

# POLICIES AND PROCEDURES

January, 2017

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## **SECTION 1 – PURPOSES OF POLICIES AND PROCEDURES**

LifeVantage Corporation has developed the following guidelines to assist in the success of the Company and its Independent Distributors. These Policies and Procedures will help provide the following benefits:

- 1) Protect the rights of all Independent Distributors by providing a framework within which each Independent Distributor may work in an ethical, effective and secure manner.
- 2) Provide an equal and level playing field of opportunity to all LifeVantage Independent Distributors.
- 3) Define the contractual relationship between LifeVantage and its Independent Distributors.
- 4) Inform Independent Distributors regarding compliance issues and regulatory requirements LifeVantage requires that all Independent Distributors understand and abide by these Policies and Procedures as we work together in promoting the LifeVantage products and opportunity.

## SECTION 2 – INTRODUCTION

### 2.1 – Policies and Procedures Incorporated into Independent Distributor Agreement

These Policies and Procedures, in their present form and as amended from time to time at the sole discretion of LifeVantage Corporation (“LifeVantage®” or the “Company”), are incorporated into, and form an integral part of, the LifeVantage Independent Distributor Agreement. Throughout these Policies and Procedures, when the term “Agreement” is used, it collectively refers to the LifeVantage Independent Distributor Application and Agreement, the Terms and Conditions, these Policies and Procedures and the LifeVantage Compensation Plan. These documents are incorporated by reference into the LifeVantage Independent Distributor Agreement. It is the responsibility of each Independent Distributor to read, understand, adhere to and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When enrolling a new Independent Distributor, it is the responsibility of the Enroller to provide the most current version of these Policies and Procedures and the LifeVantage Compensation Plan to the applicant prior to his or her execution of the Independent Distributor Application and Agreement.

### 2.2 – Purpose of Policies

LifeVantage is a direct sales company that markets products through Independent Distributors. It is important that all Independent Distributors understand that their success is dependent upon the integrity of all who market LifeVantage products. To clearly define the relationship that exists between Independent Distributors and LifeVantage, and to explicitly set standards for acceptable business conduct, LifeVantage has established the Agreement. LifeVantage Independent Distributors are required to comply with all the terms and conditions set forth in the Agreement, as well as all federal, state and local laws governing their business and their conduct. It is very important that all Independent Distributors read and abide by the Agreement. Please review the information in this document carefully. It explains and governs the relationship between Independent Distributors and the Company. Any questions regarding any policy or rule should be directed to LifeVantage.

### 2.3 – Changes to the Agreement

Because federal, state and local laws, as well as the business environment periodically change, LifeVantage reserves the right to amend the Agreement (including, without limitation, the Independent Distributor Application and Agreement, Compensation Plan, Terms and Conditions, and Policies and Procedures) and its prices and product offering in its sole and absolute discretion. The Company shall provide or make available to all Independent Distributors a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company’s official website; (2) electronic mail (e-mail); (3) fax-on-demand; (4) voice mail system broadcast; (5) inclusion in Company periodicals; (6) inclusion in product orders or bonus checks; or (7) special mailings from the Company. The most current and controlling version will be located at [www.LifeVantage.com](http://www.LifeVantage.com). It is the responsibility of all Independent Distributors to regularly review [www.LifeVantage.com](http://www.LifeVantage.com) for the most recently published amendment(s). Once the amendment(s) are published, the Independent Distributor(s) may elect to accept the amendment(s) or reject them. If the Independent Distributor rejects them, their Agreement will terminate and will not be renewed. If the Independent Distributor continues to purchase or sell Company products, enroll and/or accept rebates, commissions or bonuses from LifeVantage, such actions shall be deemed acceptance of any amendments.

### 2.4 – Delays

LifeVantage shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party’s source of supply, or government decrees or orders.

### 2.5 – Severability

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement.

## 2.6 – Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of an Independent Distributor. No failure of LifeVantage to exercise any right or power under the Agreement or to insist upon strict compliance by an Independent Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of LifeVantage's right to demand exact compliance with the Agreement. Waiver by LifeVantage can be affected only in writing by an authorized officer of the Company. LifeVantage's waiver of any particular breach by an Independent Distributor shall not affect or impair LifeVantage's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Independent Distributor. Nor shall any delay or omission by LifeVantage to exercise any right arising from a breach affect or impair LifeVantage's rights as to that or any subsequent breach. The allegation or existence of any claim or cause of action of an Independent Distributor against LifeVantage shall not constitute a defense to LifeVantage's enforcement of any term or provision of the Agreement.

## SECTION 3 – BECOMING AN INDEPENDENT DISTRIBUTOR

### RULES OF CONDUCT

Independent Distributors promise to:

- 1) Handle themselves and their operations and conduct as an Independent Distributor honestly, morally and legally.
- 2) Keep their activities honorable to reflect well on themselves and on LifeVantage.
- 3) Speak well of LifeVantage, as well as competitors.
- 4) Honestly present the product in keeping with what is set forth in the LifeVantage literature, including references to health claims and benefits.
- 5) Explain the Compensation Plan honestly and completely as set forth in the LifeVantage corporate materials.
- 6) Respect the privacy of others and keep their personal earnings and the earnings of others private.
- 7) Take their Enroller and Upline responsibilities seriously, including, without limitation, readily training, aiding and supporting those in their Downline.
- 8) Abide by the product guarantee and return policies for themselves and for their customers.
- 9) Respect the professional relationships between LifeVantage and any of its advisors, endorsers or affiliates by speaking of them appropriately as set forth in the LifeVantage policies and refraining from making contact with them.
- 10) Direct all media inquiries to LifeVantage.
- 11) Maintain professional business relationship and avoid conflicts of interest with other Independent Distributors and their Enrollees.
- 12) Adhere to the Agreement.
- 13) Conduct their Independent Distributorship professionally in order to help protect the LifeVantage opportunity for all.

