

SHARING YOUNG LIVING THE RIGHT WAY FAQ

As Young Living continues to distinguish itself as the world leader in essential oils, it is more important than ever for our members to share their passion for our products responsibly and in the right way. As a wellness company, certain U.S. rules and laws regulate how we market our products and opportunity. These rules are created and enforced by the U.S. Food and Drug Administration (FDA). To help empower you to understand how you can share Young Living the right way and according to U.S. regulations, we have provided the most frequently asked questions on this important topic, as well as our official answers to these questions. Be sure to carefully study this document and refer to it often to stay informed!

Question: As a Young Living member, why are FDA regulations important to me?

Answer: The FDA's rules and regulations apply to all essential oil companies in the industry, including Young Living's business in the United States. These rules and regulations govern, among other things, how Young Living promotes and sells its products and how Young Living members promote Young Living and its products. In order for Young Living to remain in good standing with the FDA, all Young Living members must be compliant with FDA regulations.

Question: Has Young Living met with the FDA recently?

Answer: Yes. The FDA routinely monitors Young Living and Young Living members to confirm that we are all following the rules. For example, the FDA conducted routine inspections at Young Living's facilities in Utah in June 2012 and in January 2015. During these inspections, FDA employees spent several days with Young Living personnel observing and reviewing Young Living's marketing materials, manufacturing processes, and training materials to confirm that Young Living and Young Living members are in compliance with all applicable FDA rules. Additionally, Young Living received a letter from the FDA in September 2014 indicating that certain members were making inappropriate product claims about Young Living's products. In May 2015, Young Living personnel again met with the FDA regarding the FDA's concerns about Young Living members making inappropriate product claims.

Question: How should I view these interactions with the FDA?

Answer: You should view these interactions with the FDA as positive and as an opportunity to ensure that your Young Living business is in full compliance with applicable rules. Do not feel the need to resist or fear compliance with these regulations. FDA compliance ensures responsible, informed sharing that protects Young Living and its members.

Young Living is always willing and available to communicate with and respond to the FDA as needed. As the world leader in essential oils, we also work hard to be the world leader in essential oil compliance, as well as in products, education, research and development, and training. Therefore, we will continue to welcome the open and robust dialogue we have with the FDA.

Question: Does the focus of the FDA's current discussions involve Young Living members directly?

Answer: Yes. Currently, the FDA is primarily focused on inappropriate product claims being made by some Young Living members. Specifically, the FDA is concerned that some Young Living members are making claims that Young Living products are intended to diagnose, treat, cure, or prevent disease. For example, in September 2014, Young Living received a letter from the FDA indicating, among other things, that certain Young Living members were suggesting that Young Living's products may be used to treat ebola. Young Living members are not allowed to make these types of claims because Young Living's products are mostly classified as dietary supplements and cosmetics. Only products that have been through the FDA's drug approval process can be marketed with claims that the product is intended to diagnose, treat, cure, or prevent disease. Currently, Young Living is not considering submitting any of its products to the FDA for this approval.

Question: Does Young Living have its own rules about inappropriate product claims?

Answer: Yes. Section 5.3 of Young Living's Policies and Procedures governs the types of product claims and representations Young Living members can make in connection with promoting Young Living and its products. Section 5.3.1 specifically addresses the types of product claims currently at issue with the FDA. Please see <u>Young Living's Policies and Procedures</u> section 5.3.1 "Product Claims" for details of this rule.

Question: Why is the FDA talking to Young Living about the actions of Young Living's independent distributors?

Answer: Young Living has an affirmative obligation to monitor its network of independent distributors to ensure all materials used by such distributors comply with all

applicable rules and regulations. If you, as an independent distributor, share information about Young Living and its products in violation of these rules, such non-compliant information is imputed to Young Living by the FDA.

Question: When am I considered to be "promoting Young Living or its products?"

Answer: As an independent distributor of Young Living, you are promoting Young Living and its products when you engage in any activity (online, in person, through the mail, on the telephone, etc.) where people can enroll or purchase products, including (i) any event or meeting where new members can enroll; (ii) when information is shared about Young Living and its products, even if the opportunity to enroll or purchase products comes after and separately from the event or meeting; and (iii) when you are providing assistance to others in their efforts to enroll new members or in their efforts to sell Young Living products. The rules are broad enough to include meetings in your home, meetings on private internet forums, educational meetings at tradeshows, and one-on-one discussions with friends and family.

