



YOUNG LIVING MALAYSIA

Policies & Procedures Handbook

~ Effective 1 May 2016 ~
Version 2

This document was published on 1 May 2016, and is effective as of 1 May 2016.

Table of Contents		Page
1. Introduction		
1.1	Welcome	5
1.2	Purpose	5
1.3	Policies and Compensation Plan Incorporated into the Member Agreement	5
1.4	Ethics	6
1.5	Amendments / Acceptance	6
2. Becoming a Member		
2.1	Requirements to Become a Member	7
2.2	Member Agreement	7
2.3	Telephone Enrollment	7
2.4	Web Applications	7
3. Operating Your Sales Organization		
3.1	Independent Contractor Status	7
3.2	Retail Customers, and Members	8
3.3	Same Household Sales Organizations and Duplicate Accounts	8
3.4	Actions of Household Members or Affiliated Parties	8
3.5	Actions of Upline Members	9
3.6	Corporations, Partnerships, Limited Liability Companies, and Trusts	9
3.7	Sale, Transfer, or Assignment	9
3.7.1	Succession	10
3.8	Separation of a Young Living Member Business	10
3.9	Roll Up of Marketing Organization	11
3.10	Taxes	12
3.10.1	Income Taxes	12
3.10.2	Goods and Services Tax (GST)	12
3.11	Deceptive Practices	12
3.11.1	Unauthorized Recruiting	12
3.11.1.1	Recruiting	13
3.11.1.2	Non-Solicitation	13
3.11.2	Non-Competition	13
3.11.3	Targeting Other Direct Sellers	14
3.11.4	Cross-Line Recruiting	15
3.11.5	Bonus Buying, Front-End Loading, and Stacking	15
3.12	International	15
3.12.1	NFR	16
3.12.2	Anti-Bribery	16
3.13	Repackaging and Relabeling	16
3.14	Confidentiality Agreement	17
3.15	Reporting Policy Violations	17
3.16	Data Protection	17
3.17	Authorization to Take and Use your Photo or Video	18

4.	Sponsor's Responsibilities	
4.1	Sponsoring	19
4.2	Sponsoring Online	19
4.3	Ongoing Supervision, Training, and Sales	19
4.4	Non-Disparagement	20
4.5	Privacy	20
5.	Advertising	
5.1	Use of Young Living Materials	20
5.2	Member-Developed Advertising Materials and Products	20
5.3	Advertising Claims and Representation	21
5.3.1	Product Claims	21
5.3.2	Income Claims	21
5.3.3	Compensation Plan Claims	22
5.3.4	Governmental Approval or Endorsement	22
5.3.5	Indemnification for Unlawful Advertising Statements	22
5.4	Testimonials and Meetings	23
5.5	Trademarks and Copyrights	23
5.6	Domain Names and Email Addresses	23
5.7	Internet Policy	24
5.8	Internet Classified Ad Sites, Auction Sites, Shopping Sites, or Order Fulfillment Stores Restricted	24
5.9	Telephone and Email Solicitation	25
5.10	Young Living Personal Websites	25
5.11	Commercial Outlets	26
5.12	Minimum Advertised Price	26
5.13	Trade Shows and Expositions	27
5.14	Media Inquiries	27
6.	Sales Requirements	
6.1	Product Sales and Sales Receipts	27
6.2	Nonmembers	28
6.3	Customers and Sales Requirements	28
6.4	Excessive Purchases of Inventory Prohibited	28
7.	Commissions and Bonuses	
7.1	Commissions and Bonus Checks	28
7.2	Recap Statements	28
7.3	Adjustments	29
7.4	Deductions / Maintenance Fees	29
7.5	Errors or Questions	29
8.	Ordering	
8.1	Ordering Methods	29
8.1.1	Phone	29
8.1.2	Fax	29
8.1.3	Mail	30
8.1.4	Young Living Website	30
8.2	Essential Rewards Autoship Program	30

8.3	General Ordering Policies	30
8.3.1	Back Orders	31
8.3.2	Month-End Order Processing Cutoff	31
9.	Shipping	
9.1	Shipping Methods and Charges	31
9.2	Shipping Discrepancies	31
10.	Payment	
10.1	Methods of Payment	32
10.2	Returned Checks and Insufficient Funds	32
10.3	Commission and Bonus Release Form	32
11.	Product Returns	
11.1	Return Policy	32
11.1.1	Return Guidelines	32
11.1.2	Returns of Inventory by Members	33
11.1.3	Product Kits and Collections	33
11.1.4	Return of Promotional Product(s)	34
11.2	Procedures for Returns	34
12.	Member Account Management	
12.1	Changes to a Member Account	34
12.1.1	Sponsor Changes	35
12.1.2	Waiver of Claims	36
12.1.3	Sponsor Placement Program	37
12.2	Downline Genealogy Reports	37
12.3	The D. Gary Young Foundation: Young Living Outreach	37
13.	Dispute Resolution and Disciplinary Action	
13.1	Disputes with Other Members	38
13.2	Disputes with Young Living	38
13.2.1	Mediation	38
13.2.2	Arbitration	38
13.2.3	Jurisdiction, Venue, and Choice of Law	39
13.3	Disciplinary Actions	39
13.4	Appeals of Disciplinary Action	40
14.	Inactivity, Reactivation, and Cancellation	
14.1	Inactivity	40
14.2	Reactivation	41
14.3	Involuntary Cancellation or Termination	41
14.4	Voluntary Cancellation	42
14.5	Effects of Cancellation	42
15.	Miscellaneous	
15.1	Delays	42
15.2	Partial Validity	42
15.3	Waiver	42
15.4	Titles Not Substantive	43

1.1 Welcome

Welcome to Young Living! We are pleased that you have chosen to join the world leader in essential oils. We are dedicated to providing you with the very best products and a world-class home-based business.

Leading financial experts and business gurus agree that the home-based business sector is the wave of the future. The time you invest in becoming familiar with the Young Living business opportunity, including these Policies and Procedures, will make a significant difference in your business experience.

In these Policies and Procedures, Young Living Essential Oils, LC is referred to as Young Living; and you, the individual entering the Agreement (as defined below), is referred to as “you.” If you are a member, your personal member account along with the downline that you build is referred to as your sales organization.