### 3.1 – Requirements to Become an Independent Distributor

To become a LifeVantage Independent Distributor, each applicant must:

- 1) Be a minimum of eighteen (18) years of age;
- 2) Have a valid Social Security or Federal Tax ID number;
- 3) Purchase a LifeVantage Start Kit (not applicable in North Dakota); and
- 4) Submit a properly completed and signed Independent Distributor Application and Agreement to LifeVantage.

The Company reserves the right to reject any applications for a new Independent Distributor or applications for renewal in its sole and absolute discretion. The Agreement is effective upon acceptance of the Independent Distributor Application and Agreement by the Company.

### 3.2 – New Independent Distributor Registration by Phone, Fax or Internet

In addition to registering online or with a hard-copy Independent Distributor Application and Agreement, an applicant may call LifeVantage Distributor Support during regular business hours to receive a temporary Independent Distributor Identification Number (“DIN”) and a temporary authorization for a new Independent Distributor. (See the front of the Independent Distributor Application and Agreement for phone numbers.) The applicant must be able to provide all necessary information over the telephone. A new Independent Distributor Start Kit must be ordered at that time using a valid credit card. When phoning in an application, until LifeVantage has received the hard copy with all current information from the Independent Distributor (by fax or mail), the Independent Distributor’s account will be on hold and not allowed to receive commissions. The new Independent Distributor’s DIN and authorization will be valid for thirty (30) days, pending receipt of the completed and signed original Independent Distributor Application and Agreement by LifeVantage. Once the original Independent Distributor Application and Agreement is received by LifeVantage, the new Independent Distributor Agreement will be extended to one (1) full year from the date on which the DIN was issued. If the new Independent Distributor Application and Agreement is not received within the temporary 30-day time period, the temporary authorization will expire, the DIN will be cancelled, and the Independent Distributor Application and Agreement will be automatically terminated. An applicant may also register by faxing a properly completed Independent Distributor Application and Agreement to LifeVantage. Independent Distributors registering by fax must use a credit card to purchase the Start Kit and must ensure that they fax both the front and back of the Independent Distributor Application and Agreement to LifeVantage. The correct fax number is listed on the Independent Distributor Application and Agreement.

### 3.3 – Renewal of a LifeVantage Independent Distributorship

The term of the Agreement is one (1) year from the date of its acceptance by LifeVantage. A renewal fee will be required and billed each successive year on the yearly anniversary date of the Agreement. Once the annual renewal fee has been collected, the Agreement will be renewed provided the Independent Distributor is in good standing and the Agreement has not been cancelled as provided herein.

## SECTION 4 – OPERATING A LIFEVANTAGE INDEPENDENT DISTRIBUTORSHIP

### 4.1 – Adherence to the LifeVantage Compensation Plan

Independent Distributors must adhere to the terms of the LifeVantage Compensation Plan as set forth in official LifeVantage literature. Independent Distributors shall not offer the LifeVantage opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official LifeVantage literature. Independent Distributors shall not require or encourage other current or prospective Independent Distributors to participate in LifeVantage in any manner that varies from the program as set forth in official LifeVantage materials. Independent Distributors shall not require or encourage other current or prospective Independent Distributors to execute any agreement or contract other than official LifeVantage agreements and contracts in order to become a LifeVantage Independent Distributor. Similarly, Independent Distributors shall not require or encourage other current or prospective Independent Distributors to make any purchase from, or payment to, any individual or other entity to participate in the LifeVantage Compensation Plan other than those purchases or payments identified as recommended or required in official LifeVantage literature.

### 4.2 – Business Entities

A corporation, limited liability company, partnership, trust, or local equivalent may apply to be a LifeVantage Independent Distributor by submitting a Business Entity form to LifeVantage. If an Independent Distributor has enrolled online, such form must be submitted to LifeVantage within thirty (30) days of the online Enrollment. (If not received within the 30-day period, the Independent Distributor Application and Agreement shall automatically terminate.) A LifeVantage Independent Distributorship may change its status under the same Enroller from an individual to a partnership, corporation, trust or local equivalent or from one type of entity to another by requesting a Name Change Request Form and a Business Entity Form from the LifeVantage Compliance Department. The Business Entity form must be signed by all of the shareholders, partners, trustees, members or owners of the relevant Business Entity. Members of the relevant Business Entity are jointly and severally liable for any indebtedness, liability or other obligation to LifeVantage. A Business Entity may have a second and third position only as they are earned as “multiple Business Centers” as described in the LifeVantage Compensation Plan.

### 4.3 – Minors

A person who is recognized as a minor in his or her state of residence may not be a LifeVantage Independent Distributor. Independent Distributors shall not enroll or recruit minors into the LifeVantage program.

### 4.4 – One LifeVantage Independent Distributorship per Person and two per Household

Except as provided in this Section 4.4, an Independent Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, member, owner or beneficiary, in only one LifeVantage Independent Distributorship. Individuals of the same family unit may not enter into or have an interest in more than two LifeVantage Independent Distributorships (see Section 6.5 “Stacking”). A “family unit” is defined as spouses (as further defined below) and dependent children living at or doing business at the same address. In order to maintain the integrity of the LifeVantage Compensation Plan, spouses who wish to become separate LifeVantage Independent Distributors must each sign a separate Independent Distributor Application and Agreement, and must have the same Enroller. A person may be “placed” in his or her spouse’s Independent Distributorship as long as they have the same Enroller. An individual may have a second and third position only as they are earned as “multiple Business Centers” as described in the LifeVantage Compensation Plan.

#### 4.4.1 – Actions of Household Members or Affiliated Individuals

If any member of an Independent Distributor’s Immediate Household engages in any activity which, if performed by the Independent Distributor, would violate any provision of the Agreement, such activity will be deemed a violation by the Independent Distributor and LifeVantage may take disciplinary action pursuant to the Agreement against the Independent Distributor. Similarly, if any individual associated in any way with a Business Entity (collectively “Affiliated Individual”) violates the Agreement, such action(s) will be deemed a violation by the entity, and LifeVantage may take disciplinary action against the Business Entity.

