that accurate and consistent information reaches the general public.

### 6: SALES REQUIREMENTS

#### 6.1 Product Sales and Sales Receipts

The Compensation Plan is based upon the sale of Young Living's products and services to end consumers. You must fulfill specified personal and downline sales requirements (as well as meeting other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement under the Compensation Plan. The following sales requirements must be satisfied in order for you to be eligible for commissions:

- You agree not to stock excessive inventory and to abide by the 70% rule, which is that 70% of your inventory intended for sale has been sold prior to ordering more. A minimum of 70% of orders from you and your personally enrolled Retail Customers must be sold before you purchase additional products. The sales volume of your personally enrolled Retail Customers will be included with the sales determining compliance with the 70% requirement. You may not purchase additional product until at least 70% of the previous order has been sold to end consumers. By ordering products from Young Living, you certify that you have sold or used at least 70% of all prior orders.
- You are required to furnish your customers with 2 copies of an official Young Living's sales receipt, which specifies the date of sale, the amount of sale, and the items purchased. If you sell product inventory to other Members, you must provide the purchaser with a sales receipt. Member should maintain copies of all sales receipts for a period of two years and furnish them to Young Living upon request. Young Living will maintain records documenting the purchases of Member's customers and direct purchase customers.

#### 6.2 Non-Members

You may personally sell Young Living's products to non-Members. Online sales however are governed by Section 5.8.

#### 6.3 Customers and Sales Requirements

Non-Member's and Retail Customer's orders satisfy customer sales requirements.

#### 6.4 Excessive Purchases of Inventory and Front-End Loading Prohibited

Members shall not encourage their downline or any other Member to make unnecessary product purchases that could result in a large stagnant inventory. This called "front-end loading" or "inventory loading" and refers to the purchase or products that are stored, destroyed, or otherwise disposed of without being consumed, not merely purchased and warehoused. Members and leaders must consume their products or sell their products to people who will consume them. If any Member is found to be buying to meet qualifications within the Compensation Plan with no provable business building, Young Living reserves the right to put his/her member account on hold until it can fully investigate the qualification buying.

### 7: COMMISSIONS AND BONUSES

#### 7.1 Commissions and Bonus Checks

To qualify for commission compensation under the Compensation Plan, you must have purchased product within last 12 months and be in compliance with the Agreement with no holds on your member account. Commissions will be paid out in accordance with the Compensation Plan, the current version of which is available through the website of [www.youngliving.com](http://www.youngliving.com). As long as you comply with the terms of the Agreement, Young Living will collect commissions on your behalf and pay such commissions to you on approximately the 20<sup>th</sup> of each month for the prior month's sales by depositing such commissions to the bank account in Hong Kong specified by you as a Member. Commission amounts for a single month under HK\$200 will not be deposited to the such bank account but will be retained on account from month to month until the HK\$200 threshold is reached. Prior to the HK\$200 threshold being reached, the commission amount will be kept as a credit on account and will be available for product purchases. Contact Young Living for more information.

Leaders will be required to actively meet leadership requirements defined by Young Living to qualify for their commission bonuses. Please refer to the Compensation Plan for more information.

#### 7.2 Recap Statements

You may access detailed commission reports at [www.youngliving.com](http://www.youngliving.com). If you do not have internet access, you may request that the report be faxed or mailed to you for a fee prescribed by Young Living from time to time at its sole discretion.

#### 7.3 Adjustments

You agree that adjustments will be made to your commissions for any processing fees, unpaid balances, or debts owed for other services. When a product is returned to Young Living for a refund or is repurchased by Young Living, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted from any future commission, including that of the upline. Any other debt may also be offset against future commission.

#### 7.4 Deductions/Maintenance Fees

A monthly maintenance fee is assessed each month and is used to cover accounting, processing, account maintenance, and other costs. The fee may or may not be tax deductible, so consult your personal tax advisor for details. A current maintenance fee schedule is posted on the Virtual Office

#### 7.5 Errors or Questions

You should review your commission and bonus recap statements and report any errors or discrepancies to Young Living within 45 days from the date of the direct deposit of the commission. Errors or discrepancies which are not brought to Young Living's attention within the said 45 days will be deemed waived.

### 8: ORDERING

#### 8.1 Ordering Methods

All Members may place orders by telephone, mail, website, or through the Essential Rewards Autoship Program.

