



Distributor Policies & Procedures Guide



Distributor Policies & Procedures Guide

SGII, Inc. dba SeneGence International (hereinafter referred to as “SeneGence,” or “Company”) is a direct sales company that encourages and supports the use and retail selling of its products through Independent Distributors (hereinafter referred to as “Distributors”) throughout the United States and in such other territories and countries as SeneGence has officially opened up for business. SeneGence is a business built on the highest ethical standards, combining the best of the highest quality ingredients, a unique application system, and a generous marketing program. SeneGence provides its Distributors with the opportunity to improve their personal appearance and financial well-being while helping others to do likewise.

As a Distributor of SeneGence, you are required to understand and agree to comply with the ethics, rules, regulations, policies, and procedures set forth in this *SeneGence International Distributor Policies & Procedures Guide* (hereinafter referred to as the “*Policies & Procedures*” or the “*Policies & Procedures Guide*”) or that may be published by SeneGence at a later date. SeneGence reserves the right to amend and/or revise the *Policies & Procedures* as it deems appropriate at any time by publishing amendments or by revising the *Policies & Procedures* in whole. All amendments and future revisions shall become binding on all Distributors at the time of such publication.

SeneGence expects all Distributors to comply with all federal, state, and local regulations governing Network Marketing and with other applicable laws. It is, therefore, very important that you read and understand the information in this *Policies & Procedures Guide*. If you have any questions regarding any policy, seek an answer from your sponsor, upline leader, or from the SeneGence corporate office. Local standards may vary and it is your responsibility to comply with all laws, regulations, and ordinances of your locality.

Review the information in this *Policies & Procedures Guide* often. It (along with the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, and the *Distributor Compensation Plan*) explains and governs the relationship between you, as an Independent Distributor of SeneGence’s products, and SeneGence.

Section 1: Professional Ethics

SeneGence, recognizing that individuals engaged in direct selling assume certain responsibilities toward both the Company and the consumers/end product users, arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which SeneGence Distributors must adhere in the conduct of their business.

Distributors shall:

1. Be honest and fair in all dealings as a Distributor for SeneGence, conforming to the standards and principles provided by the *World Direct Selling Code of Conduct Toward Consumers*, attached hereto as Appendix A and incorporated herein and made a part hereof for all purposes.
2. Be courteous and respectful to every person contacted in the course of their SeneGence Independent Distributorship business.
3. Perform all of their professional activities in a way that enhances their reputation and the reputation of SeneGence. This includes maintaining a neat and clean personal appearance, as well as displaying products in an orderly and attractive fashion. Refrain at all times from disparaging the good name and reputation of SeneGence, in any manner, including but not limited to comments written or oral, and actions that might reflect negatively upon SeneGence.
4. Fulfill their leadership responsibilities as a sponsor, including training and otherwise supporting the Distributors in their sales organization as described in this *Policies & Procedures Guide*.
5. Not engage in any deceptive, unlawful, or unethical consumer recruiting practices.
6. Make no statements, promises, or testimonials which are likely to mislead consumers or prospective Distributors.
7. Make accurate and truthful offers of products and services with respect to price, grade, quality, make, value, performance, quantity, and availability.
8. Deliver a written order or receipt to consumer at time of sale which sets forth clearly all charges, terms of sale, and the name and address of the Distributor.
9. Make no therapeutic or curative claims for products.
10. Make no claims for any SeneGence products that are not contained in the official Company literature.
11. Make no false or misleading income representations to prospective Distributors.
12. Not solicit from the proprietary rolls or other "genealogical" printouts of other direct marketing companies or otherwise use information held as proprietary by other companies.
13. Conduct their SeneGence Independent Distributorship business in such a way as to respect the products and professionalism of other companies, realizing that SeneGence is an exciting way of bringing a vast array of products and services to the marketplace. In this way, each Distributor will help promote the reputation of all reputable direct marketing companies and further the cause of personal independence and financial freedom for their Distributors.

SeneGence will not abide activity that it considers unethical or unprofessional by its Distributors. SeneGence will intercede when it deems such behavior evident, and reserves the right to use its sole judgment in deciding whether a particular Distributor has acted inappropriately, and to discipline such Distributor, including but not limited to termination of such Distributorship.

Section 2: Distributor Status

A. BECOMING A DISTRIBUTOR

An applicant becomes a Distributor of SeneGence when the applicant deposits the application deposit (where applicable) with SeneGence, and the applicant's completed *Distributor Application and Agreement* has been received and accepted by the SeneGence corporate office.

Prior to acceptance, SeneGence reserves the right to reject a *Distributor Application and Agreement*. This right may be exercised by SeneGence in its absolute and unfettered discretion without reason or explanation. Upon such rejection SeneGence will refund any application deposit submitted by the applicant.

B. INDEPENDENT CONTRACTOR STATUS

Each Distributor is an independent contractor and, therefore, shall never be considered a representative, agent, employee, partner, joint venture, or franchisee of SeneGence. As an independent contractor, each Distributor is responsible for obtaining any license(s) required by law in his or her locality. In addition, each Distributor is responsible for any and all expenses incurred in the operation of his or her Distributorship.

Distributors may not represent themselves in any manner as being a representative, agent, employee, partner, joint venture, or franchisee of SeneGence, nor may Distributors represent themselves as having any authority to bind SeneGence to any obligation or contract.

Distributors are independent contractors for all federal and state tax purposes, and will not be treated as agents, employees, partners, joint ventures, or franchisees with respect to the Internal Revenue Code, Social Security Act, Federal Unemployment Act, state unemployment acts, or any other federal, state, or local statute, ordinance, rule, or regulation.

All Distributors shall comply with all federal, state, and local regulations and ordinances concerning the operation of their businesses. All Distributors are responsible for their own managerial decisions, working hours, methods of sale, and expenditures, including all estimated income and self-employment taxes. At the end of each calendar year, SeneGence will issue an IRS Form 1099 to U.S. Distributors as required by law. Similar and required income or tax reporting will be made in any other territory or country in which a Distributor is conducting business, as required by law.

C. NO PURCHASE REQUIREMENT

No person is required to purchase any SeneGence product or service in order to become a Distributor.

D. ANNUAL RENEWAL

The SeneGence Distributorship is good for a term of one (1) year. Each Distributorship will be renewed automatically unless otherwise noticed by the Company or the Distributor. In addition, Distributors shall pay to SeneGence an annual charge which covers the cost of newsletters, updates, promotions, and other miscellaneous costs. This annual charge will

be due each year on the anniversary of the date the Distributor provided to SeneGence his or her *Distributor Application and Agreement*. If the Distributor does not pay this charge on the anniversary, it will be charged at the time of the Distributor's first order following the anniversary date. By paying this charge, Distributors agree to the current revisions of the *Terms of Application and Agreement*, the *Policies & Procedures*, and the *Distributor Compensation Plan*, which are available on the SeneGence website, www.senegence.com.

E. TERRITORIAL LIMITS

Distributors are authorized to sell SeneGence products only in the country and/or territory in which they were initially sponsored and applied. A Distributor may not sell product, or have any interest in a Distributorship, in more than one country or territory.

All Distributors may sponsor new Distributors in the United States and in any other country or territory which SeneGence has officially opened up for said opportunity, regardless of in which country or territory his or her Distributorship is located.

There are no exclusive territories for marketing or recruiting purposes. No Distributor may sell SeneGence product or sponsor new Distributors within a country or territory which has not been officially opened for business by SeneGence.

No Distributor may purchase product in one country and ship it for sale or other distribution in another country, even if both countries have been officially opened for business by SeneGence. Violations of territorial limits may result in immediate disciplinary action, including but not limited to termination of Distributorship.

F. LEGAL AGE

A Distributor shall be at least eighteen (18) years of age or the age of legal contractual capacity for the state or legal jurisdiction in which the applicant resides.

G. CORPORATIONS, PARTNERSHIPS, AND TRUSTS

Corporations, partnerships, and trusts may become Distributors for SeneGence ONLY if the *Distributor Application and Agreement* is accompanied by copies of:

1. The Articles of Incorporation, Partnership Agreement, or trust documents as filed with the state;
2. A complete list of all directors, officers, and shareholders involved in the corporation (partnerships must disclose all general and limited partners); and
3. Entities doing business under a fictitious business name must provide SeneGence with a conformed copy of its fictitious business name filing.