### 4.5 – Independent Contractor Status

Independent Distributors are independent contractors, not employees of the Company. Independent Distributors are not purchasers of a franchise or a business opportunity. The Agreement between LifeVantage and its Independent Distributors does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the Independent Distributor. An Independent Distributor is responsible for paying all applicable local, state and federal taxes due from all compensation earned as an Independent Distributor of the Company. An Independent Distributor has no authority (expressed or implied) to bind the Company to any obligation. Each Independent Distributor shall establish his or her own goals, hours and methods of sale, so long as he or she complies with the terms of the Agreement and all applicable laws.

### 4.6 – Enrolling/ Placing or Sponsoring

All active Independent Distributors in good standing may enroll and place (sponsor) others into the LifeVantage program. Each prospective Direct Retail Customer, Preferred Customer or Independent Distributor has the ultimate right to choose his or her own Enroller and Placement Sponsor. If two Independent Distributors claim to be the Enroller and/or Placement Sponsor of the same new Independent Distributor, Preferred Customer or Direct Retail Customer, the Company shall presume that the first application received by the Company is controlling.

### 4.7 – Changes to a LifeVantage Independent Distributorship

#### 4.7.1 – General

Each Independent Distributor must immediately notify LifeVantage of all changes to the information contained on his or her Independent Distributor Application and Agreement. Independent Distributors may modify their existing Independent Distributor Application and Agreement (i.e., change Social Security number to Federal I.D. number, or change the form of ownership from an individual proprietorship to a Business Entity owned by the Independent Distributor) by submitting a written request for a Name Change Request Form, a properly executed Independent Distributor Application and Agreement, and appropriate supporting documentation. LifeVantage may, at its discretion, require notarized documents before implementing any changes to a LifeVantage Independent Distributorship. Please allow thirty (30) days after the receipt of the request by LifeVantage for processing.



#### 4.7.2 – Addition of Co-Applicant

When adding a co-applicant (either an individual or a Business Entity) to an existing LifeVantage Independent Distributorship, the Company requires a written request, as well as a properly completed Independent Distributor Application and Agreement containing the applicant and co-applicant's Social Security Numbers and signatures. To prevent the circumvention of Section 4.9 (regarding transfers and assignments of a LifeVantage Independent Distributorship), the original applicant must remain as the main party to the original Independent Distributor Application and Agreement. If the original Independent Distributor wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her Independent Distributorship in accordance with Section 4.9. If this process is not followed, the Independent Distributorship may be cancelled by LifeVantage upon the withdrawal of the original Independent Distributor. All bonus and commission checks will be sent to the address of record of the original Independent Distributor. Please note that the modifications permitted within the scope of this Section 4.7.2 do not include a change of Enroller or Placement Sponsor. Changes of Enroller or Placement Sponsor are addressed in Sections 4.7.3 and 4.7.4 below. There is a processing fee for each change requested, which must be included with the written request and the completed Independent Distributor Application and Agreement.

#### 4.7.3 – Change of Enroller

To protect the integrity of all Marketing Organizations and safeguard the hard work of all Independent Distributors, LifeVantage strongly discourages changes in Enrollers or Placement Sponsors. Maintaining the integrity of placement is critical for the success of every Independent Distributor and Marketing Organization. Accordingly, the transfer request of a LifeVantage Independent Distributorship from one Enroller to another is subject to review and any change will be at the sole discretion of the Company.

The Independent Distributor seeking to transfer/change submits a properly completed and fully executed Enroller Change Request Form, which includes the written approval of his or her Enroller and immediate five (5) Enroller Upline Independent Distributors. Photocopied or facsimile signatures are not acceptable. The Independent Distributor who requests the transfer must submit a processing fee for administrative charges and data processing. If the transferring Independent Distributor also wants to move any of the Independent Distributors in his or her Marketing Organization, each Downline Independent Distributor must obtain a properly completed Enroller Change Request Form and return it to LifeVantage with the processing fee (i.e., the transferring/changing Independent Distributor and each Independent Distributor in his or her Marketing Organization multiplied by the processing fee is the cost to move a LifeVantage organization.) Downline Independent Distributors will not be moved with the transferring/changing Independent Distributor unless all of the requirements of this section are met.

Additionally, a change of enroller will be considered in the following two (2) circumstances: In cases involving fraudulent inducement or unethical sponsoring, an Independent Distributor may request that he or she be transferred/changed to another organization with his or her entire Marketing Organization intact. All requests for transfer/change alleging fraudulent enrollment practices shall be evaluated on a case-by-case basis and will be made at the sole discretion of the Company.

Transferring/changing Independent Distributors must allow thirty (30) days after the receipt of the Enroller Change Request Form by LifeVantage for processing while a decision is being made.

#### 4.7.4 – Change of Placement Sponsor

New Enrollees that have not been placed under a particular Placement Sponsor at the time of enrollment will, by default, be placed Front Line (as further defined below) to their Enroller. If a Placement Sponsor has not been selected by the end of the first thirty (30) days of enrollment, then their Enroller becomes their Placement Sponsor and changes thereafter must be made in accordance with and through a properly completed and fully executed Placement Sponsor Change Request form, which includes the written approval of his or her immediate nine (9) Placement Sponsor Upline Independent Distributors. The Independent Distributor who requests the change must submit a processing fee for administrative charges and data processing. Changing Independent Distributors must allow thirty (30) days after the receipt of the Placement Sponsor Change Request form by LifeVantage for processing while a decision is being made.

#### 4.7.5 – Cancellation and Reapplication

An Independent Distributor may change Marketing Organizations by voluntarily cancelling his or her LifeVantage Independent Distributorship and remaining inactive (i.e., no purchases of LifeVantage products for resale, no sales of LifeVantage products, no enrolling, no attendance at any LifeVantage functions, participation in any other form of Independent Distributor activity, or operation of any other LifeVantage Independent Distributorship) for six (6) full calendar months. Following the six (6) month period of inactivity, the former Independent Distributor may reapply under a new Enroller. LifeVantage will consider waiving the six (6) month waiting period under exceptional circumstances. Such requests for waiver must be submitted to LifeVantage in writing.