##### 8.1.1 Phone

When ordering, modifying member account information or accessing your member account by phone, you shall be prepared to present all information requested on the Young Living Order Form, including member number and personal identification number ("PIN"). Live operators are available Monday, Wednesday and Friday from 11a.m. to 7p.m. Tuesday and Thursday from 12:00 noon to 7:00p.m., Hong Kong Time. Payments can be made by credit card only.

##### 8.1.2 Mail

When ordering by mail, you shall send completed Young Living Order Form with payment to:

Young Living Hong Kong Limited  
Attn: Order Entry  
20<sup>th</sup> Floor, SoundWill Plaza II-Midtown,  
1 Tang Lung Street, Hong Kong

Payments can be made by credit card only. PLEASE DO NOT SEND CASH.

##### 8.1.3 Young Living's Website

Young Living's website makes ordering and accessing information online quick and easy. Available 24 hours a day, 7 days a week, the website allows you to place online orders. You will need your member number and password (which should be kept confidential) to establish a login and security code (four-digit PIN) at [https://www.youngliving.com/en\\_HK](https://www.youngliving.com/en_HK). You must keep your PIN secure and only order on your own member account.

## 8.2 Essential Rewards Autoship Program

The Essential Rewards Autoship Program enables you to have Young Living's products automatically shipped to you every month. Through this program you can earn free products, qualify for Members-only specials, and potentially qualify for compensation under the Compensation Plan. You may learn and sign up for the Essential Rewards Autoship Program in the Virtual Office or by contacting Young Living

It is advised that the autoship order be set up to be processed between the 1<sup>st</sup> and 22<sup>nd</sup> of each month. No autoship order will be processed after the 24<sup>th</sup> of the month. The earlier the order, the easier it is to solve any disputes with the payment and/or out-of-stock products. Young Living shall not be held responsible for orders that are not processed due to Member's payment obligation. Through the PV Assist service, if certain products are out-of-stock, you may authorize Young Living to send an alternate product

## 8.3 General Ordering Policies

Any order placed by you with Young Living through any of the ordering methods under Section 8.1 shall be irrevocable and cannot be withdrawn upon receipt by Young Living and Young Living reserves the right to accept or reject your order at its sole discretion.

Without limiting the right of Young Living to reject your order as aforesaid, the following policies shall apply:-

- On mail orders with invalid or incorrect payment types, or anything else that may prevent Young Living from processing the order, Young Living will attempt to contact you by phone or email to correct the order. Young Living will make two attempts to correct the order. If these attempts are unsuccessful after five Business days, the order will be cancelled.
- For orders to be counted in a given month, they must be received and accepted on or before the last day of the month. Changes made to pending orders that have not yet shipped will keep the original date the order was entered. This may affect commission qualification.
- If an item ordered is out of stock or discontinued, Young Living will attempt to contact you by email so that you may select an alternative item, if qualifications are negatively affected. It is your responsibility to verify that the products in your order are available when shipped
- No COD orders will be accepted.
- Payment plans are not allowed when purchasing product. The balance may be paid with different credit cards, but must be paid in full before the order will be shipped.

### 8.3.1 Back Orders

Young Living may offer back orders. Back ordered products will be shipped with your next order after the product becomes available. Shipping is charged on all back orders.

### 8.3.2 Month-End Order Processing Cutoff

The month-end order processing cutoff is the last calendar day of the month at 7:00 p.m. Hong Kong Time. Mailed orders must be received by the last day of the month. All mailed-in orders must be post marked by the last day of the month and received within the next 3 Business days of the following month. If not received within the following 3 Business days, the orders will be credited to the following month. The website is available 7 days a week, 24 hours a day, making it possible to place all orders by the end of the month. Only mail-in orders fall under the 3 Business day's exception.

### 8.3.3 Order Anomalies

If you have problems with your orders that cause you to be disqualified for commission payments please contact the Resolutions Department via mail at Young Living Essential Oils, LC, Attn: Resolutions, 3125 West Executive Parkway, Lehi, UT 84043; or via email at resolutions@YoungLiving.com; or via facsimile at 1-801-418-8800.

## 9: SHIPPING

### 9.1 Shipping Methods and Charges

Orders are generally shipped within 2 to 5 Business days depending on districts. For the outlying islands the shipping process will take additional time. A packing slip is included in each shipment. It contains the order number, member number and name, product code, product name, price, and the amount and method of payment. Members should keep these packing slips for personal accounting records. Package tracking is available through most major carriers.