The term “Sponsor” refers to a member’s immediate upline member. A member account is referred to as being “active” if the member enrolled as a new member and purchased product within the previous 12 months and is “inactive” if he/she has not.

The term “Enroller” is the Young Living member who enrolls a new member into Young Living. An individual can be enrolled only once in 12 months. If any member does not place a minimum order for 12 consecutive months, that member is considered inactive and deleted from the Young Living database. If an inactive member decides to later join Young Living with a new sponsor, the new sponsor becomes the new enroller and/or sponsor entitled to all enroller bonuses. If a current Young Living member decides to go inactive for six months in order to change a new sponsor in compliance with Young Living Policies and Procedures, the new sponsor cannot become the Enroller. When a member moves to a new downline different from the original downline, the Enroller status/bonus becomes null and void. The Enroller cannot be transferred except within the same downline with the written request of the original Enroller. Any and all changes are subject to Young Living’s approval and discretion.

1.2 Purpose

The purpose of these Policies and Procedures is:

- To set standards of acceptable business behavior expected of you
- To define your relationship with Young Living, your customers, and other members
- To assist you in building and protecting your Young Living business

1.3 Policies and Compensation Plan Incorporated into the Member Agreement

Throughout these Policies and Procedures, whenever the term “Agreement” is used, it refers collectively to your Young Living Member Agreement (or simply “Member Agreement”), these Policies and Procedures, and the Young Living Compensation Plan, which includes the Terms and Definitions for the

Compensation Plan (or simply, "Compensation Plan"). These documents 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 these Policies and Procedures, as found online at YoungLiving.com.

1.4 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 business. Violations of the Code of Ethics may 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 products, as well as to your downline members.
- You will not make negative or disparaging remarks about Young Living, Young Living founders, any Young Living competitor, or their people, products, or organizations.
- You will not engage in activities that may cause losses to Young Living or another Young Living member.
- You will perform all duties of a sponsor and a leader as you build your Young Living business, including providing the necessary training and support.
- You will respect the privacy of both your upline and downline members and customers.
- You will not recruit Young Living members 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 an independent member.
- You must not use misleading, deceptive or unfair recruiting and sales practices.
- You must not practice sales by coercion/pressure/fraud which include lucky draws, promise of free gifts, discounts on sponsorship and etc.
- You will not market or require the purchase by others of any materials that are inconsistent with these Policies and Procedures

1.5 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 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 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 this Agreement constitutes acceptance of this Agreement in whole together with any and all amendments.

Becoming A Member

2.1 Requirements to Become a Member

To become a Young Living Malaysia member, you must meet the following requirements:

- If you are an individual, be at least 18 years old, reside in Malaysia and provide a valid MyKad
- If you are a business entity, provide the Company Registration Number or the Income Tax File Reference Number.
- Read and agree to these Policies and Procedures and the Compensation Plan.
- Complete, sign, and submit a Member Agreement to Young Living within 30 days of your enrollment.
- Purchase a Young Living Starter Kit.
Young Living reserves the right, in its sole discretion, to reject your Member Agreement for any reason.

2.2 Member Agreement

You can submit your Member Agreement through mail, fax, or the Young Living website (YoungLiving.com). This application must be received within 30 days of your enrollment for you to receive member benefits. If the Member Agreement is not received within 30 days, your member account will be placed on hold until the agreement is received.

2.3 Telephone Enrollment

You may enroll as a member over the phone. However, you must submit a completed Member Agreement that is received at the Young Living Malaysia office within 30 days of your telephone registration, as outlined in Section 2.2. If you are a retail customer, you may enroll over the telephone or via contract as required by local regulation. In the event that registration is made via telephone, you are required to submit the completed Member Agreement to Young Living within 30 days of your telephone registration.

2.4 Web Applications

If you enroll on the Young Living website or on any Young Living-sponsored replicated website, you will not need to submit a paper application unless required by local regulations. While your sponsor may assist you in completing the online enrollment as a member, you must personally review and agree to the online Member Agreement, these Policies and Procedures, and the Compensation Plan.

Operating Your Sales Organization

3.1 Independent Contractor Status

As a Young Living 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 or for tax purposes. You are responsible for paying local, state, and/or federal 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, and members.

Retail customers can purchase product directly from Young Living for personal consumption but do not participate in the Young Living member 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 Organization Group Volume (OGV). Thus, orders placed by any retail customers 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 completing the requirements outlined in Section 2.1.

Members purchase product 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.

3.3 Same Household Sales Organizations and Duplicate Accounts

A member may operate or have an interest, legal or equitable, in only one member account. If Young Living finds that a member has an interest in multiple accounts, it will terminate the duplicate account(s), leaving only the member account created first. You are specifically prohibited from creating duplicate accounts in an attempt to change lines of sponsorship, manipulate the Compensation Plan, or circumvent the Agreement in any way.

If you have a spouse (under applicable law), your spouse may become a co-applicant on your account but may not have a separate member account unless you were both members before you were married, in which case you may do one of the following: combine your accounts and sales organization (this option is available only if one spouse has sponsored the other), sell one of your sales organizations, terminate one of your sales organizations, or maintain separate Young Living sales organizations. If you choose to maintain separate accounts and your account later goes inactive, you will not be able to reactivate it if your spouse's account is still active. The 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 in your immediate 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 take disciplinary action against you pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, LLP, trust, or other entity (collectively "entity") violates the Agreement, such action(s) will be

deemed a violation by the entity; and Young Living may 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 accounts or cross-line recruiting), such activity will be deemed to be a violation by the upline member; and Young Living may 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 Young Living member by submitting to Young Living a partnership agreement, certificate of incorporation, articles/certificate of organization, or trust agreement for the entity. The registration form must indicate the names of all of the shareholders, officers, members, managers, partners, trustees, or directors of the entity ("affiliated parties"), or have such included with the submission to Young Living. 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 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, corporations, and trusts for tax, estate planning, and limited liability purposes. In addition, by submitting a copy of the certificate of partnership or 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 six (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 a RM50 processing fee. 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 sell or transfer the sales organization. This request must be signed and notarized.
- Young Living must approve of the receiving party prior to the Transfer.

- The receiving party must be (or must become) a Young Living member in good standing.
- If the receiving party has an existing downline, he/she must first transfer that sales organization or have a transfer in place and approved by Young Living 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 from the Transfer.
- Before a Transfer will be approved, all debt obligations that you and the receiving party may have with Young Living must be satisfied.
- Before any Transfer will be approved, you and the receiving party must each be in compliance with all the terms of the Agreement.
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.