H. MARRIED COUPLES

Unless the SeneGence Distributorships pre-date the marriage, married couples must be enrolled/sponsored as a single Distributorship entity, and may not have any interest, directly or indirectly, or in any capacity, in another Distributorship. Married individuals may not sponsor each other in any manner. Further, no commission will be paid to one spouse based on the other spouse's purchases, even in the circumstance where the separate Distributorships of each spouse pre-date the marriage. The spouse of a Distributor is considered by SeneGence as having a beneficial interest in the Distributorship, regardless of whether the spouse is registered as an applicant or not. A spouse who wishes to formally register as a Distributor must apply as a co-applicant in his or her spouse's Distributorship.

In no event shall SeneGence be bound, or considered to be bound, by the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, these *Policies and*

Procedures, the Compensation Plan, or any other contractual document or agreement, in regard to any spouse who has not applied and been accepted as a co-applicant in his or her spouse's Distributor Application and Agreement.

I. FICTITIOUS BUSINESS NAMES

A person or entity may apply as a SeneGence Distributor using a fictitious name or "D.B.A." The proper legal name and Social Security Number of the individual or individuals having rights to such fictitious names shall be properly disclosed by providing to SeneGence a conformed copy of the filed application with which they were obtained.

J. IDENTIFICATION NUMBERS

All Distributors are required by federal law to obtain a Social Security Number or Federal Tax Identification Number (or other similar number in the country in which the Distributor is registered), and to provide said number to SeneGence. In addition, SeneGence will assign a Distributor Number to each Distributor, and will use this number to register all Distributors and to provide various services to Distributors.

K. CANCELLATION

The *Distributor Application and Agreement* may be terminated or cancelled at any time and for any reason by a Distributor notifying the SeneGence corporate office in writing of the election to sever the Distributorship relationship.

L. MULTIPLE INTERESTS

An individual may not participate in more than one SeneGence Distributorship. A member of one partnership or corporation that is a Distributor may not be involved in another Distributorship, including having a passive financial interest in such organization.

M. MINIMUM PRODUCT PURCHASE TO MAINTAIN DISTRIBUTORSHIP

After becoming a Distributor, in order to maintain his or her Distributorship, each Distributor must purchase a minimum of 100 PV (\$200 USD retail value) of commissionable product, per each successive six month period following his or her last purchase. Should a Distributor fail to make this minimum purchase, his or her Distributorship will lapse, and thereafter additional purchases from the Company (or the exercise of any Distributor right) will require a new *Distributor Application and Agreement* and an application deposit (where applicable). If a Distributorship lapses pursuant to this provision, the Distributor will lose all status, downline Distributors, and future commissions. If the Distributor chooses to reapply for a Distributorship, it will be as a new Distributor with no status and no downline.

Section 3: Sponsoring and Training

A. SPONSORING

SeneGence Distributors are entitled to sponsor other Distributors in the United States and its territories or possessions, and in any other country or territory which SeneGence has officially opened up for said opportunity, into the SeneGence business. Under no circumstances are Distributors to be recruited, solicited, sponsored, or trained from any country not officially opened by SeneGence to legally do business. Pursuant to the *Distributor Compensation Plan*, Distributors are compensated only for sales as described in the *Distributor Compensation Plan*, not for sponsoring new Distributors.

B. TRAINING REQUIREMENT

Distributors must fulfill the obligation of performing a bona fide sponsoring, supervisory, distributing, and selling function in the sale or delivery of product to the consumer/end product user and in the training of those sponsored. This means that Distributors must have ongoing contact and communication with and provide supervisory support to their downline sales organization, which shall include but not be limited to contact and assistance through the telephone, mail, email, and personal contact, as appropriate and available to foster the success of said downline.

Upon request, Distributors shall provide evidence of their fulfillment of this responsibility, to the satisfaction of the Company. Failure to perform these functions, or to provide such satisfactory evidence of same may result in discipline of the Distributor, up to and including the termination of such Distributorship.

C. MULTIPLE APPLICATIONS

If one applicant submits multiple *Distributor Application and Agreements* listing different sponsors, only the first completed and signed form to be received by the corporate office of SeneGence will be accepted. In any such situation, SeneGence reserves the right to make the final decision, in its sole discretion.

D. CHANGING SPONSORS

Changing of sponsors is not allowed. Our business relies on the building and sustaining of relationships. Once a Distributor is sponsored, SeneGence believes in the maximum protection of that relationship.

E. CROSS-LINE SPONSORING

No SeneGence Distributor shall engage in cross-line sponsoring. Cross-line sponsoring is defined as attempting to encourage existing Distributors to cease or decrease their business building activities under their initial sponsor in order to participate in any way in a SeneGence organization formed under a different sponsor. If a SeneGence Distributor is found to be participating in any way in a cross-line sponsoring endeavor, SeneGence reserves the right to immediately suspend that entity or individual pending a final determination that may ultimately result in termination.

Section 4: Trademarks, Literature, and Advertising

A. USE OF COMPANY'S TRADEMARKED OR COPYRIGHTED MATERIAL

SeneGence will not permit the use of its trademarked or copyrighted material, including but not limited to trademarks, trade names, logos, artwork, and anything that is similar to SeneGence trademarked or copyrighted material (hereinafter referred to as "trademarked or copyrighted material") without prior written permission from the SeneGence Compliance Officer or Legal Department.

B. COMPLIANCE PROCEDURE

SeneGence requires Distributors to obtain prior written permission for any use of its trademarked or copyrighted material. Distributors must provide to the Compliance Officer or Legal Department a final, media-ready copy of any and each use of trademarked or copyrighted material prior to publication or release. The Distributor will then be issued an Approval Number. It is the obligation of the Distributor to maintain a file with Approval Numbers and to provide SeneGence with an Approval Number for a given use upon request.

C. COMPANY MATERIALS

All SeneGence materials, whether on film, digital, printed, displayed on the Internet, transmitted via electronic communications, or produced by sound recording, are copyrighted and may NOT be reproduced without prior written permission from the SeneGence Compliance Officer or Legal Department.

D. COMPANY NAME

A SeneGence Distributor shall not at any time use the SeneGence name or any of its trademarked or copyrighted material as part of his or her own corporation, proprietorship, partnership, or Distributorship business name. A SeneGence Distributor may not hold him or her self out to be, or imply in any other way that he or she is a representative, agent, employee, partner, joint venture, and/or franchisee of the Company. The ONLY authorized use of the SeneGence name by a Distributor is in identifying him or her self as an "Independent Distributor," which identification must be bold, clear, and prominent if used in conjunction with the SeneGence name or any of its trademarked or copyrighted material.

E. PHONE AND VOICEMAIL GREETINGS

Distributors may not answer their phones by saying "SeneGence," may not record voicemail greetings as if they are the corporate office of SeneGence, and may not in any other manner lead callers to believe that they have reached the corporate office of SeneGence instead of an Independent Distributor. Each Distributor must make it clear that they are an "Independent Distributor" of SeneGence.

F. USERNAMES, EMAIL ADDRESSES, TELEPHONE DIRECTORY LISTINGS, AND OTHER DIRECTORY LISTINGS

No username, email address, or other identification of a Distributor may in any manner lead others to believe that the Distributor is the corporate office of SeneGence instead of an Independent Distributor. Telephone directory listings or other directory listings must identify the Distributor boldly, clearly, and prominently as an "Independent Distributor of SeneGence." In addition, all directory listings must be placed under an appropriate topical heading (eg. Cosmetics, Beauty Supplies, Skin Care).

Any confusing or misleading usernames, email addresses, telephone directory listings, other directory listings, and any other confusing or misleading way Distributors identify themselves must be changed by the Distributor immediately, at the request of the Company.

G. RADIO AND TELEVISION

Distributors are prohibited from granting radio, television, newspaper, tabloid, or magazine interviews, from making public appearances and public speaking engagements, and from making any type of statement to the media to publicize SeneGence, its products, or their individual SeneGence Distributorship except with the express prior written approval of the SeneGence Compliance Officer or Legal Department.

H. RECORDING

A SeneGence Distributor, unless specifically permitted in writing in advance by an authorized Company officer, MAY NOT RECORD any talk, presentation, or telephone call (whether made or received), by any company, agent, representative, or employee.

I. NON-COMPANY MATERIALS

A SeneGence Distributor may not make, manufacture, or obtain from any source other than the Company, promotional items or literature of any kind upon which trademarked or copyrighted material is imprinted, without prior written permission from the SeneGence Compliance Officer or Legal Department. This restriction includes all promotional gift items of any kind, all printed materials, and other items SeneGence Distributors may want to give to their customers or to prospective Distributors.