### 9.2 Shipping Discrepancies

When you receive an order, you should check the products against the packing slip to make certain there is no discrepancy or damage. Please notify Young Living of

any shipping discrepancies or damage as soon as possible. Failure to notify Young Living of any shipping discrepancy or damage within five Business days of receipt of shipment will forfeit your right to request a correction.

The Return Merchandise Authorization ("RMA") number is required for the processing of all shipping discrepancies or damage claims. If the RMA number is not included, Young Living will not process shipping discrepancies, issue credits, or replace damaged products. The RMA number is included in each order when packaged for shipment.

To correct any problem you may have encountered with your shipments, please contact Young Living. Young Living will discuss the steps to rectify the situation and issue a RMA number.

## 10: PAYMENT

### 10.1 Credit Card

Young Living only accepts payments by credit cards (VISA and MasterCard). Using someone else's credit card without his/her written permission is illegal and will entitle Young Living to terminate your sales organization as well as commencing legal action against you.

### 10.2 Commission and Bonus Release Form

You may choose to retain your commissions and bonuses (all or in part) in the form of a credit on your member account. This credit would be used against future product purchases, in accordance with Section 7. A Commission and Bonus Release form as prescribed by Young Living from time to time must be received and approved by Young Living before your commission can be issued as a credit on account.

## 11: PRODUCT RETURNS

### 11.1 Return Policy

Young Living reserves the right to review each return or exchange on a case-by-case basis. Returns will cause promotions, credits, commissions, and bonuses to be adjusted or reversed, both for the person making the return and for any upline Members who received compensation on such purchases.

#### 11.1.1 Return Guidelines

If you are dissatisfied with any Young Living's product, you may return:

- Any unopened product within 30 days after shipment for a full refund in the same method of payment of the purchase price (less shipping charges).
- Any opened product within 30 days after shipment for a credit on your member account of the purchase price (less shipping charges).
- Any opened or unopened product up to 90 days after shipment for credit of the purchase price (less shipping charges and a 10% handling fee). The credit applied for opened product will be based on the percentage of the product returned. For example, if you return 50% of a product, then a credit of 50% (less shipping charges and a 10% handling fee) will be applied to your member account.

If you (as a Member) sell products to nonmembers, you are required to provide the same return policy to the nonmember as outlined in this Section 11.1.1. You are also responsible for returning the product to Young Living within 10 days of receiving the return from the nonmember. Young Living will not provide refunds on or accept returns directly from nonmembers. Excessive returns may be deemed an abuse of Young Living's return policy and may result in suspension of your return privileges and/or sales organization. Damaged or incorrect shipments of products will not be subject to fees.

#### 11.1.2 Returns of Inventory by Members

If you choose to terminate the Agreement, you may return any product inventory or sales aids purchased in the preceding 12 months for a refund if you are unable to sell or use the merchandise. You may return only products and sales aids that are in resalable condition, unless otherwise required by law. Resalable condition is defined as the same unopened condition as it was purchased new. You must return the products to Young Living, prepay the shipping charges, and include a letter explaining that you wish to terminate the Agreement and receive a refund. Upon receipt of the products, you will be reimbursed 90% of the net cost of original purchase price, less shipping charges. Young Living will deduct from the reimbursement any commissions, bonuses, or other incentives received by you as a result of the product you are returning. If your member account is terminated, you have 90 days from the date of termination to make arrangements with Young Living regarding the repurchase of all returnable products. You acknowledge that you will be unable to return products more than 90 days from the date of termination.

#### 11.1.3 Product Kits and Collections

All Young Living's products kits and product collections must be sold as a whole unit. Members are prohibited from selling individual items from product kits

and product collections separately and promoting such activity within the Member's sales organization.

Any product kit and/or collection returned to Young Living must be complete; otherwise, the kit and/or collection will not be eligible for an exchange or refund. No individual items from a kit and/or collection will be eligible for a refund.

#### 11.1.4 Return of Promotional Product(s)

For any complimentary item(s) received by the purchaser via a qualifying purchase or through the buy-one-get-one-free promotion, returns will be handled as follows:

- If a qualifying purchase is returned in whole or in part and negates the qualification to receive the complimentary promotional item(s), the complimentary items must also be returned, or the Member will be charged for the free product(s).
- If one of the promotional products is returned, Young Living will not credit the Member, as Young Living will assume the returned item(s) is the promotional product(s). If all promotional products are returned, Young Living will credit the Member for the product purchased.