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 written approval.

Young Living does not waive any violations of the Agreement, even though a violation may have occurred under a prior owner of your sales organization. As a new owner of a preexisting sales organization, you may be responsible for violations of the Agreement made by the prior 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 may carry over to you.

3.7.1 Succession

Upon your death or your incapacitation, the rights to commissions, bonuses, and your sales organization, together with all member responsibilities, 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 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 under the Compensation Plan. Member accounts acquired under succession will not receive the same recognition benefits of original member account owners who built the original organization; however, the beneficiary may earn recognition benefits as they fulfill the member responsibilities and continue to grow the member organization. If the beneficiary already has an existing sales organization, he/she will be given 90 days to transfer or sell one of the organizations, following the procedure set forth in Section 3.7. Young Living reserves the right to approve or reject a succession transfer.

3.8 Separation of a Young Living Member Business

You may, with others, operate a single sales organization as a husband-wife

regular partnership, corporation, or trust (the latter three entities are collectively referred to herein as “entities”). If your marriage ends in divorce or your 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 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 a notarized assignment in writing whereby the relinquishing party(ies) authorize(s) Young Living to deal directly and solely with the other party(ies). A notarized request from the person being removed is required. A new Member Agreement is required from the person remaining on the 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 entity to be divided, as the parties may independently agree among themselves.
- The parties may operate the business pursuant to a court order involving 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. Similarly, Young Living will not split your commission or bonus checks between you and a divorcing spouse or affiliate parties of a dissolving entity. Young Living will recognize only one sales organization and will issue only one commission check per sales organization per commission cycle. Commission checks will always be issued to the same individual or 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 choosing. However, in such case you will have no rights to any members or 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 the Young Living member organization due to the cancellation or termination of a member account, 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 (“front line”) of the terminated member’s sponsor. For example, 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, in its sole discretion, to sell the sales organization that has been canceled or terminated for inappropriate behavior.

3.10 Taxes

3.10.1 Income Taxes

You are responsible for complying with the tax laws in the jurisdiction where you reside. If you are a distributor and are resident in Malaysia you will be taxed as a self-employed individual on your Malaysia sourced income. As a self-employed distributor, it is your responsibility to file the appropriate tax returns and to make all payments of tax due in connection with your Young Living business. You must register with Inland Revenue as self-employed as soon as you register as a Young Living Distributor.

Young Living recommends that you seek the advice and assistance of a suitably qualified accountant or tax advisor for information regarding your personal tax obligations.

Any fines or penalties incurred by Young Living because of incorrect information provided to Young Living will be your responsibility; and you agree to reimburse Young Living for these costs.

3.10.2 Goods and Services Tax (GST)

Young Living is required to collect and remit Goods and Services Tax (GST) on your behalf based on the published wholesale price of the product.

If you have a physical business location within Malaysia where you are retailing product, as outlined in Section 5.11, you can potentially apply for GST exemption. Young Living recommends that you seek the advice and assistance of a suitably qualified tax advisor for information regarding your GST obligations. Young Living reserves the right to verify the validity of any documents and evidence that you submit in applying for an exemption. If you are approved for GST exemption, you will be solely responsible for collecting and remitting GST to the appropriate jurisdictional authorities. Any questions concerning GST requirements should be directed to your tax advisor.

For the avoidance of doubt, you shall indemnify Young Living against, and pay upon demand, any GST, if applicable or tax of a similar nature which may be or become chargeable or imposed by the local government in respect of any payment made by you under or in consequence of the supply made by Young Living for which you agreed to indemnify and reimburse Young Living under this Agreement.

3.11 Deceptive Practices

3.11.1 Unauthorized Recruiting

3.11.1.1 Recruiting

During your membership with Young Living and after your membership has terminated, you may engage in other noncompeting business ventures; however, you may not take advantage of your knowledge of, or association with, other Young Living members, including your knowledge resulting from or relating to your upline and downline 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.

3.11.1.2 Non-Solicitation

During the term of the Agreement, and for a period of six (6) months after the cancellation, expiration, or termination of the Agreement by either party for any reason, you agree not to solicit, directly or indirectly, other Young Living members who 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 Young Living and such a Young Living member.

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 Young Living member to enroll or participate in another multilevel marketing, network marketing, or direct sales company, network, business, or opportunity.

3.11.2 Non-Competition

If, during the term of the Agreement, you engage in a non-Young Living direct selling program, you will ensure that you operate your sales organization separately and apart from your non-Young Living program. To that end:

- You may not display Young Living promotional materials, sales aids, products, or services ("Promotional Materials") with or in the same location as any non-Young Living Promotional Materials (related to another direct selling program or its products), or in any manner or format that enables a viewer to contemporaneously view Young Living Promotional Material and non-Young Living Promotional Material. For example, you may not present Young Living Promotional Material and non-Young Living Promotional Material on or in the same website, blog, tweet, post, text, brochure, or other printed marketing material, signage, or electronic or other communication.
- You may not offer Young Living programs, opportunities, products, or services to prospective or existing Young Living customers or members in conjunction with any non-Young Living programs, opportunities, products, or services.
- You may not offer any non-Young Living programs, 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 six (6) months after the cancellation, expiration, or termination of the Agreement by either party for any reason, you agree not to directly or indirectly serve in any capacity as a member, representative, consultant, employee, agent, officer, director, shareholder, partner, member, or owner of or with another multilevel marketing, network marketing or direct sales company, network, business, or opportunity that promotes, sells, markets, or distributes Essential Oil as a wellness, health, beauty, nutritional, or life-style product or that engages in any business competitive to Young Living in any city, county, state, region, country, or other recognized geographic area where Young Living does business. The term "Essential Oil" will mean an extract, distillation, or derivative, in any amount, of any herb or plant grown, harvested, processed, promoted, identified as a future Young Living product, marketed, or sold by Young Living during the term of the Agreement.