#### 4.8 – Roll-up of Marketing Organization

When a vacancy occurs in a Marketing Organization due to the termination of a LifeVantage Independent Distributorship, each Independent Distributor or Customer in the first level immediately below the terminated Independent Distributor on the date of the Cancellation will be moved to the first level (“Front Line”) of the terminated Independent Distributor’s Placement Sponsor (compresses up one level within the Placement Sponsor tree).

#### 4.9 – Sale, Transfer or Assignment of a LifeVantage Independent Distributorship

Although a LifeVantage Independent Distributorship is a privately owned, independently operated distributorship, the sale, transfer or assignment of a LifeVantage Independent Distributorship is subject to certain limitations. If an Independent Distributor wishes to sell his or her LifeVantage Independent Distributorship, the following criteria must be met:

- 1) If the buyer is an active LifeVantage Independent Distributor, he or she must first terminate his or her LifeVantage Independent Distributorship and wait at least six (6) months before becoming eligible to purchase another Independent Distributorship.
- 2) The transaction must be approved by LifeVantage in its sole discretion.
- 3) The selling Independent Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a LifeVantage Independent Distributorship.
- 4) Prior to selling a LifeVantage Independent Distributorship, the selling Independent Distributor must notify LifeVantage, in writing, of his or her intent to sell the LifeVantage Independent Distributorship. No changes in line of enrollment can result from the sale or transfer of a LifeVantage Independent Distributorship.
- 5) The selling Independent Distributor must wait a period of six (6) months from the date of the sale, transfer or assignment of their LifeVantage Independent Distributorship before her or she will be eligible to again enroll as a LifeVantage Independent Distributor.

#### 4.10 – Separation of a LifeVantage Independent Distributorship

LifeVantage Independent Distributors sometimes operate their LifeVantage Independent Distributorships as husband-wife through a Business Entity. At such time as a marriage ends, or a Business Entity dissolves, arrangements must be made to assure that any separation or division of the Business Entity is accomplished so as not to adversely affect the interests and income of other Independent Distributors upline or downline of the distributorship. If the separating parties fail to provide for the best interests of other Independent Distributors and the Company, LifeVantage may involuntarily and immediately terminate the Agreement and roll-up their Independent Distributorship and its entire Marketing Organization pursuant to Section 4.8.

Under no circumstances will the Downline of divorcing or legally separating spouses or a dissolving Business Entity be divided based on the requests or desires of the divorcing or legally separating parties. Similarly, under no circumstances will LifeVantage split commission and bonus checks between divorcing or legally separating spouses or members of dissolving Business Entities. LifeVantage will recognize only one downline and will issue only one commission check per LifeVantage Independent Distributorship per commission cycle. Commission checks shall be issued to the individual or Business Entity on the Distributorship. In the event that parties to a divorce or dissolution

proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the Independent Distributorship, commissions will continue to be paid to the primary member on the account. If a former spouse or a former Affiliated Individual has completely relinquished all rights in their original LifeVantage Independent Distributorship, they are thereafter free to Enroll under any Enroller of their choosing, so long as they meet the waiting period requirements set forth in Section 4.7.5. In such case, however, the former spouse or partner shall have no rights to any downline in their former Marketing Organization. The former spouse or partner must develop the new Marketing Organization in the same manner as would any other new Independent Distributor.

#### **4.11 – Succession**

Upon the death of or incapacitation of an Independent Distributor, his or her Independent Distributorship may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, an Independent Distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a LifeVantage Independent Distributorship is transferred by a will or other testamentary process, the legal successor in interest acquires the right to collect all Financial Distributions (as defined in Section 12) of the deceased Independent Distributor's Marketing Organization provided the following qualifications are met. The successor(s) in interest must:

- 1) Execute an Independent Distributor Application and Agreement;
- 2) Comply with terms and provisions of the Agreement;
- 3) Meet all of the qualifications for the deceased Independent Distributor's status;
- 4) Financial Distributions of a LifeVantage Independent Distributorship transferred pursuant to this Section 4.11 will be paid in a single check jointly to the legal successor(s) in interest. Such successor(s) must provide LifeVantage with an "address of record" to which all Financial Distributions checks will be sent.
- 5) If the Independent Distributorship is bequeathed to multiple legal successors in interest, they must form a Business Entity and acquire a federal taxpayer identification number. LifeVantage will issue all Financial Distributions and a Form 1099 as required by the IRS.

#### **4.12 – Transfer Upon Death of an Independent Distributor**

To effect a testamentary transfer of a LifeVantage Independent Distributorship, the successor in interest must provide the following to LifeVantage:

- 1) A certified copy of the death certificate;
- 2) A notarized copy of the will or other instrument establishing the successor's right to the LifeVantage Independent Distributorship; and
- 3) A completed and executed Independent Distributor Application and Agreement.

If the successor in interest is already a LifeVantage Independent Distributor, the Company may grant exception to the one Distributorship per Household rule upon written request from the successor in interest.

#### **4.13 – Transfer Upon Incapacitation of an Independent Distributor**

To effect a transfer of a LifeVantage Independent Distributorship because of incapacity, a legally appointed representative must provide the following to LifeVantage: (1) a notarized copy of an appointment as trustee or other legally appointed representative; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the LifeVantage Independent Distributorship; and (3) a completed Independent Distributor Application and Agreement executed by the trustee.

If the representative in interest is already a LifeVantage Independent Distributor, the Company may grant exception to the One Distributorship per Household rule upon written request from the representative in interest.

#### 4.14 – Errors or Questions

If an Independent Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports or credit card charges, the Independent Distributor must notify LifeVantage in writing within sixty (60) days of the date of the purported error or incident in question. LifeVantage will not be responsible for any errors, omissions or problems not reported to the Company within sixty (60) days of the purported error or incident in question.