#### 11.2 Procedures for Returns

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

- The Retail Customer or Member who purchased it directly from Young Living must return all products.
- All product(s) must be returned in its original container.
- The return must have a Return Merchandise Authorization number that may be obtained by contacting Young Living. The Return Merchandise Authorization number must be written on the outside of each package, or the shipment will be returned to sender.
- All returns must be shipped pre-paid to Young Living. Young Living shall not accept COD packages.
- If returned product is not received by Young Living's distribution center, it is the responsibility of the Member to trace the shipment. Young Living is not liable for items lost or damaged in transit.
- Volume for exchanges will be counted in the month the exchange transaction was made.
- No refund will be made for subsequent returns of the same product, except when the product is damaged or defective.

Credits will be issued when Young Living has processed the return.

## 12: MEMBER ACCOUNT MANAGEMENT

### 12.1 Changes to a Member Account

You must immediately notify Young Living of all changes to the information contained on your Member Agreement. You may update your existing information by submitting a written request indicating the changes by email to [resolutions@youngliving.com](mailto:resolutions@youngliving.com) or by making such changes in the Virtual Office. The modifications permitted within the scope of this paragraph do not include a change of Sponsor or tax information. Sponsors and Enrollers are not allowed to request member account changes or relay such requests.

#### 12.1.1 Sponsor Changes

To protect the integrity of all marketing organizations and to safeguard the hard work of all Members, Young Living strongly discourages changes in Sponsorship. Young Living recognizes, however, that there may exist extenuating circumstances that necessitate a change in Sponsorship. Therefore, a request for Sponsorship change will be considered only under the following circumstances:

- Only one (1) free Sponsor/Enroller change request can be made within the first thirty (30) calendar days of enrollment with the approval of the Member OR current Enroller. Sponsor/Enroller change requests may be made directly over the phone if within the first five (5) calendar days of registration. After 5 calendar days, but within thirty (30) calendar days, the request must be submitted in writing via mail, email, fax, or other method or form required by Young Living. Requests submitted via email should be sent to [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com). The email and/or form must come directly from the new Member or the new Member's Enroller, and must be sent from the email address on file with Young Living. Requests cannot be submitted by another Member, even in the form of a forwarded email.

Sponsor changes must be made prior to the last calendar day of each month to be recognized in that month. If the Sponsor change is submitted after the last calendar day of the month but within the thirty (30) calendar days of enrollment, the Sponsor change will not be recognized until the following month. Young Living shall not be responsible for a delay in Sponsor change due to the timeliness of the submission of a Sponsor change request as outlined herein and within the said thirty (30) calendar days. If within the said thirty (30) calendar days both the Enroller and the downline Member submit a request for

a Sponsor/Enroller change, the downline Member's request will always take precedence.

Only newly enrolled Members and reactivating Members are authorized to request any Sponsor change for their individual accounts within thirty (30) calendar days of the enrollment or reactivation. Such changes cannot be made at the request of upline or family members.

- Under exceptional extenuating conditions, a Member may request a Sponsor change after the thirty (30) calendar days of enrollment by completing a Three Active Upline Approved Sponsor Change Request Form and submitting a nonrefundable USD\$35 processing fee to Young Living via mail at Young Living Hong Kong Limited, Attn: Resolutions, 6<sup>th</sup> and 7<sup>th</sup> floor, The Wellington, 198 Wellington Road, Central, Hong Kong; or via email at [resolutions@YoungLiving.com](mailto:resolutions@YoungLiving.com). "Three Active Upline" is defined as the first three (3) Members in the Member's upline that have generated 100 PV actively for six (6) consecutive months. The nonrefundable USD\$35 processing fee must be paid either by cheque or credit card and will not be refunded upon a denial of a Sponsor change request. Young Living will not consider a Sponsor change until it receives all documentation with the required signatures.