You agree that Young Living has a protectable interest in its goodwill, confidential information, and trade secret information. You further acknowledge that any breach of your obligations under Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement would 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 Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are reasonable and restrict your conduct only to the extent necessary to protect, maintain, and preserve Young Living's business interests and to the extent permitted by the applicable laws and regulations in Malaysia. You further warrant that you understand the legal and other consequences of entering into the covenants and agreements contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement and that the enforcement of these provisions will cause no undue hardship to you. If any restriction contained in Sections 3.11.1.2, 3.11.2, and 3.14 of the Agreement are deemed to be unenforceable by a court of competent jurisdiction, you agree that such court may modify and enforce such restrictions to the extent it believes to be reasonable under the circumstances existing at that time.

3.11.3 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 products or to become members for Young Living. 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 action being taken 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. You shall indemnify Young Living against all claims, costs, damages, fines or penalties which may be brought, suffered or levied against Young Living as a result of you not complying with this Agreement.

3.11.4 Cross-Line Recruiting

Actual or attempted cross-line recruiting or sponsoring is strictly prohibited. "Cross-line recruiting" is defined as the enrollment, indirect or otherwise, of an individual or entity that already has a current membership with Young Living, or who has had an Agreement within the preceding six (6) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs (Doing Business As), assumed names, corporations, trusts, or fictitious identification numbers to circumvent this policy is strictly prohibited.

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

3.11.5 Bonus Buying, Front-End Loading and Stacking

Bonus buying and stacking are material breaches of these Policies and Procedures and are strictly and absolutely prohibited, and may result in the termination of your membership.

"Bonus buying" includes (a) the enrollment of members without their knowledge of or execution of the Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a member or customer; (c) the enrollment or attempted enrollment of nonexistent individuals or entities as members or customers (phantoms); or (d) the use of a credit card by or on behalf of a member or customer when the member or customer is not the account holder of such credit card without written authorization.

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's account for the purpose of increasing the payout of your sales organization.

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 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 literature. Unauthorized premarket opening activity may jeopardize Young Living's ability to enter a new market and may result in loss of opportunity for many other members. Because of the severe possible consequences, those who engage in unauthorized premarket opening activity will be subject to disciplinary measures, possibly leading to termination. You are not authorized to register 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, against any 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, understand, and agree to follow the Young Living Policies and Procedures in place for that country.
- Agree to follow all applicable laws of that country.
- Agree to any tax withholdings that may be required for that country.

Members may sponsor and/or enroll other 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 same country may be promoted and sold. Members may not import products into any country that is not legally importable or saleable. You agree to follow all laws in any country into 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 NFR

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

3.12.2 Anti-Bribery

You and your agents, employees, consultants, or directors 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.

You shall ensure that neither you nor any of your agent, employee, consultant or director takes any action which could cause or render Young Living to be in violation of the Anti-Corruption Commission Act 2009 of Malaysia, the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 of Malaysia or any other applicable anti-corruption law in Malaysia.

3.13 Repackaging and Relabeling

You may not relabel, alter the labels of, repackage, or refill any Young Living product. Young Living's products must be sold in their original containers only.

Young Living strongly recommends that you do not use Young Living products as ingredients in or components of any product for resale. If a member uses Young Living products as an ingredient of any product for resale, the member is strictly prohibited from using Young Living trademarks or logos in conjunction with selling such product. Such relabeling or repackaging could result in severe criminal penalties. Violation of this section may subject a member to disciplinary actions as outlined in Section 13.3. Additionally, you agree to indemnify Young Living against any harm resulting from use of Young Living products as an ingredient and the repackaging or relabeling of any of its products.

3.14 Confidentiality Agreement

As a member of Young Living, you may be supplied with confidential information 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, customer and member profiles and product purchase information), member lists, manufacturer and supplier information, business reports, commission or sales reports, marketing strategies and plans, product formulae, product 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 business purposes only. You shall keep such information confidential and must not disclose any such information to a third party directly or indirectly. You must not use the information to compete with Young Living or for any purpose other than for promoting Young Living’s program and its products and services. Upon cancellation, expiration, or termination by either party for any reason of the Agreement, 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 nondisclosure agreement before releasing any business information to you.

In the event of the cancellation, expiration, or termination by either party for any reason of the Agreement, the obligations contained in this Section 3.14 survive and are subject to legal enforcement by injunction. You further agree that in the event Young Living prevails in any legal action to enforce its rights under this Section 3.14, Young Living shall be entitled to all costs and reasonable attorneys’ fees incurred in enforcing its rights under this Section 3.14.

3.15 Reporting Policy Violations

You should report any violations of these Policies and Procedures by any member to the Young Living Member Conduct and Education Department by emailing conduct@YoungLiving.com or calling Member Services at +603 2280 1000.

3.16 Data Protection

Insofar as the distributor processes any data in respect of commercial transactions in which such information relate directly or indirectly to a data subject who is

identifiable from the information in the possession of the data user, for e.g. name, address, telephone number, email address, banking details and identification card numbers, (“**Personal Data**”) on behalf of Young Living under or in relation to the Agreement, the distributor shall:

- (A) process the Personal Data only on behalf of Young Living (or, if so directed by Young Living), only for the purposes of performing the Agreement and only in accordance with instructions and/or obligations contained in the Agreement or received from Young Living from time to time;
- (B) not otherwise modify, amend or alter the contents of the Personal Data or disclose or permit the disclosure of any of the Personal Data to any third party unless specifically authorized in writing by Young Living or compelled by law to make such disclosure;
- (C) obtain prior written consent from Young Living before publishing, disclosing, or transferring the Personal Data to any third party;
 - i. notify Young Living (within seven (7) days) if it receives:
 - 1. a request from a data subject to have access to that person’s Personal Data; or
 - 2. a complaint or request relating to Young Living’s obligations under the Personal Data Protection Act 2010; or
 - 3. a withdrawal of any consent for the processing of Personal Data by the data subject, data user or data processor or communicated to the data processor by the data user.
 - ii. promptly notify Young Living by telephone and follow up in writing if it becomes aware of any actual, suspected or alleged unauthorized use of, disclosure of, or access to Personal Data by itself or others.

3.17 Authorization to Take and Use your Photo or Video

By becoming a member of Young Living, you consent to having your image captured in photographs or videos at various Young Living-sponsored events by Young Living staff and to have those images used by Young Living as they see fit in advertising and marketing materials. You will not be compensated for this usage. If you have a religious or moral objection to having your picture taken or appearing in a video, please notify a member of Young Living’s staff at the event where photographs and videos are being taken. The provisions of this section will permanently survive the term of the Agreement. When applicable, an express consent will be require.

