

Terms and Definitions for the Compensation Plan



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These terms and definitions for the Young Living Compensation Plan combine with the Compensation Plan Highlights flyer to form the Compensation Plan. This document includes definitions of words used in the Compensation Plan and a description of the terms of that plan.

Sales organization: Also known as a downline, this encompasses all members located beneath a particular distributor. This includes the distributor and all levels within his or her organization.

Level: The position of a distributor within a sales organization. Those distributors who are immediately sponsored by another distributor would be considered the sponsoring distributor's first level. Those distributors who are sponsored by a distributor's first level would be considered that distributor's second level and so on.

Enroller: The person responsible for personally introducing a new distributor to Young Living.

Sponsor: A distributor's direct upline and main support. The sponsor may also be the enroller.

Upline: Any distributor above another distributor in a sales organization.

Customer: A member who chooses not to build a Young Living business and sell Young Living products but desires only to purchase the product for personal use. Customers need to be sponsored and enrolled by a current Young Living distributor. A customer's purchases apply toward their sponsor's OGV and total sale volume.

Inactive account: Distributors who fail to accrue 50 PV in a calendar month are considered inactive for the month and will not qualify to receive certain payouts from their sales organization. 100 PV is required for all commissions except the Fast Start Bonus and Starter Kit Bonus.

Dropped account: All distributors are required to make a purchase every 12 months in order to avoid having their account dropped, and any agreements will be void (Essential Rewards Autoshop Agreement, Distributor Agreement, etc.). Distributors who allow their accounts to be dropped for inactivity will lose all rights to, claims on, and privileges from their previous sales organization.

Upon losing distributor status due to consecutive inactivity, the distributor's sales organization will "roll up" to the next qualified distributor directly above the dropped distributor. Reactivating distributors have no claim to any sales organization that was lost when they were dropped for inactivity.

Upon reactivating an account, all customers and distributors must meet current Young Living enrollment requirements.

PV minimum: To qualify for retail earnings and enroller-based bonuses and to be considered "active," a distributor must maintain a monthly order of at least 50 PV. In order to qualify for unilevel commissions and all other bonuses, a distributor must maintain a monthly order of at least 100 PV.

Commission period: Young Living considers each commission period to run from 12 midnight, MT, the first day of a calendar month to 11:59 p.m., MT, the last day of a calendar month. The beginning of each month marks a new commission period. Only orders that are received within the commission period (or calendar month) will be considered for rank qualifications and compensation for the period's commission check. All bonuses, commissions, and rank qualifications are based on a calendar-month-to-calendar-month basis. Each commission period resets PV, OGV, and PGV, as well as leg status from the previous commission period. The required qualifications need to be achieved on a monthly basis for rank status. If a member enrolled and/or ordered in the previous month and their sponsor and/or enroller is changed during the first five business days of the month, it can affect the previous month's rank, qualification, and payout.

Personal volume (PV): Many products sold by Young Living have a personal volume (PV) amount assigned to

them. The volume of products that are purchased is reflected in PV. PV is one of the requirements for ranking within the Compensation Plan, and it accumulates throughout each commission period.

Organization group volume (OGV): Organization group volume is the entire sales volume of a sales organization. This can be determined by calculating the sum of the PV of all the distributors and customers within a particular organization. OGV accumulates throughout each commission period.

Personal group volume for Silver and higher ranks (PGV): For Silver or higher ranks in the Compensation Plan, personal group volume is determined by the sales volume of the organization directly supported by the distributor. PGV accumulates throughout each commission period. This is the sum of PV from the distributor down to, but not including, the next Silver or higher rank for each leg of the sales organization. PGV in these cases does not include any Silver or higher rank and the entirety of volume in their organization. PGV also does not include any volume from qualifying legs used for rank qualification in a commission period.

Leg requirements: A leg is the sales organization that extends from each personally sponsored distributor. The qualification status of a leg is determined by the OGV in that leg. A distributor must have at least 100 PV at the top of the leg in order for it to qualify. If a distributor fails to qualify with 100 PV within a calendar month, the qualifying legs under him or her will “roll up,” for rank qualification purposes, to the next qualifying upline with 100 PV. To determine which legs will be used for qualification, the OGV of each leg is taken into account from greatest OGV to least OGV.

Retail earnings: Retail earnings are the amount that is earned by the distributor from the purchases of personally sponsored customers. Young Living treats each customer as the sponsoring distributor’s customer. Young Living pays the qualifying sponsor the difference between the retail and wholesale price of products, if the distributor qualifies as “active” with at least a 50 PV monthly order. See PV Minimum.

Unilevel: Unilevel is a form of commission that is earned through the Compensation Plan. Qualifying distributors earn 8 percent on the sales volume, or PV, of each distributor on the first level within their organization, 5 percent on the second level, and 4 percent on the third through fifth levels.