If one of the upline Members does not respond within a period of sixty (60) calendar days, the Member may request to be moved under the Sponsor of his/her choice. The Member must demonstrate that he/she has made a good faith effort to contact all three upline Sponsors. The good faith effort will require the Member to provide sufficient evidence to prove he/she has tried for a period of sixty (60) calendar days to contact the upline Member via email, certified mail, etc., and the upline Member has ignored or has been nonresponsive to the request. The evidence must be submitted to the Conduct Success Team at [conduct@youngliving.com](mailto:conduct@youngliving.com). If the Member cannot provide evidence of a good faith effort, Young Living may deny the request at its sole discretion. If a Sponsor change is successful through the Three Active Upline, the Member's original sales organization downline will roll up to the next upline and remain in the original genealogy. If there is a dispute concerning a signature of one or more of the Three Active Upline approval, Young Living will investigate the approvals, and Young Living may reject the Sponsor change request and restore the Member to the original Sponsor. No Enroller changes will be allowed after thirty (30) calendar days of the initial Member enrollment. Young Living reserves the right to approve and/or deny all Sponsor change requests in its sole discretion.

- If a member is unable to get approval from his/her Three Active Upline, the Member may choose to go six months without placing an order to effect a change to a new Sponsor. At the end of six months the Member may request a Sponsor change by emailing [resolutions@youngliving.com](mailto:resolutions@youngliving.com) and paying a USD\$35 fee. The new Sponsor cannot become the Enroller. When a Member moves from the original downline to a new downline, the Enroller status/bonus becomes null and void.
- A Member may request a Sponsor change if the Member's Sponsor has not provided support to the Member for over a period of two (2) years and the Member has filed a grievance with Young Living that includes the following: (1) the Sponsor/upline Member does not contact the Member over a period of two (2) years; (2) the Sponsor/upline Member does not respond to requests for assistance; (3) the Sponsor/upline Member does not offer support, mentoring, business building information, etc. The Member must submit the grievance to [hk.conduct@YoungLiving.com](mailto:hk.conduct@YoungLiving.com). Young Living will conduct a full investigation into the grievance and if the grievance appears substantiated, Young Living may allow the Sponsor change. The Member requesting the Sponsor change must pay the nonrefundable USD\$35 processing fee.
- If the Member has not placed an order or generated at least 50 cumulative PV for twelve (12) consecutive months, the member account of such Member will be dropped for inactivity around the middle of the following month after twelve (12) months of inactivity. The existing downline will roll up to the next upline and remain in the original genealogy. Upon reactivation of a member account terminated for inactivity, the Member may sign up under a new Sponsor and Enroller.

Requests cannot be submitted by another Member. Young Living will not approve Sponsor change requests that it deems to be intended to manipulate payment under the Compensation Plan and reserves the right to make Sponsor changes for any reason at any time and at its sole discretion.

If a Member enrolled in Young Living or ordered products in the previous month and his or her Sponsor or Enroller changes during the first five Business days of the month, that change may affect the previous month's rank, qualification, and payout.

#### 12.1.2 Waiver of Claims



If you have changed Sponsors but did not follow the appropriate procedures, as outlined in Section 12.1.1 and you have developed a downline organization in a sales organization under a new Sponsor, Young Living reserves the sole and exclusive right to determine the final placement of your new downline organization.

**You waive any and all claims against Young Living, its officers, directors, owners, employees, and agents that relate to or arise from Young Living's decision regarding the disposition of any downline organization that develops below a sales organization that has improperly changed lines of Sponsorship.**

#### 12.1.3 Sponsor Placement Program

When a new Member enrolls without a designated Sponsor or Enroller, he/she is deemed an orphan. The Young Living Placement Program generally assigns to an orphan a Sponsor and an Enroller who resides in or near the same geographical area of the orphan and/or who speaks the same language as the orphan. Eligible Sponsors and Enrollers generally include Executive, Silver, and Gold ranking Members who actively support their downlines, have growing sales results, have grown their sales organizations in the month in which a new orphan becomes available, are active in participating in Young Living's events and programs (e.g., Essential Rewards Autoship Program), and who actively work to support the mission of Young Living.

The Young Living Placement Program is directed by Young Living's executive management team, which reserves the right to assign any orphan as it sees fit in its sole discretion.

The new Sponsor should be enrolled in the Essential Rewards Autoship Program and conscientiously engaged in the Young Living business.

The new Member has 30 calendar days to change from the assigned new Sponsor to another Sponsor of his or her choice, as outlined in Section 12.1.1.

#### 12.2 Downline Genealogy Reports

Downline Genealogy Reports (the "Reports") are optional and may be ordered at any time. Members with a Young Living-sponsored personal website may receive two free emailed Reports per month, upon request with all additional email Reports costing HK\$40 each. Members who do not have a Young Living-sponsored personal website will pay HK\$40 for each email Report requested. Members who wish to have the Report faxed or mailed will pay HK\$40 for the first 10 pages and 10 cents for each additional page. Young Living reserves the right to modify the charges described in this Section 12.2.