A SeneGence Distributor may not produce, sell, or distribute literature, films, or sound recordings that are deceptively similar in nature to those produced, published, and provided by the Company for its Distributors. Nor may a Distributor purchase, sell, or distribute non-Company materials which imply or suggest that said materials originate from the Company.

J. PRINT MEDIA

Printed advertisements, including display ads (signs, posters, banners, etc.), print ads (magazine, newspaper, etc.), direct mailings, flyers, brochures, and any other printed items containing SeneGence trademarked or copyrighted material must identify the Distributor boldly, clearly, and prominently as an Independent Distributor of SeneGence. Such printed items must be submitted to the Company for approval, and may not be displayed, published, or disseminated without prior written permission from the SeneGence Compliance Officer or Legal Department.

K. BUSINESS CARDS, LETTERHEAD, AND IMPRINTED CHECKS

All business cards, letterhead, imprinted checks, and any other materials utilized by the Distributor must identify the Distributor boldly, clearly, and prominently as an "Independent Distributor" of SeneGence. Any changes and/or additions to the standard layout for business cards must be approved by SeneGence. No business cards, letterhead, imprinted checks, or any other materials utilized by the Distributor may suggest that the owner is the corporate office, and any confusing or misleading materials used by the Distributor shall be changed by the Distributor immediately, at the request of the Company.

L. TESTIMONIAL RELEASE

In consideration of its grant of this Distributorship, SeneGence, its subsidiaries, affiliates, agents, representatives, and anyone authorized by the Company, will have the right to use,

in any and all media, Distributors' photographs, names, likenesses, appearances, images, voices, statements, quotes, letters, endorsements, testimonials, and/or other information and materials supplied by Distributors (hereinafter referred to as "Distributor information and materials"). For this purpose, any and all recorded appearances taken or obtained by SeneGence at any company function at which Distributor is present, shall be conclusively considered to have been supplied by Distributor with such permission and subject to this grant. Under no circumstances shall Distributor be entitled to any consideration for the use of Distributor information and materials by SeneGence.

These rights shall include the right to incorporate Distributor information and materials in video or audio form, print ads, still photographs, catalogs, packaging, package inserts, and all other media. These rights include but are not limited to printing, copyrighting, reproducing, exhibiting, broadcasting, transmitting, publishing, editing, distributing, or otherwise using or licensing others to use Distributor information and materials, in whole or in part, for purposes of advertising and promoting the Company and its subsidiaries and affiliates, or for any other purpose relating to the business of the Company.

The Company's use of a Distributor's information and materials as described above will not violate the rights of the Distributor, or of any person or organization. Said statements will be honest and truthful.

M. INTERNET RESTRICTIONS

The use on the Internet of any SeneGence trademarked or copyrighted material, including but not limited to SeneGence trade names, logos, artwork, and anything that is similar to SeneGence trademarked or copyrighted material, shall be subject at all times to the general requirement that such use be specifically approved in writing by the SeneGence Compliance Officer or Legal Department, prior thereto.

Any use on the Internet of trademarked or copyrighted material must identify the Distributor boldly, clearly, and prominently as an Independent Distributor of SeneGence. When included in listings of any kind, Distributor websites must appear under the most appropriate topical heading available through that service. Where available, such listings can appear only in "Independent Distributor," "Independent Contractor," or "Distributor" categories, and the Distributor must list him or her self as an Independent Distributor rather than as "SeneGence" or anything that could cause consumers to believe that the Distributor is the corporate office or anything other than an Independent Distributor.

The use on the Internet of any trademarked or copyrighted material shall be specifically limited as follows:

1. Prohibited Uses:

- a. Trademarked or copyrighted material shall not be used as any part of a domain name or URL (Internet address). This policy applies to all domain names and URLs, regardless of the universal domain extension utilized.

For example, www.ILoveSeneGence.com, www.ILoveSeneGence.biz, and <http://store.yahoo.com/LipSense.html> are all prohibited uses of trademarked or copyrighted material.

b. Trademarked or copyrighted material shall not be used as any part of a meta tag or website description of a Distributor's website. Further, such material shall not be used anywhere in the HTML source code of a Distributor's website (except as otherwise specifically authorized herein).

c. Distributors may not place buttons, pop-up ads, banners, or any other type of Internet advertisement on any website, or anywhere on the Internet, using trademarked or copyrighted material.

d. Distributors may not offer any SeneGence product for sale on any auction site or other website where sale of product is conducted through the solicitation of offers on the Internet.

e. Distributors may not in any way purposely direct Internet traffic to unapproved websites or allow Internet traffic to be directed to unapproved websites using trademarked or copyrighted material.

2. Limited Uses:

a. Trademarked or copyrighted material shall not be used as part of the content of any website or webpage, except (1) on a Company-approved website (eg. SeneSite), (2) if specifically approved by SeneGence to link to a SeneSite, or (3) as provided to the Distributors by SeneGence as a website page referencing the product and the Distributor's SeneSite.

b. Trademarked or copyrighted material shall not be used by Distributors to register for any Internet search engine or other information retrieval system on the Internet, except that the term "SeneSite" may be used in the registration of a SeneSite for such information retrieval systems.

N. EMAIL SOLICITATIONS

Unsolicited email advertisements ("spam") are specifically prohibited, and shall be deemed to constitute unethical activity by any participating Distributor. It is the sole responsibility of the Distributor to comply with all federal, state, and local laws relating to email marketing programs. Distributors are strongly urged to utilize reputable "opt-in" email address lists exclusively. The use of any trademarked or copyrighted material in an unsolicited email advertisement ("spam") is specifically prohibited.

Distributor, by virtue of his or her distributorship, irrevocably grants to SeneGence the right to communicate to him or her via email, telephone, or any other common method of commercial communication, without regard to 'anti-spam', 'do not call' or other similar regulations, whether based in State, Federal or other jurisdictional law.

O. MASS MAILINGS AND TELEPHONE SOLICITATIONS

The use of trademarked or copyrighted material may not be made with automatic calling devices, "boiler room" operations, or through unsolicited mass mailings to solicit Distributors and/or retail customers.

P. SENESITES

No individual Distributor shall have more than one "SeneSite" within the SeneGence corporate website. Links from within a SeneSite directed to sites outside of the SeneGence website, www.senegence.com, are not permitted unless authorized in writing by the

SeneGence Compliance Officer or Legal Department. All Distributor SeneSites will be audited by SeneGence before release and any time thereafter. SeneGence reserves the right to deny release of or require changes to any SeneSite if the Company deems such action essential to protect the interests of SeneGence and its Distributors. The images displayed on the SeneSite webpages are copyrighted and may not be downloaded or reproduced by Distributors for any purpose.

Q. SOCIAL MEDIA

Social Media is a powerful tool that can create new opportunities and promote brand image if used properly, but it can also be damaging and harmful to businesses. SeneGence promotes these policies to ensure that Distributor and/or SeneGence are not harmed through Distributor's use and participation in Social Media.

It is important to understand and familiarize yourself with the Direct Selling Association's ("DSA") Code of Ethics and follow those guidelines when using all Social Media forums. [**DSA Code of Ethics:** http://www.dsa.org/docs/default-source/Code-of-Ethics/dsa_codeofethics12-18-2015.pdf?sfvrsn=0].

Social Media is any computer-mediated tool that allows people to create, share or exchange information, career benefits, ideas, pictures, videos, etc. through virtual communities and/or computer networks. These virtual communities and/or networks are known by many trade names, including, but not limited to, the following: Facebook[®], LinkedIn[®], Myspace[®], Twitter[®], Instagram[®], Snapchat[®], YouTube[®], and Periscope[®]. These communities also extend to participation in a blog and wiki page.

The use on Social Media of any SeneGence trademarked or copyrighted material, including but not limited to SeneGence trade names, logos, artwork, and anything that is similar to SeneGence trademarked or copyrighted material, shall be subject at all times to the general requirement that such use be specifically approved in writing by the SeneGence Compliance Officer or Legal Department.

Any use on Social Media of trademarked or copyrighted material must identify the Distributor boldly, clearly, and prominently as an Independent Distributor of SeneGence. When included in listings of any kind, Distributor's Social Media user profile must appear under the most appropriate topical heading available through the Social Media provider. The Distributor must identify himself or herself as an Independent Distributor rather than as "SeneGence" or anything that could cause consumers to believe that the Distributor is the corporate office or anything other than an Independent Distributor.