Sponsor's Responsibilities

4.1 Sponsoring

Members have the right to sponsor other Young Living 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 customer, the new member has the right to choose between the two within the first twenty (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 individual 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 Agreement.

4.3 Ongoing Supervision, Training and Sales

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 call Member Services at +603 2280 1000. As a sponsor, you also agree to make your contact information (telephone number/email address) available to his/her 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 program. In that event, you may be called upon to share this knowledge with lesser experienced members within your downline.

Regardless of your level of achievement, you have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing your existing customers. To qualify for full and complete leadership bonuses, all ranked members are required to communicate with everyone in their downline at least every three (3) months through email or social media.

4.4 Non-Disparagement

In setting the proper example for your downline, you must not disparage, slander, or defame other Young Living members, Young Living products, the Compensation Plan, Young Living employees, or Young Living 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.

Advertising

5.1 Use of Young Living Materials

To prevent inadvertent errors or illegal claims, you shall use the current Young Living literature for advertising and describing Young Living's products or programs. The materials must be used in context so as not to be misleading.

All Young Living 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 Young Living business and that of your downline. You may not, however, use these materials in connection with any business activity outside of the scope of your membership. There is no recording permitted during any Young Living convention or meeting. Anyone found recording the Young Living convention or any other Young Living meeting will be removed and subject to disciplinary action, and the recording will be confiscated. Additionally, production or distribution of member's notes from any Young Living event is prohibited.

5.2 Member-Developed Advertising Materials and Products

You should not use Young Living logos or trademarks without written authorization, with the exception of any logos provided specifically for members on the Virtual Office

Before producing any advertising materials, you need to obtain the approval from Young Living, those materials must be compliant with all applicable laws and these Policies and Procedures—particularly Section 5.3. Such material must be produced in a professional and tasteful manner. Material must not be used that reflects poorly upon Young Living. Violations may subject a member to disciplinary actions as outlined in Section 13.3.

You and any company that you have an ownership interest in are not permitted to use Young Living trademarks, copyrights, or other intellectual property on marketing materials (including physical or electronic), essential oils accessories, software, branded merchandise, or other products that you

sell to others (including other Young Living members), unless you first acquire a license from Young Living. Violation of this policy may result in legal liability and disciplinary action, 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 Young Living products. In particular, you must not make any claim that Young Living 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 state and federal laws regarding any statements made.

You also must not diagnose any disease or disease condition or prescribe any Young Living product unless you are a licensed medical professional authorized to do so. Anyone improperly diagnosing or prescribing Young Living products may jeopardize the future of Young Living and all of its members and may therefore have his/her sales organization terminated.

5.3.2 Income Claims

You are prohibited from making any 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 income potential of a Young Living member is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections. Any earnings or sales representation made shall be based upon documented facts.

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. 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 representations include:

- Claims of actual, average, or projected earnings under the Compensation Plan
- Income testimonials
- Claims about achieving an improved lifestyle (e.g., claims about affording large homes, luxury cars, and exotic vacations)
- Hypothetical examples of earnings under the Compensation Plan

In any nonpublic 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(s) 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 the 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:

- It's a turnkey system.
- 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 Young Living member without commitment of time and work effort. Any earnings or sales representation made shall be based upon documented facts.

5.3.4 Governmental Approval or Endorsement

State and federal regulatory agencies and officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, you may not represent or imply that Young Living or its Compensation Plan have been "approved," "endorsed," or otherwise sanctioned by any government agency.

5.3.5 Indemnification for Unlawful Advertising Statements

You are fully responsible for all verbal and written statements you make regarding Young Living products, services, and the Compensation Plan that are not expressly contained in official Young Living 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 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 local and federal law may be distributed at a meeting but must be placed separate and apart from promotional material.

5.5 Trademarks and Copyrights

The name of Young Living, Young Living Essential Oils, Young Living Lavender Farms, or any other names that may be adopted by Young Living, such as trade names, trademarks, logos, slogans of Young Living, and the web address or URL (or any names that are confusingly similar) are proprietary to Young Living and of great value. You must obtain written permission before using any Young Living logo (other than the Independent Member logo) or trademark.

5.6 Domain Names and Email Addresses

You may not use, register, or own any Internet domain name either in the U.S. or abroad that includes any of Young Living's trade names, trademarks, service names, service marks, product names, company names, or any derivative thereof. Nor may you incorporate or attempt to incorporate any of Young Living's trade names, trademarks, service names, service marks, product names, the company names, or any derivative thereof into any email address. In accordance with this policy, 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 nonconforming 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 will 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 products, or Young Living 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 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; or (d) contain false or misleading 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, account name, or other identifier (collectively "Username"), any of Young Living's trade names or company names, or any other name that may be confused with Young Living Essential Oils or suggest Young Living's sponsorship thereof. Usernames may, however, include the name "Young Living," if they also include "Independent Member" or a similar identifier that effectively distinguishes it from a Young Living corporate account.

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

As a general rule, members may not sell or display Young Living products on any Internet classified ad site (e.g., Craigslist, etc.), auction site, shopping site, or order fulfillment store (e.g., eBay®, Amazon®, OrderDog™.com, Overstock®, com, De remate.com etc.). Further, members may not (1) enlist or knowingly allow a third party to sell Young Living products on any Internet classified ad site, auction site, shopping site, or order fulfillment store or (2) sell products to a third party that the member has reason to believe will sell such products on any Internet classified ad site, auction site, shopping site, or order fulfillment store. Young Living reserves the right to grant specific permission at Young Living's sole discretion to allow exceptions to this section provided the member has registered the online seller name and member number with Young Living. Members may continue to sell Young Living products on their individual URL's and independent distributors' retail sites provided they register their URL with Young Living and prominently display the independent distributor 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.

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, the dissemination of unsolicited electronic mail is governed by the Communications And Multimedia Act 1998. Based on the information contained therein, please remember that:

- 1) You cannot initiate a communication using any applications service, whether continuously, repeatedly or otherwise, during which communication may or may not ensue, with or without disclosing his identity and with intent to annoy, abuse, threaten or harass any person at any number or electronic address.
- 2) For the purposes of the Communications and Multimedia Act 1998 and the Spam Act, an electronic message is unsolicited if the recipient did not
 - (a) request to receive the message; or
 - (b) consent to the receipt of the message.