The Reports constitute Confidential Information as set forth in and subject to Section 3.14. Without limiting your obligations under Section 3.14, you may not use the Reports for any purpose other than for developing and supporting your sales organization. Specifically, during and after the expiration or termination of the Agreement for any reason, you may not:

- Disclose any information contained in the Reports to any third party;
- Use the Reports to compete with Young Living in violation of Section 3.11.3;
- Use the Reports to solicit any Member or Retail Customer listed on the Reports or to engage in any conduct prohibited by Section 3.11.2; and
- Disclose to any person, partnership, association, corporation, or other entity any information contained in any Report.

At the expiration or termination of the Agreement for any reason, or upon demand by Young Living, you will return the original and all copies of Reports (including electronic files) to Young Living or destroy all copies in hard-copy, electronic, or other format of any Report in your possession. This Section 12.2 will survive the expiration or termination of the Agreement for any reason.

#### 12.3 The D. Gary Young Foundation: Young Living Outreach

By enrolling as a Member, you are automatically enrolled as a non-voting member of The D. Gary Young Foundation: Young Living Outreach. The privileges associated with this class of membership include the invitation to participate (at the Member's own expense where applicable) in certain member-participation charitable activities, the right to receive periodic reports of the charitable activities and accomplishments of the foundation, and the invitation to contribute to the foundation for the advancement of its charitable purposes.

### 13: DISPUTE RESOLUTION AND DISCIPLINARY ACTION

#### 13.1 Disputes with Other Members

If you have a grievance or complaint with another Member regarding any practice or conduct in relationship to your sales organization, you should first discuss the problem with the other Member. If this does not resolve the problem, report the problem to your upline leader who is a Silver (as defined in the Compensation Plan) or above to resolve the issue. If the matter cannot be resolved, it may be reported to Young Living in writing via mail, fax, or email at [hkconduct@youngliving.com](mailto:hkconduct@youngliving.com). The complaint should identify specific instances of alleged improper conduct and, to the

extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have first-hand knowledge of the improper conduct.

Upon receipt of a written complaint, Young Living will investigate the matter, review the applicable policies, and render a decision on how the dispute will be resolved. Young Living may impose disciplinary sanctions as provided in Section 13.3.

#### 13.2 Disputes with Young Living

##### 13.2.1 Mediation

Subject to Section 13.2.3 below, prior to instituting any legal proceedings to resolve any dispute, difference or claim arising out of or in connection with the Agreement, you and Young Living (collectively referred to as the "parties concerned") will meet in good faith and attempt to resolve such dispute, difference or claim through non-binding mediation. One individual who is mutually acceptable to the parties concerned will be appointed as mediator provided that if the parties concerned cannot agree on the mediator to be appointed after one has been nominated by any of the parties concerned for more than 30 days, any one of the parties concerned may request the Hong Kong International Arbitration Centre to appoint the mediator. The parties concerned shall comply with all reasonable requests made by the mediator for conducting the mediation including without limitation the signing of the mediation agreement with the mediator containing terms not inconsistent with this Section 13.2.1 so that the mediation will occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, will be divided equally between the parties concerned. Each of the parties concerned will pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each of the parties concerned will pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation will be held in Hong Kong and will last for no more than two Business days.

##### 13.2.2 Governing Law

Subject to 13.2.3 below, the Agreement shall be governed by and construed in accordance with the laws of Hong Kong and you and Young Living hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

##### 13.2.3 Governing Law for Compensation Plan

The Compensation Plan shall be governed by the laws of state of Utah, the United States of America, and any dispute, difference or claim arising out of or in connection with the Compensation Plan shall be resolved in accordance with its terms.

#### 13.3 Disciplinary Actions

At Young Living's sole discretion, violation by you of any of the terms and conditions of the Agreement may, without prejudice to other rights of Young Living, result in a hold on your member account, which will result in an inability to place orders and earn or receive commissions. These violations include but are not limited to any illegal, fraudulent, deceptive, unprofessional, or unethical business conduct; breach of any terms of the Agreement (including without limitation your breach of confidentiality obligations); non-payment of your account with Young Living or declination of credit card authorization.