Question: What is an example of an inappropriate product claim?

Answer: Any statement about a Young Living product that is untrue is an inappropriate product claim. Additionally, any claim that a Young Living product is intended to diagnose, treat, cure, or prevent a disease is considered an inappropriate product claim. For example, the following claims by Young Living members were cited by the FDA in the September 2014 letter as examples of inappropriate product claims:

"Viruses (including Ebola) are no match for Young Living Essential Oils."

"Top on my list is Thieves. Thieves is highly anti-microbial . . . it could help against Ebola."

"Rosemary research in regards to Alzheimer's disease showed aromatherapy as a potential treatment for the cognitive (eg, memory) impairments caused by dementia."

Question: If I have scientific research proving or implying that a Young Living product may be used to diagnose, treat, cure, or prevent a disease, can I say so?

Answer: No. Even if the scientific community has made a connection between a certain dietary supplement (like an essential oil) and a certain disease, the FDA does not allow Young Living or its members to make any claim suggesting that a Young Living product is intended to diagnose, treat, cure, or prevent a disease.

Question: Are Young Living members allowed to share personal experiences (testimonials) about Young Living products?

Answer: If the personal testimonial includes an inappropriate product claim (i.e., that Young Living products can be used to diagnose, treat, cure, or prevent a particular disease), Young Living members cannot make such statements in connection with marketing Young Living or its products. For example, the following personal testimonials are considered inappropriate product claims when used in promoting Young Living:

"I haven't needed a single allergy med since I was introduced to Young Living's Peppermint essential oil."

"We have used Thieves oil to much success when fighting strep throat."

"We were able to replace our entire medicine cabinet of pain meds and fever reducers with Young Living's essential oils."

This rule applies to any setting where a member is promoting Young Living or its products. Even classes conducted in a member's home are subject to this rule. Section 5.4 of Young Living's Policies and Procedures specifically addresses testimonials and meetings. Please see <u>Young Living's Policies and Procedures</u> section 5.4 "Testimonials and Meeting" for details of this rule.

Question: So how can I share Young Living the right way?

Answer: Even though these rules may seem to place limits on the ways you can share Young Living, there are still many great things you can say about Young Living and its products. In late 2014, Young Living published a document titled "Sharing Young Living the Right Way." This excellent resource demonstrates how to share Young Living and build your business in the most compliant way. "Sharing Young Living the Right Way" is available in Virtual Office in Member Resources, under the "Sharing YL the Right Way" category.

Question: What are structure-function claims referenced in the "Sharing Young Living the Right Way" document?

Answer: According to the FDA, a structure-function claim is a product claim describing the role of a nutrient or dietary ingredient included in the product and intended to affect the normal structure or function of the human body. For example, "calcium builds strong bones." In addition, these types of product claims may characterize the means by which a nutrient or dietary ingredient acts to maintain such structure or function. For example, "fiber maintains bowel regularity," or "antioxidants maintain cell integrity." A structure-function claim may be used only in connection with a dietary supplement product and

only if (i) the claim is truthful and not misleading and (ii) the claim is substantiated by adequate scientific research.

Question: Does the FDA allow any other types of claims for dietary supplements?

Answer: Yes. There are a few additional categories of claims that are permitted, including claims known as general well-being claims. General well-being claims describe general well-being that may occur from the consumption of a nutrient or dietary ingredient contained in a particular product.

Question: What claims can I make about Young Living's other products?

Answer: Essential oils labeled exclusively for topical or aromatic use are classified by the FDA as cosmetic products. The FDA defines cosmetics by their intended use, as "articles intended to be rubbed, poured, sprinkled, sprayed on, introduced into, or otherwise applied to the human body . . . for cleansing, beautifying, promoting attractiveness, or altering the appearance." Even with adequate substantiation, the regulations indicate that any product claims stating or implying the intention of the product is to have a physiological effect on any function or body system will classify the product as a misbranded drug. As a result, Young Living members cannot use structure-function claims when promoting cosmetics. Instead, when promoting cosmetic products, Young Living members should only use product claims about the product's ability to cleanse, beautify, promote attractiveness, or alter the appearance of the product user.