Compression: In circumstances where a distributor does not meet the 100 PV qualification to earn commissions, his or her volume, if any, is combined, or “compressed,” with all the volume of distributors down to and including the next qualifying distributor in the sales organization with at least 100 PV. This creates a unilevel for commission purposes. For instance, if in the third level a distributor places an order of only 30 PV, then the fourth-level distributor’s PV in the organization who has ordered 100 PV compresses up with the third level for payout purposes. This creates a single unilevel to be paid out with a total of 130 PV for that commission period. Compression maximizes compensation in cases where there are inactive distributors in an organization who may not be purchasing regularly but may have others below them who are doing so.

Personal generation commissions: The sales organization between the distributor down to, but not including, the first Silver in each leg is considered the personal generation. When qualified to receive commissions on a personal generation by ranking as Silver or higher, the distributor is paid 2.5 percent on this volume. Distributors are paid 3 percent on an additional six generations, with 1 percent paid on the seventh generation. This pay is in addition to any other qualified compensation. See Generation Commissions.

Generation commissions: As distributors train and develop new Silvers or higher rank in their sales organizations, the percentage they earn on each additional generation increases to 3 percent. These commissions are paid on up to seven generations, with the seventh being paid at 1 percent.

Member: General term used to describe any Young Living distributor or customer.

Distributor: Any Young Living member who is actively building his or her own Young Living business. To receive compensation, a distributor must be considered active. With 100 PV, the distributor qualifies to receive compensation on the volume of two unilevels in his or her organization (paid at 8 percent and 5 percent, respectively) in addition to any retail earnings, Fast Start, and Starter Kit bonuses.

Distributors who fail to accrue at least 50 PV in a calendar month are considered inactive for the month and will not qualify to receive certain payouts from their sales organization. 100 PV is required for rank qualification and all commissions except the Fast Start and Starter Kit bonuses, which require only a minimum of 50 PV. The PV of

a customer will not count toward commission qualification of the sponsoring distributor. If an account remains inactive for a period of 12 consecutive months, the account will be dropped. See Dropped Account.

Star: To qualify as a Star in the Compensation Plan, a distributor must achieve 100 PV and 500 OGV within a commission period. As a Star, the distributor qualifies to receive compensation on the volume of three unilevels in his or her organization (paid at 8 percent, 5 percent, and 4 percent, respectively) in addition to any retail earnings. Stars may also qualify to receive the Fast Start and Starter Kit bonuses.

Senior Star: To qualify as a Senior Star in the Compensation Plan, a distributor must achieve 100 PV and 2,000 OGV within a commission period. As a Senior Star, the distributor qualifies to receive compensation on the volume of four unilevels in his or her organization (paid at 8 percent, 5 percent, 4 percent, and 4 percent, respectively) in addition to any retail earnings. Senior Stars may also qualify to receive the Fast Start and Starter Kit bonuses.

Executive: To qualify as an Executive, a distributor must achieve 100 PV, 4,000 OGV, and two separate legs with 1,000 OGV each within a commission period. As an Executive, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively) in addition to any retail earnings. Executives may also qualify for the Fast Start and Starter Kit bonuses.

Silver: To qualify as Silver, a distributor must achieve 100 PV, 10,000 OGV, 1,000 PGV, and two separate legs with 4,000 OGV each within a commission period. As a Silver, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively), personal generation commissions (paid at 2.5 percent), generation commissions on two levels (paid at 3 percent), in addition to any retail earnings. Silvers may also qualify for the Fast Start, Starter Kit, and Generation Leadership bonuses.

Gold: To qualify as Gold, a distributor must achieve 100 PV, 35,000 OGV, 1,000 PGV, and three separate legs with 6,000 OGV each within a commission period. As a Gold, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively), personal generation commissions (paid at 2.5 percent), generation commissions on three levels (paid at 3 percent), in addition to any retail earnings. Golds may also qualify for the Fast Start, Starter Kit, and Generation Leadership bonuses.

Platinum: To qualify as Platinum, a distributor must achieve 100 PV, 100,000 OGV, 1,000 PGV, and four separate legs with 8,000 OGV each within a commission period. As Platinum, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively), personal generation commissions (paid at 2.5 percent), generation commissions on four levels (paid at 3 percent), in addition to any retail earnings. Platinums may also qualify for the Fast Start, Starter Kit, and Generation Leadership bonuses.

Diamond: To qualify as Diamond, a distributor must achieve 100 PV, 250,000 OGV, 1,000 PGV, and five separate legs with 15,000 OGV each within a commission period. As Diamond, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively), personal generation commissions (paid at 2.5 percent), generation commissions on five levels (paid at 3 percent), in addition to any retail earnings. Diamonds may also qualify for the Fast Start, Starter Kit, Generation Leadership, and Diamond Express Profit Sharing Pool bonuses.

Crown Diamond: To qualify as Crown Diamond, a distributor must achieve 100 PV, 750,000 OGV, 1,000 PGV, and six separate legs with 20,000 OGV each within a commission period. As Crown Diamond, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively), personal generation commissions (paid at 2.5 percent), generation commissions on six levels (paid at 3 percent), in addition to any retail earnings. Crown Diamonds may also qualify for the Fast Start, Starter Kit, Generation Leadership, and Diamond Express Profit Sharing Pool bonuses.