Where available, such listings can appear only in "Independent Distributor," "Independent Contractor," or "Distributor" categories, and the use on Social Media of any trademarked or copyrighted material shall be specifically limited as follows:

1. Prohibited Uses.

a. Trademarked or copyrighted material shall not be used as any part of a user profile, user name, topic identifier, subject identifier or any other means to identify yourself or the subject or topic matter of Distributor's Social Media post and/or comment. This policy applies to any Social Media utilized. All user profiles and/or user names must clearly state Independent Distributor of SeneGence, and include, whenever possible or practicable, your SeneGence independent distributor number.

For example, the use of profile names and/or domain names or any other means to identify yourself on Social Media accounts with names such as, SeneGence Ladies, SeneGence.com/lips, LipSense Lady, BrowSense Broker, SeneGence Store, @senegencelips, @senegence, @lipsense, @senedermsolutions, would all be prohibited uses of trademarked or copyrighted material.

b. Distributors may not place buttons, pop-up ads, banners, or any other type of advertisement on any Social Media post and/or comment using trademarked or copyrighted material, with the exception of SeneGence provided graphics and artwork located in the Distributor Back Office.

c. Distributors may not direct Social Media followers to any auction site or other website where sale of product is conducted on the Internet. Distributor, however, may direct Social Media followers to their SeneSite[™] or their Customer Direct Order Program[™] ("CDO[™]") site, if Distributor participates in the CDO[™] Program.

d. Distributors may not in any way purposely direct Social Media followers to unapproved websites or allow Social Media followers to be directed to unapproved websites using trademarked or copyrighted material.

e. Distributors are prohibited from posting or otherwise communicating in any manner, comments or materials that, in the sole discretion of SeneGence, is harmful to the good name or reputation of SeneGence.

f. Distributors are prohibited from using any trademarks, copyrights, or other intellectual property of any third party, including but not limited to trade names, logos, artwork, and anything that is similar to a third party's trademarked or copyrighted material.

2. Limited Uses.

a. Trademarked or copyrighted material may be used as part of the content of any Social Media post and/or comment if it is: (1) a Company-approved post (e.g. a "share" on Facebook of a Company post, a "retweet" on Twitter of a Company post, etc.); (2) specifically approved by SeneGence prior to posting and/or commenting (e.g. based upon Company distributed marketing materials); (3) provided to the Distributors by SeneGence as an approved Social Media tool referencing the

product and to the Distributor's SeneSite™ (e.g. available in the Back Office); or (4) a stock photo provided to the Distributors by SeneGence for use in marketing and development (e.g. available in the Back Office). Distributors may modify Company provided materials, but any modifications must otherwise comply with the Distributor Policies and Procedures, including Section 4 (Trademarks, Literature, and Advertising).

b. Distributors shall ensure that all trademarks used are properly marked with the appropriate trademark notices indicating federal registration for registered marks or indicating common law notice for unregistered marks. The appropriate statutory notice indicating federal registration of a mark is "®", so that statutory notice would appear, for example, as LipSense®. The appropriate common law notice indicating an unregistered mark is "TM", so the common law notice would appear, for example, as SenseCosmetics™.

c. Trademarked or copyrighted material shall not be used by Distributors to register for any Social Media. For example, such material shall not be used as part of a user name, page name, group name, or web address (URL).

3. Guidelines.

a. Where available, the Distributor is encouraged to participate in a SeneGence Social Media workshop/lecture in order to familiarize themselves with proper use and guidelines of the Social Media networks available to them.

b. If a Distributor participates in Social Media, the following guidelines are designed to protect Distributor and Company. These guidelines will assist Distributor when Distributor uses Social Media to promote your business and build customer loyalty.

Use Your Real Identity

Always use your real identity and properly disclose that you are an Independent Distributor of SeneGence. If a Social Media post and/or comment may lead to confusion about whether or not you are an independent distributor, please note on your post and/or comment, e.g., "I am an Independent Distributor of SeneGence", "Not affiliated with or an employee of SeneGence International", "#independentdistributor", "#distributorad", etc.

Properly Disclose Advertisement Material

To avoid any claims of false or deceptive advertising, always disclose that your post and/or comment is an advertisement, e.g., "Independent Distributor Advertisement", "#ad", "#advertisement", "#sponsored", etc.

Do Not Make Any False Claims

- i. Make accurate and truthful statements in Social Media posts and/or comments of products and services with respect to price, grade, quality, make, value, performance, quantity, and availability.
- ii. Do not make any deceptive, unlawful, or unethical consumer recruiting practices in Social Media posts and/or comments.
- iii. Do not make any statements, promises, or testimonials which are likely to mislead consumers or prospective Distributors in Social Media posts and/or comments.
- iv. Do not make any therapeutic or curative claims for products in Social Media posts and/or comments.
- v. Do not make any claims in Social Media post and/or comments for any SeneGence products that are not contained in the official Company literature.

Only Bind Yourself

Do not commit SeneGence to do or not do any specific conduct. Your position as an independent distributor provides you with no authority to do so.

Avoid Financial Disclosures and/or Earnings Representations

- i. Do not comment or post any statements that disclose actual or implied financial performance or condition of SeneGence. Likewise, do not comment or post any statements that represent the actual or potential sales or earnings of Distributors. Also, do not make any statements that could be deemed a violation of federal or state securities laws such as disclosure of nonpublic information.
- ii. Do not make any lifestyle claims regarding the benefits of a SeneGence Independent Distributorship.

Respect the Privacy of Others and Maintain Your Privacy

Do not ask other Distributors or third-parties for their login credentials and/or passwords to their Social Media accounts. Likewise, do not provide your login credentials and/or passwords to your Social Media accounts to other Distributors or third-parties.

Avoid Malicious, Abusive, Threatening, Defamatory, or False Statements

- i. Social Media posts and/or comments should not be offensive or meant to harm someone's reputation, and should not create a hostile environment due to: age (40 and over); ancestry; color; race; gender; gender identity; gender expression; genetic information; marital status; medical condition, including those related to pregnancy, childbirth, or breastfeeding; denial of family and medical care leave; mental disability; national origin; physical disability; religious creed; sex; sexual orientation; past, current or prospective service in the uniformed services; or any other categories protected under applicable federal, state or local law.
- ii. Do not make any posts or comments that hold SeneGence or another SeneGence Independent Distributor in a bad light or in a manner that may harm the reputation of SeneGence and its Distributors.

Common Sense Principles Should Always Apply

Understanding and implementing these policies is important, but the reality is that Distributor's own experiences with Social Media will demonstrate to the Distributor that the lines between public and private, personal and professional are often skewed and distorted. Should you engage in Social Media, you may be creating perceptions and opinions about Distributor and/or SeneGence without knowing or intending it, and, as such, always conduct your activities with common sense principles; be professional, be straight forward, be appropriate, add value to the social discourse.

Reporting Unethical and/or Unlawful Conduct

If a Distributor witnesses or sees something online that is potentially defamatory, maliciously false, unlawful, and/or unethical conduct against SeneGence, SeneGence trademarked or copyrighted material, and/or another SeneGence Independent Distributor, please do not communicate or converse with the individual and please report such conduct to the SeneGence Compliance Officer or Legal Department immediately.

4. SeneGence Monitoring.

All Distributor Social Media posts and/or comments will be audited by SeneGence at any time. SeneGence reserves the right to require changes or deletion to any Social Media post and/or comments if the Company deems such action essential to protect the interests of SeneGence and its Distributors. If the Distributor fails to comply regarding such change and/or deletion requested, SeneGence reserves the right to suspend and/or terminate Distributor's SeneGence Distributorship, should the Distributor violate these Social Media Policies. The Social Media Policy for Distributor Policies & Procedures Guide is subject to

change at the discretion of the SeneGence Compliance Officer or SeneGence Legal Department.

This policy is not intended to restrict communications or actions protected or required by federal, state or local law.

Section 5: Trade Shows, Expos, and Fairs

A. PARTICIPATION

SeneGence products may be displayed, and the SeneGence business opportunity offered, at official trade shows, expos, fairs, or other publicly-held events.

In order to protect the trademarks and trade names of the Company and its public image, SeneGence reserves the right to restrict Distributor participation in such events, in all respects, including but not limited to pre-approval of the identity and number of Distributors allowed to participate in any such event.

B. CODE OF CONDUCT

Subject to the rights of SeneGence set forth above, SeneGence Distributors may choose to participate in local trade shows, expos, fairs, and other publicly-held events that allow them to sell and display SeneGence trademarked products and literature.