Please note that a recipient shall not be treated as having requested to receive the message or consented to the receipt of the message merely because the electronic address of the recipient was given or published by or on behalf of the recipient.

You may not engage in telemarketing to promote Young Living products or the Young Living opportunity or to solicit potential members. For 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 policy, 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 +603 2280 1000 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 5.12, you may display Young Living products (with the price tag attached to each product) in commercial outlets that, in Young Living's sole discretion, are not large enough to be considered regional or national chains.

5.12 Minimum Advertised Price

You may establish the price at which you resell Young Living products in accordance with the laws and regulations of Malaysia. However, certain advertisements can threaten healthy competition of essential oils and wellness products, can reduce sales of Young Living products, and can cheapen the image that Young Living has worked hard to develop. Advertising with such potential effects is not acceptable to Young Living.

It is highly recommended that you do not directly or indirectly advertise Young Living products for less than the 10% above the current Malaysia wholesale prices (which are kept current on the official Young Living 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.

Young Living will decide in its sole, unilateral discretion whether media advertising directly or indirectly advertises Young Living products at less than 10% above the current Malaysia wholesale price. The following are meant to be non-exhaustive illustrations of advertising violations: bundling and value-added offers, promotion code advertisements that result in lower-than-current Malaysia wholesale prices, "add to cart to see pricing," couponing advertisements that result in lower than 10% above Malaysia wholesale pricing, and rebate advertisements that result in lower than 10% above Malaysia wholesale pricing.

Notwithstanding the policies in this Section 5.12 and Section 3.11.5 of this Agreement, members may only offer up to \$25.00 or equivalent in Ringgit Malaysia 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 incentive can be associated with new enrollees and reactivated members.

Violations of this policy constitute a material breach of the Agreement and will result in disciplinary action under Section 13.3.

5.13 Trade Shows and Expositions

Subject to the requirements in this Agreement, you may display and sell Young Living products at trade shows and expositions. All literature displayed at the event must be official Young Living literature, and you must clearly identify yourself as an Independent Distributor or Independent Member. You must not organize any campaign, promotion or any type of advertisement for the purpose of marketing Young Living's product without obtaining prior written approval of Young Living.

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 the Young Living Member Conduct and Education Department. This will ensure that accurate and consistent information reaches the general public.

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 meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. 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 you and your personally enrolled customers' orders must be sold before you purchase additional products. The sales volume of your personally enrolled 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 product, you certify that you have sold or used at least 70% of all prior orders.
- You are required to furnish your customers with two copies of an official Young Living sales receipt, which specifies the date of sale, the amount of sale, and the items purchased. These receipts set forth the Customer Satisfaction Guarantee, as well as any consumer protection rights required by federal or state law. In accordance with such laws, you must verbally inform your customers of their cancellation rights. Additionally, if you sell product inventory to other members, you must provide the purchaser with a sales receipt. The 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 Nonmembers

You may personally sell Young Living products to nonmembers. Online sales, however, are governed by Section 5.8.

6.3 Customers and Sales Requirements

Nonmember and customer orders satisfy customer sales requirements.

6.4 Excessive Purchases of Inventory Prohibited

Members will not encourage their downline or any other member to make unnecessary product purchases that could result in a large stagnant inventory. This is called "front-end loading" or "inventory loading" and refers to the purchase of 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 the member account on hold until it can fully investigate the qualification buying.

Commissions And Bonuses

7.1 Commissions and Bonus Checks

To qualify for commission compensation under the Compensation Plan, you must have purchased product within the last 12 months and be in compliance with the Agreement with no holds on your member account. Commissions will be paid in accordance with the Compensation Plan, the current version of which is available through the Virtual Office (YoungLiving.org). As long as you comply with the terms of the Agreement, Young Living will pay commissions on approximately the 25th of each month for the prior month's sales. Commission amounts under US\$25 or equivalent in Ringgit Malaysia will not be issued as a check but retained as a credit on account for future product purchases. Commissions will be paid via direct deposit to a bank account subject to the rules above. Contact Member Services for more information at +603 2280 1000.

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

7.2 Recap Statements

You may access detailed commission reports from the Virtual Office at YoungLiving.org. If you do not have Internet access, you may request that the report be faxed or mailed to you for a small fee.

7.3 Adjustments

You agree that adjustments will be made to your commission check 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 checks, including that of the upline. Any other debt may be offset against commission checks.

In addition, if you fail to properly provide your Income Tax Reference number or MyKad number to Young Living, Young Living may deduct necessary back-up withholdings from your commission checks as required by law.

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 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 available through the Virtual Office and report any errors or discrepancies to Young Living within 45 days from the date of the commissions payment. Errors or discrepancies that are not brought to Young Living's attention within 45 days will be deemed waived.

Ordering

8.1 Ordering Methods

All members may place orders by telephone, fax, mail, website, through the Essential Rewards autoship program or in person at the Young Living Malaysia office.

8.1.1 Phone

When ordering, modifying account information, or accessing your account by phone, 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 9:00 a.m. to 6:00 p.m., Tuesday and Thursday from 9:00 a.m. to 8:00 p.m. Hours may be subject to change. For current hours, visit YoungLiving.com and click on the "Contact Us" link.

8.1.2 Fax

When ordering by fax, print information legibly on the order form. You must include your member number on the order form along with your contact information. Payments can only be made by credit card for faxed orders. Orders may be faxed to +603 2280 1002. All item requests must come from the current product catalog.

8.1.3 Mail

When ordering by mail, send completed order form with payment to:

Young Living Malaysia Sdn Bhd
G/F Tower 7, Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

Payments may only be made by credit card. Please do not send cash.

8.1.4 Young Living Website

The Young Living 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 YoungLiving.com. You must keep your PIN secure and order only on your own account

8.2 Essential Rewards Autoship Program

The Young Living Essential Rewards Autoship Program enables you to have Young Living products automatically shipped to you each month. Through this program you can earn free products, qualify for members-only specials, and qualify for compensation under the Compensation Plan. You may learn more and sign up for the Essential Rewards Autoship Program in the Virtual Office (YoungLiving.org) or by contacting Member Services at +603 2280 1000

It is advised that the Autoship order be set up to be processed between the 1st and 20th of each month. No Autoship ordered will be processed after the 25th of the month. The earlier the order, the easier it is to solve any disputes with the payment and out-of-stock products. Young Living cannot be held responsible for orders that are not processed due to member payment obligation. If certain product are out-of-stock, Young Living will send an alternate product to the member. If the member is not satisfied with the alternative product, the member may return the product pursuant to Young Living's return policy or exchange the product for an item of equal value.