Question: How do I know if a product is a dietary supplement or a cosmetic?

Answer: Simply look to the product label. Under the Directions section of the label, Young Living will clearly identify if the product is a dietary supplement. Additionally, Young Living will include a Supplement Facts section on the label if the product is a dietary supplement. Or, on many of our essential oil bottles, you will see a "For nutritional information" note directing you to a certain website.

Question: What counts as adequate substantiation for purposes of a product claim?

Answer: The FDA and the Federal Trade Commission require all product claims be supported by "competent and reliable scientific evidence" at the time product claims are made. This requirement applies to any type of product claim, including structure-function claims, general well-being claims, and cosmetic claims. Therefore, all product claims must be supported by objective tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area that is generally accepted among the scientific community. A Young Living member's personal experience with a product does not constitute adequate substantiation for purposes of product claims. The standard for substantiation is generally considered to be one or

more double-blind, placebo-controlled, well-designed clinical trial conducted on the specific product, although such studies are not mandatory.

Question: Does Young Living have a list of suggested product claims members may use in connection with promoting Young Living and its products?

Answer: Yes. Young Living is committed to providing members with suggested claims for every product. To date, Young Living has published claims for more than 50 of its products and is publishing additional ones each week. These claims are included in the biweekly Young Living newsletter *Grow!* and are also hosted in a document titled "Young Living Suggested Product Claims" in the Young Living Virtual Office under "Sharing YL the Right Way" section of Member Resources. Young Living members may use these recommended product claims when promoting Young Living and its products in the United States. Check this document often as we continually add more products to this list and its approved product claims.

Question: What else can I discuss when promoting Young Living and its products?

Answer: You are free to share your personal views and experiences with Young Living products so long as you comply with the rules discussed in this letter. You are free to discuss your personal journey with Young Living and how you have seen our products benefit you and those around you. You are free to share the amazing Seed to Seal promise and what that means to you. You are free to encourage others to conduct their own individual research about Young Living's products and the many uses of these products. As discussed below, you are also free to incorporate into your sharing any Young Living-approved marketing pieces, such as product guides, descriptions contained on Young Living product labels and packaging, information located at YoungLiving.com, materials included in our product kits, information shared through our social media platforms, and any information communicated directly from Young Living.

Question: May I use non-Young Living reference materials to promote my business?

Answer: Young Living members are free to use reference materials in connection with promoting Young Living and its products, so long as those reference materials do not contain inappropriate product claims (i.e., claims that Young Living products can be used to diagnose, treat, cure, or prevent a particular disease). If reference materials contain inappropriate product claims about Young Living's products, Young Living members must not use these materials in any Young Living meeting, training, or promotion. For example, if you know that a third-party reference material contains inappropriate product claims, that material should not be displayed or sold at your member events, referenced by name at your member events, referred to at your member events, or linked to in your online and print materials. An example of a third-

party reference book that is considered inappropriate when used in connection with promoting Young Living and its products is the *Essential Oils Desk Reference*.

Question: May I gift a non-compliant third-party reference material in connection with promoting Young Living and its products?

Answer: No. If you gift a non-compliant third-party reference material in connection with your Young Living business, especially materials specifically highlighting Young Living products like the *Essential Oils Desk Reference*, the FDA will likely view the gift as marketing collateral suggesting that Young Living products are intended to be used to diagnose, treat, cure, or prevent a disease. Although the gift may not directly inform the recipient's initial decision to enroll or purchase, the FDA will likely view the gift as marketing collateral that will influence the recipient's subsequent purchasing decisions.

Question: May I include a gift card to a third-party publisher in connection with promoting Young Living and its products?

Answer: Yes, so long as (i) the gift card is issued by a third-party publisher that markets and sells compliant marketing materials; (ii) you do not instruct the recipient of the gift card to purchase non-compliant materials, directly or indirectly; and (iii) you comply with Young Living's applicable Policies and Procedures. Specifically, the fourth paragraph of Section 5.12 (Minimum Advertised Price) of the Young Living Policies and Procedures says:

"Notwithstanding the policies in this Section 5.12 and Section 3.11.5 of this Agreement, members may offer up to only \$25 in enrollment incentives (e.g. Young Living product credit, gift cards, or a gift), plus additional reference materials as desired as incentives to new enrollees or reactivated members. No other discount, promotion, or monetary incentive can be associated with new enrollees and reactivated members."