There are certain standards and guidelines which must be adhered to when participating in these types of events, and failure to do so may result in disciplinary action, including the termination of a Distributorship. The following are the guidelines and code of conduct for a SeneGence Distributor when selling at trade shows, expos, fairs, or other publicly-held events:

1. SeneGence Distributors are required to refrain from predatory pricing when selling or displaying SeneGence products. Predatory pricing and such undercutting of other SeneGence Distributors at trade shows, expos, fairs, or other publicly-held events is a particularly serious infringement of another Distributor's right to earn the retail selling profit set forth in the *Distributor Compensation Plan* and to economically participate in said events and the opportunities they present. Conduct of this nature will not be tolerated and is grounds for suspension or termination of the violating person's Distributorship. Nothing herein shall be interpreted to mean that predatory pricing in environments other than trade shows, expos, fairs, and other publicly-held events is condoned or will be allowed by SeneGence.
2. Distributors of SeneGence products may only use Company-produced and/or approved literature and sales support materials when conducting, selling, and sponsoring efforts at public events. This includes banners, posters, art work, sales tickets, product information and brochures, and sponsoring information and brochures. All materials distributed at events must be approved by the SeneGence Compliance Officer or Legal Department according to the procedures described in Section 4, above.
3. Professional conduct and courteous behavior is expected of all Distributors of SeneGence when participating in public venues. Please make sure that the code of conduct between fellow Distributors is clearly understood when selling and sponsoring efforts ensue at these events. It is important that all SeneGence Distributors, whether working together in

a common booth or in separate booths, promote ethical behavior toward one another, and take care not to sell to or sponsor a fellow Distributor's customer or contact.

4. Distributors who intend to participate with others in trade shows or other events are encouraged to make agreements IN WRITING, prior to the event. Important terms for such agreements include: The duration and date of the event, what supplies each Distributor will bring, the number of people who will be working the booth, how each Distributor will recruit during the event (i.e. define how to determine during the show in whose downline new Distributors will be signed up), how sales will be recorded, and how and when proceeds will be divided. The agreement should state that it should not be changed without written assent of all Distributors involved in the event, and all Distributors involved should sign the agreement. SeneGence can only intervene in conflicts arising out of events when a violation of the *Policies & Procedures* has taken place, not in contract disputes between Distributors.

5. When booking trade shows, expos, fairs, or other publicly-held events, the booking or listing must be under the Independent Distributorship, not the Company or product name. However, at the same time, the booking or listing must make clear that the booth or space being rented is for the sale of SeneGence product, so that double booking or overbooking of SeneGence booths at any given event does not occur. In order to make this clear, Distributors must use "SeneGence" as the first word of their listing when they register for any event. For example, a proper listing would say, "SeneGence Independent Distributor/ Jane Smith or "SeneGence/ Lip Colors, Inc., Independent Distributor." It is advised that Distributors specifically ask the promoter if other SeneGence Distributors have signed up for a given event.

6. SeneGence products may not be shown or displayed in the same booth with any other product which competes in the marketplace with any product available through SeneGence or that is sold via multi-level marketing or direct selling methods.

Should you have any questions regarding selling or sponsoring procedures at these types of events, please call SeneGence and ask for our Compliance Officer or Legal Department.

Section 6: Termination or Transfer of Business

A. TRANSFER OF A DISTRIBUTORSHIP – SUCCESSION

A SeneGence Distributorship may not be transferred by any means, except by testamentary transfer through a valid and enforceable written testamentary instrument, and upon the death of a current Distributor in good standing. A Distributorship may not pass intestate or without a valid written testamentary instrument.

All beneficiary transferees must be fully aware that they must conduct SeneGence business in accordance with the *Policies and Procedures* as outlined in this manual and in the *Terms of Application and Agreement*, and must sign a current version of the *Distributor Application and Agreement*. SeneGence reserves the right to approve or disapprove at its sole discretion the proposed beneficiary transferee as an acceptable Distributor. Current SeneGence Distributors are not eligible to accept (by any means, including testamentary) other SeneGence Distributorship(s). Transfer by will or other testamentary instrument shall be handled on an individual basis. Prior to approval of the testamentary transfer of a Distributorship, SeneGence must receive:

1. A certified copy of the decedent's death certificate;
2. A copy of the will, trust, or other valid and enforceable testamentary instrument;

3. If a probate or other court proceeding is involved, a copy of the appropriate letters and/or court order;
4. Payment of a new Distributor application deposit (where applicable) from the beneficiary/transferee (said payment shall not constitute an intent by SeneGence to accept the pending transferee as a Distributor); and
5. A new *Distributor Application and Agreement* from the beneficiary/transferee, completed in full and signed by the appropriate individual(s).

Approved Distributorship transfers must be confirmed in writing by SeneGence and shall be effective as of the first day of the month following the approval of the transfer. SeneGence reserves a minimum of sixty (60) days to approve or disapprove the transfer. Once the transfer of the Distributorship has been approved in writing, the transfer shall be on conditional status for a period of one (1) year from the effective approval date. During this period, it is mandatory that the beneficiary/transferee strictly adhere to the *Terms of Application and Agreement* and to the *Policies & Procedures*.

B. VOLUNTARY TERMINATION

A Distributor may voluntarily terminate his or her Distributorship relationship with SeneGence. Voluntary termination is effective upon receipt of such notice by the SeneGence corporate office. Notification of the termination may be forwarded to affected parties. A Distributor who voluntarily terminates his or her Distributor status may not participate in or apply for a Distributorship with SeneGence, in any form or capacity, either alone or in conjunction with another, until six months after the date of said termination.

Upon notification of cancellation or termination, the Company will repurchase inventory and mandatory sales materials in accordance with its policies. In the event that SeneGence repurchases inventory from a Distributor, that person may not again become a SeneGence Distributor (unless the person has prior written authorization by the Company to again become a Distributor).

C. INVOLUNTARY SUSPENSION/TERMINATION

Any violation of the *Terms of Application and Agreement* or the *Policies & Procedures* could jeopardize certain aspects of the Company's business, or that of the Distributorship. In the event of violation(s), as determined by the SeneGence Legal Department, SeneGence may elect to discipline Distributors, including but not limited to termination of Distributorships.

SeneGence may involuntarily suspend and/or terminate the Distributor status of any SeneGence Distributor who violates the *Terms of Application and Agreement* or the *Policies & Procedures*, as they may be amended and/or revised from time to time. Notice of involuntary suspension and/or termination shall be sent to the Distributor, in a manner consistent with the *Terms of Application and Agreement*, to the Distributor's most recent address as shown in the Company records.

A Distributor who has been so involuntarily terminated may not participate in or apply for a Distributorship with SeneGence, in any form or capacity, either alone or in conjunction with another, until twelve months after the date of said termination. Upon such application, said status may be withheld or refused for any reason or no reason, without explanation.

D. EFFECT OF SUSPENSION/TERMINATION

Upon suspension by SeneGence, the suspended Distributor shall not have the right to represent him or her self as a Distributor for the Company, all rights to order products from the Company shall cease, and any commissions and/or bonuses due may be held in

abeyance by SeneGence pending resolution of any claims by SeneGence, or outstanding monies due to the Company.

Upon termination by SeneGence, the Distributor shall additionally lose all rights and benefits associated with being a SeneGence Distributor, including but not limited to (1) the right to receive any commissions, bonuses, or future payments thereof as a result of commissionable sales and/or downline sales volume, and (2) the right to solicit or sponsor Distributors of SeneGence products.

Termination is retroactive to the beginning of the pay period in which the termination is effective. Payment of commissions and/or bonuses to the terminated Distributor will be made only for business completed during the last full commission period prior to termination.

E. ACTION REVIEW

An involuntarily suspended or terminated Distributor may request that SeneGence review and reconsider the action by submitting, in writing, the grounds for the review or reconsideration. This letter must be sent CERTIFIED U.S. MAIL, RETURN RECEIPT REQUESTED, ACCEPTING SIGNATURE REQUIRED, and must be received by SeneGence within twenty (20) calendar days of the date of mailing of the Company's notice of suspension or termination. If the Company has not received a letter requesting review or reconsideration within the specified time, the Company's action shall automatically become final.

If a Distributor submits a timely request for review, SeneGence will, at its sole discretion, review and reconsider the suspension or termination and notify the Distributor of its decision. The decision of SeneGence shall be final and subject to no further review. If the review or reconsideration is denied, the action shall remain in effect as of the date of original notice.