8.3 General Ordering Policies

On mail orders with invalid or incorrect payment types, or anything else that may prevent Young Living from placing 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 phone or email so that you may select an alternative item, if qualifications are negatively affected. If we are unable to contact you or do not receive a response from you within two business days, Young Living will remove the item and process the order. 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 occasionally offer back orders. Back ordered products will be shipped with your next order after the product becomes available.

8.3.2 Month-End Order Processing Cutoff

The month-end order processing cutoff is the last calendar day of the month at 11:59 p.m. Malaysia time. Mailed and faxed orders must be received by the last day of the month. All mailed-in orders will be credited to the month in which they are received. Even when the end of the month falls on a weekend, holiday, or a day that the Young Living office is closed, the deadline will not normally be extended. The fax line and the website are available 7 days a week, 24 hours a day, making it possible to place all orders by the end of the month.

Shipping

9.1 Shipping Methods and Charges

Domestic orders are generally shipped within two business days (excluding weekends and holidays). 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 is included in each order when packaged for shipping.

To correct any problems you may have encountered with your shipments, please contact Member Services. A Member Services representative will discuss the steps to rectify the situation and issue a Return Merchandise Authorization (RMA) number.

Payment

10.1 Methods of Payment

Young Living accepts the following payment methods:

- Credit Cards/Debit Cards—VISA, MasterCard. Using someone else's credit card without his/her written permission is illegal and may be grounds for termination of your sales organization as well as possible legal action.
- Cash – Ringgit Malaysia only.

10.2 Returned Checks and Insufficient Funds

You are responsible to ensure that sufficient funds are available in your credit card account to cover regular orders and Autoship orders. If the transaction was rejected from your credit card for non-sufficient funds (NSF), you will not be able to place new orders until the balance is paid with a credit card. An NSF transaction will be sent to a collection service, appropriate processing fees will be charged, and your account will be placed on suspension. Failure to promptly resolve an NSF transaction may result in legal action and possible termination of your sales organization. Any uncollected amount may be deducted from commissions.

10.3 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 Young Living account. This credit would be used against future product purchases, in accordance with Section 7. A Commission and Bonus Release Form must be received and approved by Young Living before your compensation payment can be issued as a credit on account.

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 product, you may return:

- Any unopened product within 60 days after shipment for a full refund in the same method of payment of the purchase price and applicable tax (less shipping charges).

- Any opened product within 60 days after shipment for a credit on your Young Living account of the purchase price and applicable tax (less shipping charges).
- Any opened or unopened product up to 90 days after shipment for a credit on your Young Living account of the purchase price and applicable tax (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 Young Living account.

If you sell product to nonmembers, you are required to provide the same return policy to the nonmember as outlined in this Section 11.1. 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 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 product 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 business 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 or other promotion, returns will be handled as follows:

- If a qualifying purchase is returned in whole or in part and negates your qualification to receive the complimentary promotional item(s), the complimentary item(s) must also be returned, or you 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 customer or member who purchased it directly from Young Living must return the products.
- The product(s) must be returned in its original container.
- The return must have a Return Merchandise Authorization number (RMA) that may be obtained by calling Member Services at +603 2280 1000, or by emailing custservmy@youngliving.com. The RMA number must be written on the outside of each package, or the shipment will be returned to the sender.
- All returns must be shipped prepaid to Young Living. Young Living does 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.

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 custservmy@youngliving.com, or by making such changes in the Virtual Office (YoungLiving.org). 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 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. Accordingly, the transfer of a Young Living business from one sponsor to another is rarely permitted. 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 twenty (20) 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) business days of registration. After 5 business days, but within 20 days, the request must be submitted in writing via mail, email, fax, or other method or form required by Young Living. Requests after the initial five (5) days must be submitted via email or other method prescribed by Young Living to 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 end of each calendar month to be recognized in that month. If the Sponsor change is submitted on or after the end of each calendar month but within the 20 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 twenty (20) days. If within the twenty (20) 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. The member or enroller can contact Member Services to submit the sponsor change request during the twenty (20)-day period.

- Under exceptional extenuating conditions, a member may request a sponsor change after the twenty (20) days of enrollment by completing a Three Active Upline Approved Sponsor Change Request Form and submitting a nonrefundable US equivalent of \$35 processing fee to Young Living 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. "Three Active Upline" is defined as the three (3) members in the member's upline that have generated 100 PV actively for six (6) consecutive months. The nonrefundable US equivalent of \$35 processing fee must be paid by 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) 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 they have tried for a period of sixty (60) days to contact the upline member via email, certified mail, etc., and the uplinemember has ignored or has been nonresponsive to the request. 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 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, the Conduct and Education team 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 twenty (20) days of the initial member enrollment. Young Living reserves the right to approve and/or deny all sponsor change requests in its sole discretion.

- 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 the period of two (2) years; (2) the sponsor/upline member does not respond to requests for help; (3) the sponsor/upline member does not offer support, mentoring, business building information, etc. The member must submit the grievance to 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 change must pay the nonrefundable US equivalent of \$35 processing fee.
- Subject to Section 1.1 a member may change sponsors after six (6) months of inactivity on their account. If the member has not placed an order or generated at least 50 cumulative PV for twelve (12) consecutive months, the member account 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 an 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.

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 an organization that has improperly changed lines of sponsorship.

12.1.3 Sponsor Placement Program

Members who enroll without selecting a sponsor or enroller will be added to Young Living's Placement Program. Through this program, the new member will be assigned a sponsor and an enroller. If a member is placed through this program, the member or his/her assigned enroller may change the new member's sponsor within 20 days, as outlined in Section 12.1.1.

12.2 Downline Genealogy Reports

Downline Genealogy Reports ("Reports") are optional and may be ordered at any time. Members with a Young Living-sponsored personal website may receive two free emailed downline Reports per month, upon request, with all additional email Reports costing RM10 each. Members who do not have a Young Living-sponsored personal website will pay RM10 for each email Report requested. Members who wish to have the Report faxed or mailed will pay RM10 for the first 10 pages and RM1 for each additional page. Young Living reserves the right to modify the charges described in this section.