## SECTION 5 – RESPONSIBILITIES OF INDEPENDENT DISTRIBUTORS

### 5.1 – Change of Address, Telephone or E-mail

To ensure timely delivery of products, support materials and commission checks, it is critically important that LifeVantage's files are current. Street addresses are required for shipping since LifeVantage product will not be delivered to a post office box. Independent Distributors planning to move should send any change of address, telephone or e-mail to LifeVantage's Corporate Offices – Attention: Distributor Support Department. If an Independent Distributor is presently on the Autoship program, the Autoship will automatically be updated to the new address. If more than one change of address notice or Autoship Agreement has been submitted to LifeVantage, the most recent one will supersede previous notices or Agreements. Please allow thirty (30) days after the receipt of the notice or Agreement by LifeVantage for processing.

### 5.2 – Continuing Development Obligations

#### 5.2.1 – Ongoing Training

Successful Independent Distributors perform a bona fide assistance and training function to ensure that their downline is properly operating their LifeVantage Independent Distributorship. Successful Independent Distributors have ongoing contact and communication with the Independent Distributors in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail and the accompaniment of downline Independent Distributors to LifeVantage meetings, training sessions and other functions. Successful upline Independent Distributors also motivate and train new Independent Distributors in LifeVantage product knowledge, effective sales techniques, the LifeVantage Compensation Plan and compliance with the Company Policies and Procedures. Communication with and the training of Downline Independent Distributors must not, however, violate Section 8.1 (regarding the development of Independent Distributors in their Downline Organizations) to ensure that Downline Independent Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request by LifeVantage, every Independent Distributor should be able to provide documented evidence to LifeVantage of his or her ongoing efforts as a mentor and an Enroller.

#### 5.2.2 – Increased Training Responsibilities

As Independent Distributors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge and understanding of the LifeVantage program. They may be called upon from time to time to share this knowledge with lesser experienced Independent Distributors within their Marketing Organization.

#### 5.2.3 – Ongoing Sales Responsibilities

Regardless of their level of achievement, successful Independent Distributors are continually and personally promoting sales through the generation of new customers, through servicing their existing customers and through sales to Retail and Preferred Customers.

### 5.3 – Non-Disparagement

LifeVantage wants to provide its Independent Distributors with the best products, Compensation Plan and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Distributor Support Department. Independent Distributors should not, however, dispar-

age, demean or make negative remarks about LifeVantage, other LifeVantage Independent Distributors, LifeVantage's products, the Compensation Plan, or LifeVantage's directors, officers or employees.

#### 5.4 – Providing Documentation to Applicants

An Enroller must provide the most current version of the Policies and Procedures and the Compensation Plan to the individual(s) whom he or she is considering to enroll to become an Independent Distributor before such applicant signs an Independent Distributor Application and Agreement. Current copies of the Policies and Procedures and the Compensation Plan may be found on the official LifeVantage website.

#### 5.5 – Reporting Policy Violations

Independent Distributors who become aware of a policy violation by another Independent Distributor should submit a written report of the violation directly to the attention of the LifeVantage Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report.

#### 5.6 – No Claims of Special Privileges

No claims may be made or implied that any Independent Distributor has advantages with or special privileges with the Company or is in any way exempt from the same obligations and requirements of every other LifeVantage Independent Distributor.

## SECTION 6 – CONFLICTS OF INTEREST

Independent Distributors may participate in other direct selling or network marketing or multilevel marketing ventures (collectively "Network Marketing Ventures"), and Independent Distributors may engage in selling activities related to non-LifeVantage products and services if they desire to do so. If an Independent Distributor elects to participate in another Network Marketing Venture, in order to avoid conflicts of interest and loyalties, Independent Distributors must adhere to the following:

#### 6.1 – Non-Solicitation

During the term of the Agreement, an Independent Distributor shall not engage in any actual or attempted recruitment or enrollment of a LifeVantage Independent Distributor for other Network Marketing Ventures, either directly or through a third party. This includes, but is not limited to, presenting or assisting in the presentation of another Network Marketing Venture to any LifeVantage Independent Distributor or Customer, or implicitly or explicitly encouraging any LifeVantage Independent Distributor or Customer to join another Network Marketing Venture.

- 1) For a period of two (2) years following the Cancellation of an Independent Distributor's Agreement, the former Independent Distributor is strictly prohibited from recruiting any LifeVantage Independent Distributor, Preferred Customer or Direct Retail Customer for another Network Marketing Venture. By signing the Independent Distributor Application and Agreement, each Independent Distributor acknowledges and agrees that the Company is trying to protect legitimate business interests by this prohibition and such prohibition is reasonable in its scope and duration.
- 2) During the term of the Agreement, an Independent Distributor may not:
  - a) Produce, offer or transfer any literature, tapes, CDs, DVDs or other promotional material of any nature for another Network Marketing Venture which is used by the Independent Distributor or any third person to recruit LifeVantage Independent Distributors, Preferred Customers or Direct Retail Customers for that Network Marketing Venture;
  - b) Sell, offer to sell, or promote any competing non-LifeVantage products or services to LifeVantage Independent Distributors, Preferred Customers or Direct Retail Customers (any product in the same generic product category as a LifeVantage product is deemed to be competing (e.g., any nutritional supplement is in the same generic category as LifeVantage's nutritional supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content));

- c) Offer LifeVantage products or promote the LifeVantage Compensation Plan in conjunction with any non-LifeVantage products, services, business plan, opportunity or incentive; or
- d) Offer any non-LifeVantage products, services, business plan, opportunity or incentive at any LifeVantage meeting, seminar, launch, convention or other LifeVantage function, or immediately following such event.

## 6.2 – Targeting Other Direct Sellers

LifeVantage does not encourage Independent Distributors to target the sales force of another direct sales company to sell LifeVantage products to become Independent Distributors for LifeVantage, nor does LifeVantage encourage Independent Distributors to solicit or entice members of the sales force of another direct sales company to violate the terms of their contract with such other company.