Question: Does the FDA regulate my use of third-party materials or devices in the privacy of my own home?

Answer: The FDA does not currently regulate a member's personal use of third-party materials or devices when such use is unrelated to promoting Young Living and its products.

Question: May I use non-Young Living devices to promote my business?

Answer: If the device suggests or implies that Young Living products are intended to diagnose, treat, cure, or prevent a disease, even indirectly, the device must not be used

in any Young Living meeting, training, promotion, or other Young Living member business activity.

Additionally, if a device is used to recommend specific Young Living products, such recommendations must be supported by competent and reliable scientific evidence. If such product recommendations are inaccurate, inconsistent, unreliable, or connected to any specific disease, the device should not be used in connection with promoting Young Living and its products.

Question: Are there specific words I should avoid using when promoting Young Living and its products?

Answer: Yes. You should avoid using any direct or indirect words suggesting that Young Living products are intended to diagnose, treat, cure, or prevent a disease. Some of these words were featured in a June 2015 communication from Young Living titled "Young Living 25 Hot Words," which specified 25 frequently used terms to avoid when sharing Young Living and its products. "Young Living 25 Hot Words" is available in Virtual Office in the "Sharing YL the Right Way" section of Member Resources.

Question: Which tools and references materials should I use when promoting Young Living and its products?

Answer: Young Living is committed to providing you excellent tools and reference materials to incorporate into your business as you share Young Living. Beyond the tools described in this communication, you should always feel comfortable using any Young Living-approved marketing collateral, including product guides, descriptions contained on Young Living product labels and packaging, information located on YoungLiving.com, materials included in Young Living product kits, information shared through Young Living's social media platforms, and any information communicated directly from Young Living. Beyond these materials, Young Living members may use third-party materials that are true, accurate, and do not contain any inappropriate product claims.

Question: Has Young Living provided detailed training on the rules discussed in this letter?

Answer: Yes. Young Living has provided training on these rules and will continue to do so in the future. For example, in February 2014, Young Living's Conduct and Education team hosted a call with all Young Living Diamonds to review these rules. You can also find a copy of the presentation from that meeting in the VO in Member Resources and Sharing YL the Right Way, titled "Staking Claims – Making Permissible Claims." Additionally, at Young Living's 2014 International Convention, the Young Living Conduct and Education team provided education on these rules at a booth in the Product Expo.

This team will provide similar educational opportunities at the upcoming convention in Dallas, Texas, in August 2015 and at other events throughout the year. If you would like to invite this team to attend one of your events to review these rules, please submit a request to <u>conduct@youngliving.com</u>.

Question: Am I free to say anything I want about Young Living products in the privacy of my home?

Answer: No. The rules described in this letter apply to Young Living members whenever they are promoting Young Living and its products, regardless of location. For example, the rules against inappropriate product claims apply equally to a large event at a convention center or a small gathering in the privacy of your own home. Remember: The rules related to inappropriate product claims apply when you are promoting Young Living or its products. The FDA does not currently regulate a member's speech that is unrelated to promoting Young Living and its products or the personal use of third-party reference materials in the privacy of your home.

Question: If I host events, meetings, or discussions on a private internet forum, such as a private Facebook page, am I free to say anything I want about Young Living and its products?

Answer: No. The rules described in this letter apply to Young Living members whenever they are promoting Young Living and its products, regardless of location. If you are hosting a conversation on a private internet forum that contains inappropriate product claims and is used in connection with promoting Young Living or its products, you are violating these rules.

Question: What about my rights to freedom of speech under the United States Constitution?

Answer: The First Amendment to the Constitution of the United States protects the freedom of speech of citizens of the United States. However, that protection is not absolute and is limited depending on the type of speech. For example, speech is not protected in connection with defamation, certain types of fighting words, or when the speech threatens others. Another exception to the absolute right of free speech exists when the speech is made in connection with certain types of commercial enterprise, such as marketing and selling dietary supplements through a multilevel marketing organization. For example, the FDA has authority from the United States Congress to regulate the types of product claims that may be used in connection with marketing and promoting a dietary supplement.