Downline Genealogy Reports constitute Confidential Information as set forth in and subject to Sections 3.14 and 3.16 of the Agreement. Without limiting your obligations under Sections 3.14 and 3.16 of the Agreement, you may not use Reports for any purpose other than for developing and supporting your sales organization. Specifically, during and after the expiration or termination by either party for any reason of the Agreement, you may not:

- Disclose any information contained in the Reports to any third party
- Use Reports to compete with Young Living in violation of Section 3.11.2 of the Agreement
- Use Reports to solicit any member or customer listed on the Reports or to engage in any conduct prohibited by Section 3.11.1.2 of the Agreement
- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Report

At the expiration or termination by either party for any reason of the Agreement, 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 of the Agreement will survive the expiration or termination by either party for any reason of the Agreement.

12.3 The D. Gary Young Foundation: Young Living Outreach

By enrolling as a Young Living member, you are automatically enrolled as a nonvoting 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.

13.1 Disputes with Others 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 or above to resolve the issue at a local level. If the matter cannot be resolved, it may be reported to the Young Living Member Conduct and Education Department in writing via mail, fax, or email at conduct@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 firsthand knowledge of the improper conduct.

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

13.2 Disputes with Young Living

13.2.1 Mediation

Prior to instituting an arbitration with Young Living, as provided in Section 13.2.2 below, you and Young Living (collectively referred to as “parties”) will meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through nonbinding mediation. One individual who is mutually acceptable to the parties will be appointed as mediator. 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. Each party will pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party will pay its own attorney’s fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation will be held in the Kuala Lumpur Regional Centre for Arbitration (“KLRCA”) and will last no more than two business days.

13.2.2 Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, will be settled by arbitration. The parties waive all rights to trial by any court. The arbitration shall be held in accordance with the Rules for Arbitration of the Kuala Lumpur Regional Centre for Arbitration in force for the time being. The decision of the arbitral tribunal shall be final and binding on the Parties. The number of arbitrators shall be three (3). The place of arbitration shall be at the KLRCA. The language of arbitration shall be English. The parties agree that Part III of the Arbitration Act 2005 shall not apply to any arbitration held under the provisions of this Section 13.2.2.

Each party to the arbitration will be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator will be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate will survive the cancellation or termination of the Agreement.

The parties and the arbitrator will maintain the confidentiality of the entire arbitration process and will not disclose to any person not directly involved in the arbitration process:

- The substance of, or basis for, the controversy, dispute, or claim
- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration
- The terms or amount of any arbitration award
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case

Notwithstanding the foregoing, nothing in these Policies and Procedures will prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction, a permanent injunction, or other relief available to safeguard and protect its intellectual property rights and/or to enforce its rights under the non-solicitation provision of Section 3.11.1.2.

13.2.3 Jurisdiction, Venue, and Choice of Law

Jurisdiction and venue of any matter not subject to arbitration will reside in any state or federal court located in Malaysia, unless the laws of the state or country in which the member resides expressly require otherwise, despite this jurisdiction clause. By signing the Agreement, you consent to jurisdiction within these two forums. The laws of Malaysia will govern disputes involving the Agreement. The interpretation and construction of this Agreement shall be governed by the laws of Malaysia.

13.3 Disciplinary Actions

At Young Living's discretion, violation of any of the terms and conditions of the Agreement may result in a hold on your account, which will result in an inability to place orders and earn or receive commission checks. These violations include, but are not limited to, any illegal, fraudulent, deceptive, unprofessional, or unethical business conduct; nonpayment of your account with Young Living; or declination of credit card. After an investigation is confirmed, Young Living may impose any or all of the following sanctions:

- Written warning clarifying the meaning and application of a specific policy or procedure 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 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 programs, 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 commissions or bonuses for a specified period of time or until the member satisfies 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 organization
- 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 a member's policy violation of contractual breach

During the 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, you will not be entitled to recover any commissions or bonuses withheld during the investigation period. In situations deemed appropriate by Young Living, the company may institute legal proceedings for monetary and/or equitable relief.

13.4 Appeals of Disciplinary Actions

In the instance that you are subject to a sanction or disciplinary action (other than a suspension pending an investigation), you may appeal the sanction to Young Living. The appeal must be in writing and be received by Young Living within 15 days from the date of the disciplinary action. If the appeal is not received within the 15-day period, the sanction will be final. The appeal 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.

Inactivity, Reactivation, and Cancellation

14.1 Inactivity

If you do not meet the personal volume (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 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 Member Services and purchasing 100 PV 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 account is involuntarily canceled 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, the Membership of any Member who (i) breaches any provision of the Member Agreement, the Membership Application, or these Policies and Procedures; (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 guideline. Young Living may also, upon notice, terminate the Membership of any Member who, through his or her capacity as a Member, files any legal action proceeding 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 a 30-day 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. Cancellation is effective on the date on which written notice is issued. Upon receipt of this notice, you must immediately cease representing yourself as a Young Living member and immediately return and delete all intellectual property of Young Living, including Reports and other lists of downline and contact information.

If your sales organization is terminated, you may reapply to become a member 12 calendar months from the date of termination. To reapply, you must submit a letter to the Young Living Member Conduct and Education Department (to conduct@YoungLiving.com) 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 to permit your request.

14.4 Voluntary Cancellation

You may cancel your 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 under your original sponsor. Additionally, you may reapply to become a member under a new sponsor after six (6) months from your cancellation date.

14.5 Effects of Cancellation

Upon cancellation or termination, you release all rights to your member benefits, including the downline and all future commissions and bonuses resulting from the downline sales production. Upon termination, 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.

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. While Young Living attempts to enforce the Agreement uniformly, failure to enforce any provision of the Agreement against you does not waive Young Living's right to enforce that or other provisions. Only in rare circumstances will a policy 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.



YOUNG LIVING™
ESSENTIAL OILS

Young Living Malaysia Sdn.Bhd
GF & L-1, Tower 7 Avenue 3, Bangsar South
No.8, Jalan Kerinchi,
59200, Kuala Lumpur, Malaysia
custservmy@youngliving.com
www.youngliving.com/en_MY