Section 7: Payment of Commissions and Bonuses

A. RECEIPT OF *DISTRIBUTOR APPLICATION AND AGREEMENT*

Commissions and/or bonuses cannot be earned or paid until a completed *Distributor Application and Agreement* has been received and accepted by SeneGence.

B. COMMISSION PERIOD

Commissions and/or bonuses are calculated based on the Commissionable Volume and Points Volume (or other similar units of measure) achieved in a commission period. Commission periods for product sales shall be the calendar month, ending at 11:59 pm Pacific Time on the last calendar day of the month.

C. PAYMENT OF COMMISSIONS

Payment of commissions to Distributors shall be based upon the *Distributor Compensation Plan*, as it may be amended and/or revised from time to time by SeneGence, in its sole discretion, in order to maintain a current and viable business plan and operation. The *Distributor Compensation Plan* is incorporated herein in its entirety, as though fully set forth.

Distributor commissions and bonuses are calculated on a combination of Commissionable Volume and Point Volume of sales of commissionable product only. Please see the current *Distributor Compensation Plan* for an exact and detailed explanation of this calculation.

Commissionable product includes only that product which is intended for resale to the consumer/end product user by the ordering Distributor. See the *SeneGence Product Order Form* for a list of commissionable product.

The SeneGence New Distributor Kit, Glamour Demonstration Kit, LIPS Kit, and all testers, supplies, SeneStyle items, and other items not for resale are intended as marketing supplies, to be used for the demonstration of product or for the purpose of signing and sponsoring new Distributors. These items are not commissionable resale products and are not used to calculate commissions and bonuses.

SeneGence will credit the Distributor's commissions, if any, to that Distributor's SeneCash account, on the fifteenth of each month following the applicable commission period. Thereafter, on or about the fifteenth of said month, SeneGence will mail the Distributor a check for that amount of the currently earned commissions which the Distributor has not requested to be retained within their SeneCash account.

D. QUALIFIED STATUS

A Distributor qualifies for commissions by purchasing a minimum amount of commissionable product in the applicable commission period. Please see the *Distributor Compensation Plan* for exact and current information pertaining to qualification requirements.

In order to maintain qualified status, a Distributor must also be current on any fees due to SeneGence, and in conformity with all of his or her obligations under the then-current version of the *Distributor Application and Agreement, the Terms of Application and Agreement*, and the *Policies & Procedures*.

E. PROCESSING FEES

SeneGence will charge each Distributor a check handling/processing fee on each commission check made payable to that Distributor.

F. GENEALOGY REQUESTS

SeneGence will, upon request, either at month end or at any other time, provide a Distributor with a genealogy report, which identifies the Distributor's downline and his or her product sales over a commission period. SeneGence may charge a fee for this service and written printout. To the extent that SeneGence makes this information, or any portion thereof, available on its website, there will be no charge to access it.

G. TAX REPORTING

SeneGence will report the commissions paid to each Distributor, as income, to all required tax agencies, including the United States Internal Revenue Service and any applicable state agency, via Form 1099, or other required reporting document or taxing authority for the country in which the Distributor is registered. In addition, any additional awards or bonuses paid to the Distributor will be so reported as a taxable payment.

H. RECORD KEEPING

For practical, business, and personal purposes, SeneGence recommends and advises each Distributor to maintain his or her own complete and accurate records of business expenses and income. Beyond issuing the appropriate taxable income/Distributor forms, SeneGence will not maintain or provide any accounting information concerning Distributor's independent contractor business. SeneGence recommends seeking professional business

and tax accounting advice. In addition, appropriate records must be maintained to comply with the 70% rule (see Section 8B, below).

I. CHARGE-BACKS

If commissionable product is purchased by a Distributor, thereby qualifying his or her upline Distributors for commissions and/or bonuses which are then paid, but the product is thereafter returned, an adjustment will be made by SeneGence, charging back to the Distributor's upline (if appropriate) the Point Value of the returned product and the corresponding monetary value. SeneGence reserves the right to hold such amounts as are necessary to make payment of said charge-backs from any commission check due and from any refund otherwise due to the Distributor.

J. SPECIAL RECOGNITION

SeneGence may, in its sole and unfettered discretion, engage in a program of special recognition of any individual or class of Distributors, based upon their sales volume, Commission Volume, Point Volume, or upon any other criteria as SeneGence determines. SeneGence may continue or discontinue any such program of special recognition at any time and for any reason. Further, SeneGence may include or exclude any Distributor, or any specific order transaction, from said program, in its sole discretion and without reason or explanation.

Section 8: Purchase/Sale of Product

A. PERSONAL USE

The SeneGence program is built upon retail sales to the consumer/end product user. SeneGence recognizes that Distributors may wish to purchase products in reasonable amounts for their own personal use. For this reason, SeneGence will recognize, as a retail sale, purchase(s) in reasonable volumes by Distributors for personal or family use. These purchases may not be made for the purposes of qualification or advancement, and must be consistent with the 70% rule set forth below. It is the strict policy of SeneGence to prohibit the purchase of products in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the *Distributor Compensation Plan*.

B. 70% RULE

As stated above, the SeneGence program is based on sales at retail and not on the stockpiling of products. In placing any wholesale order, the Distributor is certifying that at least 70% of his or her previous SeneGence order has been sold.

Upon request by SeneGence, each Distributor must be able to furnish a statement listing his or her monthly customers. Distributors are also required to keep retail sales receipts on all retail sales for three (3) years, and to make them available for review by SeneGence upon request.

C. DIRECT PURCHASE AND SALE REQUIREMENT

All Distributor wholesale purchases must be made directly from the Company in order to qualify for commissions and/or bonuses. The Company will not accept orders from any source unless a valid *Distributor Application and Agreement* has been received and accepted from the ordering Distributor, in the country in which the product is ordered. Product may only be resold by a Distributor in the country in which he or she is registered as a SeneGence Distributor.

To protect the integrity of the *Distributor Compensation Plan*, Distributors are prohibited from purchasing product for another Distributor or through a delegate of any type. Distributors are specifically prohibited from ordering product for, on behalf of, or in the name of their downline in order to increase their downline sales volume. Commissions will not be due or calculated on any purchase made by or for another Distributor. Any order placed by a Distributor but initially paid for by another Distributor in the purchaser's upline, is conclusively presumed to violate the above rule and will be exempted from all consideration in qualifying for and calculating commissions, recognition, ranking and contest performance. Additional disciplinary action may result if said Distributor activity occurs.

Distributors are additionally prohibited from purchasing product and reselling said product to another individual or entity for secondary sale to consumers, as such sale transactions raise the potential and reality of negatively affecting the SeneGence brand, customer service and guarantee, and the value of the SeneGence business model. Disciplinary action may result if such Distributor activity occurs. The SeneGence business model is founded on the premise of real sales to real customers.

D. PAYMENT OPTIONS

Purchases may be made by credit card. No order will be shipped without proper payment, which must be received by SeneGence prior to shipment.

E. SHIPPING COSTS

Distributors are required to pay shipping and handling costs for all product orders. Should the receiving party of any order refuse delivery and the shipment be returned, the ordering Distributor shall be responsible for all costs.

F. INTERNET ORDERS

This is the preferred method for ordering product and supplies. All Distributors are encouraged to order, and to teach their sponsored Distributors to order, all products and supplies directly from the SeneGence website, www.senegence.com. These orders are processed more efficiently, via real time transaction processing, allowing for more rapid shipment of products. All product orders via the SeneGence website are secured transactions to assure the privacy of credit card or check debit transactions.

Distributors must place all orders themselves, and orders must be for product purchased for the Distributor's own personal use or for resale by the Distributor. Access to order screens on the website will be allowed only with a password chosen by Distributor, and Distributors should not give their password to others. Distributors may change their password at any time by contacting the SeneCare Department. Distributors are responsible for all orders placed with their password.

H. MAIL AND FACSIMILE ORDERS

When ordering by mail or facsimile, Distributors must submit a properly-completed, signed SeneGence Order Form. If information is missing, SeneGence may not be able to process the order and it may be returned. Further, any incomplete or improperly-completed Order Form may result in delay in shipping of product.

Under no circumstances is SeneGence responsible for an order that is delayed in transit or for an order that is received by the Company which is incomplete or accompanied by an invalid form of payment.

I. REPACKAGING PROHIBITED

SeneGence Distributors may not repackage or alter the packaging of SeneGence products in any way.