Question: Do these rules apply to other essential oil companies?

Answer: Yes. All essential oil companies market their essential oils as dietary supplements or cosmetics. In either case, the FDA's rules and regulations apply to those businesses in the United States. The FDA has been in contact with several other essential oil companies in the past year to discuss these same issues. For example, here is a letter one of those companies received from the FDA in September 2014. Young Living encourages all essential oil companies to comply with applicable rules and regulations for the betterment of the industry.

Question: Do the owners of Young Living support these rules?

Answer: Yes. Gary and Mary Young support a culture of total compliance with these rules. In fact, Gary distributed a letter to all Young Living members on May 13, 2015, discussing this very topic. A copy of this letter titled "Compliance Letter from Gary" is hosted in Virtual Office in Member Resources under the "Sharing YL the Right Way" category. Additionally, Gary hosted a call with all Young Living Diamonds on June 1, 2015, where he reiterated his desire for Young Living members to take all steps necessary to comply with these rules. On that call, Gary stated that he wishes for Young Living members to raise the awareness of essential oils above disease and illness and instead focus on an awareness of wellness, purpose, and abundance.

Question: What will happen to my Young Living account if I fail to comply with these rules?

Answer: Young Living will (i) place your Young Living account on hold (while on hold, commission checks are not paid) or (ii) terminate your account.

Question: Where can I review all of Young Living's rules?

Answer: The rules governing Young Living members in the United States are contained in the Young Living Policies and Procedures, a copy of which is hosted in Virtual Office in the Policies category of Member Resources.

Question: Do these rules and regulations apply to Young Living members sharing Young Living outside of the United States?

Answer: If you are promoting Young Living and its products outside of the United States but the audience includes or reaches U.S. citizens, you must comply with all of the rules discussed in this letter, in addition to local regulations. For example, if you live in Hong Kong but you host online events where U.S. citizens can enroll or buy product, these rules apply. Another example is if you are presenting at a meeting in Mexico City and

you know some of the attendees are U.S. citizens, these and Mexico's rules simultaneously apply.

If you are promoting Young Living and its products outside of the United States and the audience does not include or reach U.S. citizens, these rules do not apply. In that case, you must comply with the local advertising laws and regulations of the host country. While each country has its own set of laws, here are a few general advertising guidelines that apply in most countries: (i) members should not claim that Young Living essential oils are used to diagnose, treat, cure, or prevent diseases; (ii) since all Young Living essential oil products are registered as cosmetics outside of the United States, members should avoid recommending that these products be taken internally; and (iii) all claims about Young Living's products should be true and not misleading.

Question: May I explore ways to circumvent the rules discussed in this letter?

Answer: Please do not. Young Living desires to have a company and member culture of total compliance with all applicable rules and regulations. In order to create and sustain that culture, we all must comply with the letter and spirit of the law. There is no way to anticipate every scenario you will experience as you share Young Living with the world. As a result, I have simply attempted to explain a few of the rules governing your Young Living business. As you encounter unique scenarios, consider new promotions, and create additional marketing materials, please check yourself to ensure that you are satisfying both the letter and spirit of the rules discussed in this letter.

Question: What can I do to help Young Living in this process?

Answer: First, immediately apply the guidance in this letter to your own personal Young Living business and marketing materials. Second, please assist your teams and organizations in applying these rules to their businesses and marketing materials. Third, watch for many additional tools and materials from Young Living in the coming weeks and months on these topics and incorporate them into the culture of your business. Finally, if you have additional suggestions about how to better educate Young Living members on these rules, please let us know by contacting conduct@youngliving.com.

Question: Whom can I contact for additional information or training about these rules?

Answer: First, we encourage all Young Living members to contact their sponsor for training on these issues. If you do not know who your current sponsor is, please log in to your <u>Virtual Office</u> and find the information under My Account. If additional training is needed, we encourage all Young Living members to contact <u>conduct@youngliving.com</u>. You may also follow the Young Living Conduct and Education team on <u>Facebook</u> for additional information on these rules.