## 6.3 – Cross-Sponsoring

Actual or attempted cross-sponsoring is strictly prohibited. “Cross-Sponsoring” is defined as the enrollment of an individual or entity that already has a current customer or Independent Distributor Application and Agreement on file with LifeVantage, or that has had such an agreement within the preceding six (6) calendar months, within a different line of sponsorship. The use of a spouse’s or relative’s name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy or any other provision of the Agreement is strictly prohibited. Independent Distributors shall not demean, discredit or defame other LifeVantage Independent Distributors in an attempt to entice another Independent Distributor to become part of the first Independent Distributor’s Marketing Organization. Notwithstanding the foregoing, this policy shall not prohibit the transfer of a LifeVantage Independent Distributorship in accordance with Section 4.9. If Cross-Sponsoring is discovered, it must be brought to the Company’s attention immediately. LifeVantage may take action against the Independent Distributor who changed Marketing Organizations and/or those Independent Distributors who encouraged or participated in the Cross-Sponsoring. LifeVantage may also move all or part of the offending Independent Distributor’s downline to his or her original Downline organization if the Company deems it equitable and feasible to do so. However, LifeVantage is under no obligation to move the Cross-Sponsored Independent Distributor’s Downline Organization, and the ultimate disposition of the Marketing Organization remains within the sole discretion of LifeVantage. Independent Distributors waive all claims and causes of action against LifeVantage arising from or relating to the disposition of the Cross-Sponsored Independent Distributor’s Downline Organization.

## 6.4 – Holding Applications or Orders

Independent Distributors must not manipulate enrollments of new applicants and the purchase of products. All Independent Distributor Applications and Agreements, and product orders must be sent to LifeVantage within forty-eight (48) hours from the time they are signed by an Independent Distributor or placed by a Retail Customer, respectively (see Section 6.5 “Stacking”).

## 6.5 – Stacking

“Stacking” is strictly prohibited. The term Stacking includes: (1) the failure to transmit to LifeVantage or the holding of an Independent Distributor Application and Agreement in excess of two (2) business days after its execution (see Section 6.4); (2) violating the two Independent Distributorships per household rule (see Section 4.4); and/or (3) enrolling fictitious individuals or Business Entities into the LifeVantage program (see Section 10.4 “Bonus Buying Prohibited”).

# SECTION 7 – COMMUNICATION AND CONFIDENTIALITY WITHIN A LIFEVANTAGE INDEPENDENT DISTRIBUTORSHIP

## 7.1 – Downline Activity Reports

Downline Activity Reports are available for Independent Distributor access and viewing at LifeVantage’s official website. Independent Distributor access to their Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets and are owned exclusively by LifeVantage. Downline Activity Reports are provided to Indepen-

dent Distributors in strictest confidence and are made available to Independent Distributors for the sole purpose of assisting Independent Distributors in working with their respective Downline Organizations in the development of their LifeVantage Independent Distributorship. Independent Distributors should use their Downline Activity Reports to assist, motivate and train their Downline Independent Distributors and support their customers. The Independent Distributor and LifeVantage acknowledge and agree that, but for this agreement of confidentiality and nondisclosure, LifeVantage would not provide Downline Activity Reports to the Independent Distributor. An Independent Distributor shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- 1) Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- 2) Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;
- 3) Use the information to compete with LifeVantage or for any purpose other than promoting his or her LifeVantage Independent Distributorship;
- 4) Recruit or solicit any Independent Distributor, Preferred Customer or Direct Retail Customer of LifeVantage listed on any Downline Activity Report, or in any manner attempt to influence or induce any Independent Distributor, Preferred Customer or Direct Retail Customer, to alter their business relationship with LifeVantage;
- 5) Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report. Upon demand by the Company, any current or former Independent Distributor will return the original and all copies of Downline Activity Reports to the Company; and
- 6) It is a violation of these Policies and Procedures for an Independent Distributor or a third party to access this data via reverse engineering, keystroke monitoring or by any other means.

## 7.2 – Communication Opt-in

Independent Distributor agrees that LifeVantage or a party acting on its behalf may contact you by telephone using automated technology (e.g., an auto-dialer or pre-recorded messaging), text messaging or email. You consent and agree to LifeVantage contacting you in this manner at the telephone number(s) or email address that you provided or as updated. You understand that your carrier's standard rates may apply for calls and text messages. You understand that you may opt-out of receiving text messages at any time by replying "STOP". You understand that your consent is not a condition of purchase. You consent and agree to the LifeVantage privacy policy when you sign and submit this Distributor Agreement.

## SECTION 8 – ADVERTISING

### 8.1 – General

In order to safeguard and promote the good reputation and established brands of LifeVantage and its products and ensure that the promotion of LifeVantage, the LifeVantage opportunity, the Compensation Plan, and LifeVantage products are consistent with the public interest and avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices, all Independent Distributors, except those with significant experience and who have achieved the rank of Elite Pro 7 or higher (see below in this same section 8.1), are encouraged to use the sales aids and support materials produced by LifeVantage. The Company has carefully designed its products, product labels, Compensation Plan and promotional materials to ensure that the presentation of each aspect of LifeVantage is fair, truthful, substantiated and complies with the vast and complex legal requirements of federal, state and other applicable local laws.

#### 8.1.1 – Approval of Materials

In the event that an experienced Independent Distributor, who has achieved the rank of Elite Pro 7 or higher, produces supplemental marketing material of any kind including, but not limited to, advertisements of any media type, flyers, brochures, CDs, audio recordings, posters, or banners, LifeVantage requires that such be submitted

to the Company's Compliance Department for approval before it may be used or made public. All such proposed materials may be mailed to LifeVantage Compliance Department, 9785 South Monroe Street, Suite 300, Sandy, Utah 84070, faxed to (855) 836-4925, or emailed to [compliance@lifevantage.com](mailto:compliance@lifevantage.com). Unless the Independent Distributor receives specific written approval to use such materials the request shall be deemed denied. Also, LifeVantage reserves the right, at its discretion, to edit or discontinue previously approved Independent Distributor materials. All such materials may not be sold and may only be offered free of charge.

### 8.1.2 – Right to Rescind

LifeVantage further reserves the right to rescind approval for any sales tools, promotional materials, advertisements or other literature, and Independent Distributors waive all claims for damages or remuneration arising from or relating to such rescission.