In relation to any investigation made by Young Living under Section 13.1 or violation of any of the terms and conditions of the Agreement as aforesaid, Young Living may, at its sole discretion, impose no sanction or any sanction against you or any Member including but not limited to the following:

- Written warning clarifying the meaning and application of a specific obligation under these Policies and Procedures and advising that a continued breach will result in further sanctions;
- Probation, which may include requiring you to take remedial action and will include follow-up monitoring by Young Living to ensure compliance with the Agreement;
- Withdrawal or denial of an award, an incentive or recognition, or restricting participation in Young Living-sponsored events for a specified period of time or until you satisfy certain specified conditions;
- Suspension of certain privileges of sales organization including, but not limited to, placing a product order, participating in Young Living's programs and/or promotions, participating in high ranking Member phone calls, progressing in the Compensation Plan, or participating as a Member for a specified period of time or until you satisfy certain specified conditions;
- Suspension and/or termination of access to the Virtual Office;
- Withholding part or all of the commissions or bonuses for a specified period of time or until you satisfy certain specified conditions;
- Imposing fair and reasonable fines or other penalties in proportion to actual damages incurred by Young Living and as permitted by law;
- Termination of the Agreement and your status as a Member;
- Reassign all or part of the Member's sales organization; and/or



- Any other measure expressly allowed within any provision of the Agreement or which Young Living deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by your breach of the Agreement.

During any period that Young Living is investigating any conduct that violates the Agreement, Young Living may withhold all or part of your bonuses and commissions. If your sales organization is involuntarily terminated in accordance with Section 14.3 below, you will not be entitled to recover any commissions or bonuses withheld during the investigation period. In situations deemed appropriate by Young Living, Young Living may institute legal proceedings for monetary and/or equitable relief.

### 13.4 Review of Disciplinary Action

In the instance that you are subject to a sanction or disciplinary action (other than a suspension pending an investigation), you may request Young Living to review the sanction. Your request for a review must be in writing and received by Young Living within 15 days on which the sanction is imposed. If the request for review is not received within the 15-days' period, the sanction will be final. The request for review should be submitted with all supporting documentation. Young Living will review and reconsider the sanction or other disciplinary action, consider other appropriate action, and notify you in writing of its decision.

## 14: INACTIVITY, REACTIVATION, AND CANCELLATION

### 14.1 Inactivity

If you do not meet the PV requirement in any particular month, you will not receive commissions or bonuses for the sales generated through the downline organization. If you do not purchase a minimum of 50 accumulative PV for a period of 12 consecutive months, your member account will be deemed inactive, and your existing downline will roll up to your first active upline Member.

### 14.2 Reactivation

If you are a Member and your sales organization is deemed inactive, you may reactivate your member account by contacting Young Living and purchasing 100PV in product or by purchasing a Starter Kit or other enrollment kit.

When reactivating, you will be placed under your prior Sponsor, unless you request a new Sponsor. If your prior Sponsor is inactive, you will be placed under the next active upline Member. You will have no claim to downline that was lost when you were dropped for inactivity.

### 14.3 Involuntary Cancellation or Termination

If your member account is involuntary cancelled or terminated, you will immediately lose all rights to your downline and to any commissions or bonuses generated thereby, including those commissions or bonuses generated during the periods of activity investigated. In this case, you will receive compensation for the last full calendar month in which you were in full compliance with these Policies and Procedures prior to investigation and/or termination of your sales organization.

Young Living may, in its sole discretion, terminate, upon notice, a Member's membership who (i) breaches any provision of the Agreement; (ii) engages in any conduct that may bring disrepute in any way to Young Living (or any of its officers, agents or employees), the nutritional supplement and personal care products industry or the direct sales industry; or (iii) violates government laws, regulations, ordinances, or any Young Living's guideline. Young Living may also, upon notice, terminate a Member's membership who, through his or her capacity as a Member, files any legal action or proceedings or induces or facilitates any government agency to file any action against Young Living, which Young Living considers, within its sole discretion, to be without legal foundation or basis in fact.

Young Living may also terminate a sales organization at any time and for any reason upon giving you 30 days' written notice.

If your sales organization is terminated, you will be notified by mail, the email on record, or other delivery method, calculated to reach you at the address on file.

If your sales organization is terminated, you may reapply to become a Member within 12 calendar months from the date of termination. To reapply, you must submit a letter to Young Living setting forth the reasons why you believe you should be allowed to operate a sales organization. It is within Young Living's sole discretion whether or not to permit your request.