J. BACKORDERS

In the unlikely event that SeneGence is temporarily out of stock on ordered merchandise, Distributors will receive a “backorder” notice with the shipment of the rest of the ordered items. Distributors will pay for the full order, including the backordered items. The backordered items will be sent as the new inventory arrives, and backorders will be filled with priority over new orders for the same products. Business Volume on backorders is credited to the pay period in which payment for the original order was received by SeneGence. However, if Distributor cancels a backorder after payment, any commissions due or paid, and eligibility for downline commissions or bonuses, will be adjusted or charged back, as appropriate and according to the corresponding Point Value.

K. DAMAGED GOODS

The shipping company is responsible for any damage that occurs after it takes physical custody of the goods. A Distributor who receives damaged goods should:

1. Accept delivery.
2. Before the driver leaves, document on the delivery receipt the items or packages which seem to be damaged.
3. Call the SeneCare Department and request a Return Merchandise Authorization (RMA) Number and a call tag.
4. Save the damaged products or boxes for inspection by the shipping company.
5. After all of these steps are complete, SeneGence will determine on a case by case basis the appropriate action to take regarding replacement of the damaged goods.

L. PRICE CHANGES

All SeneGence product and sales materials prices are subject to change without prior notice. Consult the SeneGence website, www.senegenec.com, or the SeneCare Department for the most up-to-date pricing.

M. RECEIPTS

Distributors will provide all retail purchasers of SeneGence products with a written SeneGence International retail sales receipt which identifies the Distributor and provides his or her contact information.

N. SALES TAX

For purchases made from the Company, SeneGence shall collect and remit any applicable state tax which may be due on the suggested retail selling price of those products and/or materials which are subject to tax. The applicable rate of tax due is based on the address to which the product and/or material is delivered. Distributors who request tax exempt purchases from SeneGence must provide the Company with a true and correct copy of their valid resale exemption certificate or permit showing a resale tax number (in the name of the Distributor) and a signed and completed SeneGence Resale Certificate Form.

However, on any supplies or other product not intended for resale by the Distributor, SeneGence will charge appropriate sales tax, even if the Distributor has a valid resale exemption certificate or permit on file.

O. SUGGESTED RETAIL PRICES AND PREDATORY PRICING

SeneGence provides a reasonable suggested retail price for each of its products, and the calculation of sales tax is based upon this suggested retail price. Distributor is not bound to offer or sell SeneGence products at the Company's suggested retail price and may establish such reasonable price as the Distributor shall determine.

Distributor is prohibited from undertaking predatory pricing of SeneGence products. SeneGence will deem predatory pricing to have occurred if the offer or sale price of SeneGence products by Distributor is at less than Distributor's wholesale cost plus freight and other out-of-pocket expenses relating to the wholesale purchase from SeneGence. Such expenses as are applicable to Distributor's selling methods or venue (eg. trade show costs) plus a factor of 20% of the wholesale price, Distributor's out-of-pocket costs, and other selling expenses. Additionally and alternatively, an offer for sale or sale of SeneGence products at less than 85% of the suggested retail price will be presumed to be predatory pricing until demonstrated and documented by the Distributor to the contrary.

P. RETAIL OUTLETS

SeneGence does not allow Distributors to sell or display its products in retail outlets, except for non-chain store retail outlets owned by the Distributor and having a place of business in three or less locations.

Section 9: Retail Guarantee and Refund

A. RETAIL RETURNS

SeneGence Distributors promise 100% customer satisfaction with an unconditional money-back guarantee (less a 10% handling fee at the option of the Distributor) to all retail customers on product returned. Every SeneGence Distributor is bound by the *Terms of Application and Agreement* and by this *Policy & Procedures Guide* to honor this guarantee. If a retail customer is dissatisfied with any SeneGence product for any reason, then that retail customer may return that product to the Distributor from whom it was purchased, within twelve (12) months from the date of purchase, for either a replacement or a full refund of the purchase price (less 10% at the option of the Distributor). SeneGence will thereafter replace the product for the Distributor.

Distributors may seek a same product replacement in exchange from SeneGence, through SeneGence's Return Merchandise Authorization (RMA) process. If the same product is unavailable, SeneGence may, in its discretion, replace the returned product with a similar product. Exchanges will only be processed by SeneGence if accompanied by the appropriate forms and documents, and a Return Merchandise Authorization (RMA) Number. The required RMA Number must be requested in advance of the return shipment of product, either by telephone request to the SeneCare Department, or online in the Distributor back office on the internet. The original product to be exchanged must be sent back to SeneGence with the RMA documents and a new, same product replacement will be sent back to the Distributor.

B. CONSUMER/END PRODUCT USER'S RIGHT TO CANCEL

Federal law empowers a buyer to cancel certain sales without penalty prior to midnight of the third business day after the transaction. This "cooling off" period covers retail consumer sales of \$25.00 or more that occur away from the seller's main office. In addition, the Distributor must orally inform the consumer/end product user of the three-day right to cancel at the time the buyer signs the contract of sale or purchases the goods.

Some states or localities may have laws requiring the seller of goods to comply with provisions which are more restrictive or less restrictive than the federal law. SeneGence Distributors are required to comply with all federal, state, and local laws of the area in which they conduct business.

In the event that a buyer exercises his or her right to cancel a sale, SeneGence will replace the product for the Distributor, pursuant to SeneGence return policies. If product is returned to a Distributor under the provisions of such an applicable federal, state or local law, Distributor may not deduct a handling fee from the refund amount.

C. DISTRIBUTOR'S RESPONSIBILITY

If a retail customer mails or delivers to a Distributor a valid notice of cancellation of an order prior to midnight on the third business day after ordering or purchasing the product, it must be honored by the Distributor. If the buyer has taken delivery of the goods, they must be returned with the notice in substantially as good condition as when delivered. Within ten (10) business days after receiving the notice, the Distributor must refund all payments made under the contract or sale, without deduction .

D. QUALITY CONTROL – RETURN OF PRODUCT

SeneGence will replace, within thirty (30) days of purchase, any product found by Distributors to be defective, for reasons of quality control. However, no product(s) should be returned to SeneGence without prior approval and an RMA Number. Returns for issues of quality control, if approved, shall be made by SeneGence on all un-saleable or unusable product in the form of replacement of said product. In order to make such a return, the Distributor must call in advance of shipping the product to discuss the apparent problem with the product and obtain an RMA Number from the SeneCare Department at the corporate office of SeneGence.

E. TERMINATION RETURNS

A SeneGence Distributor whose Distributorship is either voluntarily or involuntarily terminated may return all unencumbered, unopened, commissionable product inventory which is returned in reusable and resalable condition that was purchased from SeneGence within the previous twelve (12) months. SeneGence will refund 90% of the net cost to the Distributor less any commissions, prizes, and/or bonuses already paid to the Distributor on said product.

Any return of product, upon termination of a Distributorship, must be preceded by notice to SeneGence and the prior request and receipt of a Return Merchandise Authorization from the Company.

SeneGence will not issue a refund on any product previously certified as sold under the 70% rule. Product not in resalable condition, or otherwise not in conformance with this section, will be returned to the Distributor at the Distributor's cost.

In addition, should a Distributorship be terminated, and said Distributor return product to SeneGence, the Point Value of the returned product and the corresponding monetary value of any commissions or bonuses previously paid to an upline Distributor on that product shall be charged back to the Distributor receiving said payment (if appropriate). Refund payments will be made within 30 days from the date SeneGence acknowledges receipt of the returned product. In the event that SeneGence repurchases inventory from a Distributor, that person may not again become a SeneGence Distributor (unless the person has prior written authorization by the Company to again become a Distributor).

Section 10: Enforcement/General Provisions

A. COMMUNICATION REGARDING VIOLATIONS

It is recognized that on occasion a Distributor may unknowingly violate the rules set forth in the *Terms of Application and Agreement* and in this *Policies & Procedures Guide*. Should that occur, and another Distributor become aware of such violation, it is the responsibility of the Distributor having such knowledge to do the following:

1. Inform the violating Distributor of the rule or provision violated and discuss it with him or her in a friendly and helpful manner, pointing out the reason for the rule and recommending the appropriate conduct and/or remedy. If the violating Distributor agrees to comply in the future and/or to remedy the situation, the complaining Distributor need not notify SeneGence of the alleged violation.
2. Should a violating Distributor, by word or deed, indicate an unwillingness to comply with the rules and provisions of the *Terms of Application and Agreement* and the *Policies & Procedures*, or to remedy any violation, the complaining Distributor should communicate to SeneGence such violation, in writing signed by such Distributor and directed to the SeneGence Compliance Officer or Legal Department. Said written communication should include the names, addresses, and telephone numbers of the Distributors involved, and provide dates, time, places, documentation (if available), and any other pertinent information concerning the alleged violation. The complaining Distributor shall take the utmost care to ensure that the information relayed to SeneGence is accurate and truthful. Anonymous complaints are unacceptable and will not be acted upon by SeneGence.