### 8.1.3 – Strict Compliance Required

Independent Distributors may not make any claims stating that documents or materials that they have written or produced have been given approval from the LifeVantage Compliance Department or that they are "compliance-approved" even if they have received approval through the Compliance Department for their marketing materials. As these compliance policies are vital to the long-term stability of LifeVantage and the preservation of the opportunity for all, violations of these policies will be strictly enforced. Failure to obtain approval for supplemental marketing materials of any kind and/or failure to implement the policies in any material may result in any of the actions set forth in Section 14.1 including, without limitation, the following:

- 1) Formal warning letter and/or probation;
- 2) Suspension of commissions;
- 3) Termination of the Independent Distributor Agreement; and/or
- 4) Possible litigation.

## 8.2 – Trademarks and Copyrights

No Independent Distributor shall use LifeVantage's trade names, trademarks, designs, or symbols without LifeVantage's prior, written permission. For example, except in limited circumstances specifically addressed herein, Independent Distributors may not use or attempt to register "LifeVantage," "Protandim," "LifeVantage True-Science," "The Nrf2 Synergizer," "LFVN," "McCord," "Dr. McCord" or any of LifeVantage's trademarks, other product names or any derivatives thereof connected with the Company for use in any Internet domain name, Internet/search engine adwords (see Section 8.5.17 "Search Engines"), social pages or blogs, e-mail address, user name, team names, telephone numbers or any other address or title or online aliases that could cause confusion or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from or is the property of LifeVantage. Independent Distributors may not produce for sale or distribution any recorded Company events or speeches without the prior written permission from LifeVantage. Independent Distributors may not reproduce for sale or other use any recording of Company produced audio or digital media presentations.

The names "LifeVantage," "Protandim" and other names as may be adopted by LifeVantage are examples of proprietary Company trade names, trademarks and service marks. As such, these marks are of great value to LifeVantage and are supplied to Independent Distributors for their use only in an expressly authorized manner. Use of LifeVantage's marks on any item not produced by the Company is prohibited except as follows:

Independent Distributor's Name  
LifeVantage® Independent Distributor

All Independent Distributors must list themselves as a "LifeVantage Independent Distributor" in any advertising medium under their own name. No Independent Distributor may place, use or display ads using LifeVantage's name or logo. Independent Distributors may not answer the telephone by saying "LifeVantage," "LifeVantage Corporation," or in any other manner that would lead the caller to believe that he or she has reached corporate offices of LifeVantage. Similarly, Independent Distributors are prohibited from using the names of persons or companies, trademarks, designs or symbols to further their LifeVantage Independent Distributorship without the written consent of the owner.



### **8.3 – Unauthorized Claims and Actions**

#### **8.3.1 – Indemnification**

An Independent Distributor is fully responsible for all of his or her verbal and written statements made regarding LifeVantage products and the Compensation Plan which are not expressly contained in official LifeVantage materials. Independent Distributors agree to indemnify LifeVantage and its directors, officers, employees and agents, and hold them harmless from any and all liability including, but not limited to, judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by LifeVantage as a result of the Independent Distributor's unauthorized representations or actions. This provision shall survive the termination of the Agreement.

#### **8.3.2 – Product Claims**

No claims, which include personal testimonials, as to therapeutic, curative or beneficial properties of any products offered by LifeVantage may be made except those contained in official LifeVantage materials. In particular, no Independent Distributor may make any claim that LifeVantage products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases or signs or symptoms of disease. Not only are such claims violations of LifeVantage policies, but they potentially violate applicable laws, including, but not limited to, federal and state laws and regulations, such as the Federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

An Independent Distributor that provides product experience testimonials in any medium should use care to disclose their affiliation with LifeVantage, i.e., "LifeVantage® Independent Distributor;" be honest in their testimonial personal experience and assert that they are not claiming that their experience is the typical result experienced by consumers.

#### **8.3.3 – Income Claims**

In their enthusiasm to enroll prospective Independent Distributors, some Independent Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing and LifeVantage in particular. This is counterproductive because new Independent Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At LifeVantage, we firmly believe that the LifeVantage income potential is great enough to be highly attractive, without reporting the earnings of others. Moreover, there are laws and regulations that regulate, or even prohibit, certain types of income claims and testimonials made by persons engaged in network marketing. While Independent Distributors may believe it beneficial to provide copies of checks or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact LifeVantage as well as the Independent Distributor making the claim, unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because LifeVantage Independent Distributors do not have the data necessary to comply with the legal requirements for making income claims, an Independent Distributor, when presenting or discussing the LifeVantage opportunity or Compensation Plan to a prospective Independent Distributor, may not make income projections, income claims or disclose his or her LifeVantage income (including the showing of checks, copies of checks, bank statements or tax records). Hypothetical income examples that are used to explain the operation of the Compensation Plan and which are based solely on mathematical projections, may be made to prospective Independent Distributors, so long as the Independent Distributor who uses such hypothetical examples makes clear to the prospective Independent Distributor(s) that such earnings are hypothetical and the Independent Distributor provides the prospect with a copy of the most current income disclosure chart prepared by the Company.

#### **8.3.4 – Use of Celebrity Names and Likeness**

No names or likeness of a celebrity may be published by Independent Distributors in association with LifeVantage without prior written approval of LifeVantage.

#### **8.3.5 – Interaction with Scientific Advisory Board and other Company Consultants**

LifeVantage is uniquely positioned in the marketplace by its special relationship with many preeminent scientific, marketing, public relations, business and legal professionals. In the interest of preserving these relationships for the benefit of all Independent Distributors and the Company, Independent Distributors must: (1) adhere strictly to

the Company's advertising policies; and (2) refrain from any contact with any member of the Company's Board of Directors, Scientific Advisory Board or other consultant or advisor of the Company, without the express prior written consent of the Company.

### **8.3.6 – Governmental Approval or Endorsement**

Government regulatory agencies do not approve or endorse any direct selling or network marketing companies or programs. Therefore, Independent Distributors shall not represent or imply that LifeVantage or its Compensation Plan has been "approved," "endorsed" or otherwise sanctioned by any government agency.