### 14.4 Voluntary Cancellation

You may cancel the Agreement at any time and for any reason. Written notice must be provided to Young Living and must include your signature, printed name, member number, address, PIN, and telephone number.

If you voluntarily cancel the Agreement, you may become a Retail Customer or Member within 6 months of cancellation in the same position as your original

member account under your original Sponsor. Additionally, you may reapply to become a Member under a new Sponsor after six months from the cancellation date.

## 14.5 Effects of Cancellation or Termination

Upon cancellation or termination of the Agreement:-

- You release all your rights and benefits as a Member including the downline and all future commissions and bonuses resulting from the downline sales production.
- Young Living may at its sole discretion retain your sales organization, sell it, roll it up to the next active upline Member or dissolve and remove it from the Sponsor's downline.
- You must immediately cease representing yourself as a Member and immediately return and delete all intellectual property of the Young Living Group, including the Reports and other lists of downline and contact information.

## 15. Miscellaneous

### 15.1 Delays

Young Living is not responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control. This includes, without limitation, acts of God, strikes, labor difficulties, riots, wars, fire, flood, death, curtailment or interruption of a source of supply, government decrees or orders, etc.

### 15.2 Partial Validity

If any provision of the Agreement, in its current form or as it may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision will be severed. The remaining terms and conditions will remain in full force and effect and will be construed as if such invalid or unenforceable provision never comprised a part of the Agreement. The Agreement will be interpreted by Young Living in the best furtherance of Young Living's business interests.

### 15.3 Waiver

Young Living never forfeits its right to require compliance with the Agreement or with applicable laws and regulations governing business conduct. For example, any action or inaction by Young Living regarding any conduct that violates the Agreement shall not be deemed a waiver of any of Young Living's rights or acquiescence in the conduct. Young Living retains sole discretion to take or not to take any and all actions it deems appropriate in light of any conduct that violates the Agreement by any Member. Failure to enforce any provision of the Agreement against you or any other Member does not waive Young Living's right to enforce that or other provisions. Only in rare circumstances will any of your obligations under the Agreement be waived, and an authorized agent of Young Living will convey such waivers in writing. The waiver will apply only to that specific case.

### 15.4 Titles Not Substantive

The titles and headings to these Policies and Procedures are for reference only and do not constitute and will not be construed as substantive terms of the Agreement.

### 15.5 Independent Legal Advice

You hereby confirm and acknowledge that the Agreement is prepared from the perspective of Young Living and you shall seek independent legal advice in relation to the Agreement before executing and/or entering into the same. You hereby also confirm and acknowledge that you fully understand the purpose, nature and effect of the Agreement.

### 15.6 Third Party Rights

Save for the following third parties (each being a "Designated Third Party") which shall have the benefit of and may enforce the Agreement pursuant to the Contracts (Rights of Third Parties) Ordinance, neither you nor Young Living intend any term of the Agreement to be enforceable pursuant to the Contracts (Rights of Third Parties) Ordinance:-

- the successors or assigns of Young Living;
- any person that may become the successors or assigns of you as a Member pursuant to the terms of the Agreement;
- any member of the Young Living Group to the extent as provided under these Policies and Procedures;
- any other Members to the extent as provided under these Policies and Procedures.

Notwithstanding section 6(1) of the Contracts (Rights of Third Parties) Ordinance, save that the Agreement may be varied or (where such right of rescission exists) rescinded by the successors or assigns of Young Living, the Agreement may be varied from time to time or (where such right of rescission exists) rescinded without the consent of any Designated Third Party or any other person who is not a party to

the Agreement. This provision shall prevail over section 6(1) of the Contracts (Rights of Third Parties) Ordinance.

Save as mentioned above, no other third party shall have any right or benefit under the Agreement.

**15.7 Notice**

Young Living may serve notice or make demand under the Agreement orally unless expressly required to be in writing. Any written notice or demand, whether as required or elected to do so at the sole discretion of Young Living, may be delivered or sent by Young Living to a Member (including you) by hand delivery, by ordinary post to the address or by email to the email address of such Member as provided to Young Living from time to time. You acknowledge that your address and email address shall be used for the purposes as aforesaid.

Each notice or demand given, made or served under the Agreement by Young Living shall be deemed to have been received by the Member (i) when delivered, if delivered by hand; (ii) within 2 Business Days after the date of posting, if sent by ordinary post; and (iii) on dispatch, if sent by email.