B. CONFIDENTIALITY

SeneGence will supply reports to the Distributor concerning the Distributor's downline sales organization, as well as other proprietary information concerning formulas, sales and distribution systems, and/or business and marketing information and materials. The Distributor agrees that such information is proprietary, confidential, and trade secret. Unauthorized release of such information can cause severe economic harm to SeneGence and it is transmitted to the Distributor only with the understanding that it shall be held in confidence.

The Distributor also agrees that he or she will neither disclose such information to any third party directly or indirectly, nor use the information to compete with SeneGence directly or indirectly. The Distributor and SeneGence agree that but for this agreement of confidentiality and non-disclosure, the Company would not provide the above confidential trade information to the Distributor. **THIS CONFIDENTIALITY AGREEMENT SPECIFICALLY SURVIVES THE DISTRIBUTOR RELATIONSHIP FOR A PERIOD OF THREE (3) YEARS FROM THE DATE A SENEENCE DISTRIBUTORSHIP IS TERMINATED FOR ANY REASON.**

C. NO COMMUNICATION WITH MANUFACTURERS

Distributors are prohibited from communicating directly or indirectly with the manufacturer of any product sold by SeneGence, and from speaking with such manufacturer's employees, agents, or representatives, except at a SeneGence-sponsored event which the manufacturer or its representative attends at the request of SeneGence.

D. UPDATED LITERATURE, POLICIES, AND INFORMATION

Each Distributor is responsible for learning updated information pertaining to SeneGence and is responsible for the dissemination of accurate information to his or her downline organization. New Company forms and literature may periodically become available and will replace old forms and literature. Once these new forms and literature become available, the replaced items will cease to be effective and valid. NOTE: No credit will be given for outdated materials.

E. SEVERABILITY

If any provision of the *Terms of Application and Agreement* or the *Policies & Procedures* is held to be unenforceable for any reason, such provision shall be fully severable and the remaining terms shall remain in full force and effect and shall be construed as if such unenforceable provisions never comprised a part of either of the aforementioned documents. Furthermore, in lieu of such unenforceable provision, there shall be added automatically in its place, a provision as similar in its terms to such enforceable provision as may be possible, and provision shall be legal, valid, and enforceable.

F. NON-COMPETE

Distributors agree not to compete with the protected business interests of SeneGence by selling or promoting other competing products or opportunities while attending to business or performing duties described hereunder. Each Distributor acknowledges and recognizes that this restriction is necessary for SeneGence to preserve and protect its valuable interests and agrees that an injunction or any other available remedy may be necessary and appropriate for the protection of such interests.

G. NON-SOLICITATION

Distributors of SeneGence agree that during the term, or any renewal term, of their Distributor relationships with SeneGence, and for a period of six (6) months thereafter, they shall not approach, solicit, induce, or entice any Distributor (except personally sponsored), supplier, or employee of SeneGence to enter into any business relationship with any entity which is engaged in direct or network marketing or which sells any product which competes with the products sold by SeneGence. Distributors also agree that they will not, at any time, either during the term of their Distributorships or thereafter, attempt to induce any other Distributor of SeneGence to terminate or alter his or her business relationship with SeneGence.

Each Distributor agrees, acknowledges, and recognizes that this non-solicitation restriction is necessary for SeneGence to preserve and protect its valuable interest and agrees that an injunction and/or any other available remedy may be necessary and appropriate for SeneGence to protect such interests. **IT IS AGREED THAT THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THE AGREEMENT.**

H. NON-WAIVER PROVISION

No failure of SeneGence to exercise any power under these policies or to insist upon strict compliance by a Distributor with any obligation or provision herein, and no custom or practice of the parties at variance with these policies shall constitute a waiver of the Company's rights to demand exact compliance with these policies. Waiver by the Company can be effected only in writing by an authorized officer of SeneGence.

The Company's waiver of any particular default by a Distributor shall not affect or impair the Company's rights with respect to any subsequent default, nor shall it affect in any way the rights or obligations of any other Distributor. Nor shall any delay or omission by SeneGence to exercise any right arising from default affect or impair the rights of SeneGence as to that or any subsequent default.

I. NO CIRCUMVENTION

SeneGence, in its sole discretion, hereby reserves the right to take action or to refuse to take action, as such may be necessary to ensure compliance with its policies or applicable law. Specifically, SeneGence may refuse to honor certain Distributor requests or take other preventative action in situations whereby SeneGence deems a Distributor is acting to circumvent compliance with this *Policies & Procedures Guide*, the *Terms of Application and Agreement*, the *Distributor Compensation Plan*, or applicable law. The preceding is not the exclusive remedy but is cumulative with all other remedies which may be available to SeneGence at law or equity.

J. LIMITATION OF DAMAGES

To the extent permitted by law, SeneGence and its affiliates, shareholders, directors, officers, attorneys, employees, agents, and other representatives shall not be liable for, and Distributor hereby releases the foregoing from, and waives all claims for any loss of profits or incidental, special, exemplary, or consequential damages which may arise out of any claim whatsoever, whether sounding in contract, tort, or strict liability. Furthermore, it is agreed that any damage resulting to Distributor shall not exceed and is hereby limited to the amount of unsold SeneGence product purchased from the Company and owned by the Distributor.

K. INDEMNITY AGREEMENT

Each and every Distributor agrees to indemnify and hold harmless SeneGence and its affiliates, shareholders, directors, officers, attorneys, employees, agents, and other representatives from and against any claim, demand, liability, loss, cost, or expense it may incur, including but not limited to attorney's fees, arising or alleged to have arisen, in connection with or related to that Distributor's business, or violation of any provision herein or of any applicable law. It is further agreed that any unresolved disputes between SeneGence and any Distributor shall be settled by a member of the American Arbitration Board. It is further agreed that the decision of the American Arbitration Judge/Attorney shall be binding upon all parties. See below for further details.

L. ARBITRATION

All disputes, controversies, and claims between any Distributor and SeneGence shall be totally and finally settled by binding arbitration, conducted pursuant to the *Terms of Application and Agreement*.

It is agreed that if a Distributor files a claim or counterclaim against SeneGence such shall be on an individual basis and not in conjunction with another Distributor or as part of a class action. This agreement to submit to arbitration shall survive the termination or expiration of the *Distributor Application and Agreement*.

There shall be one arbitrator selected from the panel provided by the American Arbitration Association. The arbitrator shall be a licensed attorney with business transaction expertise, preferably experienced in the direct selling industry. The decision of the arbitrator shall be final and binding upon the parties and may be reduced to a judgment in any court of competent jurisdiction.

Nothing in this section shall be construed to prevent SeneGence from obtaining available emergency relief, including but not limited to a temporary or permanent injunction or writ of attachment to safeguard the protected interests of SeneGence prior to, during, or following any arbitration or other proceeding. Each party shall be responsible for its own costs and expenses related to the arbitration or other proceeding, including all attorney and filing fees.

M. ENTIRE AGREEMENT

The *Terms of Application and Agreement*, the *Policies & Procedures*, and the *Distributor Compensation Plan*, as may be amended and/or revised, are incorporated into the *Distributor Application and Agreement*. These documents constitute the entire agreement of the parties regarding their business relationship.

N. OTHER AGREEMENTS

The Distributor acknowledges and agrees that entering into this Distributorship does not violate or breach any other agreements the Distributor may have with any other person or entity.

O. RIGHT TO AMEND

In order to maintain a current and viable business, SeneGence reserves, and shall have, the right to amend, delete, replace, revise, or otherwise modify the *Distributor Application and Agreement*, the *Terms of Application and Agreement*, the *Policies & Procedures*, and the *Distributor Compensation Plan* without notice. In addition, SeneGence reserves, and shall have, the right to change at any time its wholesale or suggested retail prices, product availability, and product formulation as it deems appropriate.

Such amendments or revisions shall be immediately effective and binding upon publication and notice to all Distributors through any of the following methods: (1) posting on the SeneGence website, (2) printing in the SeneGence Newsletter, (3) delivery by email, (4) delivery by regular U.S. Mail, or (5) delivery by any means otherwise set forth in the Terms of Application and Agreement then in effect.