Royal Crown Diamond: To qualify as Royal Crown Diamond, a distributor must achieve 100 PV, 1,500,000 OGV, 1,000 PGV, and six separate legs with 35,000 OGV each within a commission period. As Royal Crown Diamond, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization (paid

at 8 percent, 5 percent, 4 percent, 4 percent, and 4 percent, respectively), personal generation commissions (paid at 2.5 percent), generation commissions on seven levels (paid at 3 percent, with 1 percent paid on the seventh level), in addition to any retail earnings. Royal Crown Diamonds may also qualify for the Fast Start, Starter Kit, Generation Leadership, and Diamond Express Profit Sharing Pool bonuses.

Fast Start and Starter Kit bonuses: All compensation within Young Living is paid to the sponsor, with the exception of the Fast Start and Starter Kit bonuses, which are paid to the enroller. These bonuses may be earned within a time frame beginning in the calendar month the distributorship is originally initiated. Even if newly enrolled distributors do not place an order with PV during their first month, it is still considered their first calendar month of enrollment. These bonuses can be earned only one time in each 24-month period for an individual enrollee.

When a new retail customer orders, the enroller bonuses are not paid to the enroller.

If a distributor reactivates, these bonuses can pay out to the new enroller if the distributor has been dropped for a period of at least two years. For example: Jane's account drops in January 2018, for the enroller bonuses to be eligible to be paid out to the enroller, Jane would need to wait until January 2020 to reactivate her account. If she reactivates before then, the enroller bonuses will not be eligible to be paid out.

Fast Start Bonus: Young Living distributors are eligible to earn a Fast Start Bonus on all new distributors they personally enroll in the company. This bonus pays 25 percent on the volume of each personally enrolled distributor's total orders placed during the first three calendar months, in addition to base commissions.

Each month the bonus payout of 25 percent is earned by the enroller, a calculation of 10 percent of the same volume can be paid to the second upline enroller if eligible.* A maximum of \$200 may be earned from this bonus per distributor, per month, or \$80 for the second upline enroller.

When the Fast Start Bonus is paid, the PV used to calculate the bonus is reduced by 70 percent for all other commissionable payouts.

Starter Kit Bonus: Young Living distributors can become eligible to earn a \$25 cash bonus in addition to regular commissions each time they personally enroll a new distributor in Young Living and the newly enrolled distributor purchases a premium Starter Kit (the basic kit does not qualify). The Premium Starter Kit must be purchased in the same calendar month the new member enrolls. For example: If the member enrolls any day in January, the member has until January 31 to order a Premium Starter Kit. This is a one-time bonus paid to a new distributor's enroller.

Generation Leadership Bonus: This bonus rewards distributors with shares of 6.25 percent of the company's monthly commissionable sales as leadership ranks are achieved and maintained. Based on paid-as rank, Silvers and higher earn shares for their personal rank as well as on Silvers and higher within their sales organization and on which they earn generation commissions.

A Silver leader earns one personal share plus one share for any Silver or higher rank within the generation payout (two generations).

A Gold leader earns two personal shares, two shares for any Gold or higher rank, and one share for each Silver rank within the generation payout (three generations).

A Platinum leader earns three personal shares, three shares for any Platinum or higher rank, two shares for any Gold rank, and one share for each Silver rank within the generation payout (four generations).

A Diamond leader earns four personal shares, four shares for any Diamond or higher rank, three shares for any Platinum rank, two shares for any Gold rank, and one share for each Silver rank within the generation payout (five generations).

A Crown Diamond leader earns five personal shares, five shares for any Crown Diamond or higher rank, four shares for any Diamond rank, three shares for any Platinum rank, two shares for any Gold rank, and one

share for each Silver rank within the generation payout (six generations).

A Royal Crown Diamond leader earns six personal shares, six shares for any Royal Crown Diamond rank, five shares for any Crown Diamond rank, four shares for any Diamond rank, three shares for any Platinum rank, two shares for any Gold rank, and one share for each Silver rank within the generation payout (seven generations).

Diamond Leadership Bonus: To help our top members earn additional rewards and share their expertise through networking with our members at events, we offer the Diamond Leadership Bonus. The Diamond Leadership Bonus allows paid as Diamond-ranking leaders to earn shares of 0.5 percent of Young Living's monthly commissionable sales and is based on paid-as rank and qualifications met, as described below. Monthly shares allocation:

- Diamonds: One share
- Crown Diamonds: Two shares
- Royal Crown Diamonds: Three shares

Qualifications for the Diamond Leadership Bonus:

- Must be paid as Diamond, Crown Diamond, or Royal Crown Diamond during the commission month to earn shares for that month.
- Existing Diamonds complete one of the following requirements annually to qualify for shares for the following year (note: The 12-month period for existing Diamonds starts at the completion of the initial 12 months; this program is not calendar year-based):
 - Attend at least one complete session of the annual International Grand Convention
 - Attend a full week at one of our annual winter or spring harvests and the full Diamond Retreat

New Diamonds are eligible to qualify each of the first 12 months they meet qualifications to be paid as a Diamond, Crown Diamond, or Royal Crown Diamond for the applicable commission month. The assumption is that new Diamonds are working toward the next year's qualifications during this initial 12-month period as a Diamond.