## **8.4 – Mass Media**

### **8.4.1 – Promotions Utilizing Mass Media Prohibited**

Except as otherwise specifically authorized herein, Independent Distributors may not use any form of media or other mass communication advertising to promote the products or opportunity. This includes news stories or promotional pieces on TV shows, newscasts, entertainment shows, Internet ads, etc. Products may be promoted only by personal contact or by literature produced and distributed by the Company or by Independent Distributors in accordance with these Policies and Procedures. Independent Distributors may place generic opportunity advertisements in jurisdictions allowing that type of advertisement, but only in accordance with the Policies and Procedures of the Company and in compliance with applicable law.

### **8.4.2 – Media Interviews**

Independent Distributors may not promote the Products or opportunity through interviews with the media, articles in publications, news reports, press releases or any other public information, trade or industry information source, unless specifically authorized, in writing, by the Company. This includes private, paid membership or "closed group" publications. Independent Distributors may not speak to the media on the Company's behalf and may not represent that they have been authorized by the Company to speak on its behalf. All media contacts or inquiries should be immediately referred to the Marketing Communications Department of the Company.

## **8.5 – Internet**

### **8.5.1 – General**

Regardless of compliance with the policies and procedures set forth herein, all LifeVantage Independent Distributors are personally responsible for their online postings and all other online activity that relates to LifeVantage. Therefore, even if a LifeVantage Independent Distributor does not own or operate a blog or social media site, if a LifeVantage Independent Distributor posts to any such site that relates to LifeVantage or which can be traced to LifeVantage, the LifeVantage Independent Distributor is responsible for the posting and must act in a way that builds, strengthens and enhances LifeVantage's reputation, image and standing in the community. LifeVantage Independent Distributors are also responsible for postings which occur on any external website that the LifeVantage Independent Distributor owns, operates or controls.

LifeVantage Independent Distributors must disclose their full names on all relevant social media profiles that relate to LifeVantage and its products or business, and each must conspicuously identify himself or herself as a "LifeVantage Independent Distributor." Anonymous postings or use of an alias is prohibited.

LifeVantage Independent Distributors must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. Determination of what is inappropriate is at LifeVantage's sole discretion, and offending LifeVantage Independent Distributors will be subject to disciplinary action.

LifeVantage Independent Distributors may not use blog spam, spam-dexing or any other mass-replicated methods to leave comments on any website, blog or message board. Comments Independent Distributors create or leave online must be useful, unique, relevant and specific to the blog's article.

As a general rule, LifeVantage Independent Distributors may not use any geographic references in the page names/titles or URLs of their LifeVantage-related social media or external websites. For purposes of clarification and the avoidance of doubt, other than for a Default URL or an approved amendment to a Default URL, LifeVantage Independent Distributors may not use the terms “LifeVantage,” “Protandim” or any derivation thereof, in any external website address or related URL (e.g., www.jillsellsProtandim.com or www.blogspot.lifevantageofstlouis.com).

Any External Website which contains “LifeVantage” or “Protandim,” other LifeVantage product and program names, or any derivation thereof in the URL, must be transferred to LifeVantage or closed/terminated upon demand by LifeVantage. In no event may the LifeVantage Independent Distributor sell such domain name to any third party without the prior express written consent of LifeVantage.

### **8.5.2 – Independent Distributor Websites**

If an Independent Distributor desires to utilize an Internet web page to promote his or her Independent Distributorship, he or she may do so only through the Company’s replicated website program, using the official LifeVantage template. This program permits Independent Distributors to advertise on the Internet and to use a home page design that can be personalized with the Independent Distributor’s contact information. These websites give the Independent Distributor a professional and Company-approved presence on the Internet. Online sales may only be generated from an Independent Distributor’s LifeVantage replicated website.

An Independent Distributor shall not use “blind” ads on the Internet that make product or income claims which are ultimately associated with LifeVantage products, the LifeVantage opportunity or the LifeVantage Compensation Plan.

### **8.5.3 – Social Media and Other Internet Use**

Independent Distributors may use the Internet, social networking sites, blogs, social media and applications, and other sites that have content that is based on user participation and user-generated content, forums, wikis and podcasts to do the following:

- 1) Communicate preliminary information about LifeVantage or their involvement with LifeVantage;
- 2) Direct users to their LifeVantage replicated website; and
- 3) Post LifeVantage-produced business support materials from LifeVantage corporate sources such as LifeVantage Pro and LV Share mobile apps, or downloaded from LifeVantage’s virtual office library.

Such use is permitted provided that it (1) is incidental to the primary use of the website or forum, (2) does not contain any false or misleading information about LifeVantage, its products or business opportunities, and (3) conforms to the other policies set forth herein, including, without limitation, the policies related to the use of LifeVantage’s trademarks, trade names and other intellectual property.

#### **8.5.3.1 – The Official LifeVantage Public Facebook (or similar) Pages**

LifeVantage has an official public Facebook page which it uses to invite potential customers and investors to investigate the Company. It is not intended to be used by LifeVantage Independent Distributors to sell product or promote their business or to interact with other distributors or consumers. As such, LifeVantage Independent Distributors may not place linking information on the public LifeVantage Facebook page, nor may they post any pricing, promotions, marketing material, sales, advertisements, or announcements relating to their businesses. LifeVantage reserves the right to remove any messages posted on the official Company Facebook page as determined in its sole discretion.

#### **8.5.3.2 – Closed Independent Distributor Facebook (or similar) Pages**

LifeVantage will also create a closed corporate Facebook community for company and Independent Distributor use. Independent Distributors may also create a closed group and may utilize such group to educate, discuss and disseminate information about LifeVantage, its products, science and business opportunity amongst themselves. Independent Distributors may join these groups only with the consent of LifeVantage, and all content and discussions will be password protected and closed to the public. No Independent Distributor shall allow access to or disseminate information from such groups.

#### **8.5.4 – Use of Third-Party Intellectual Property**

If LifeVantage Independent Distributors use the trademarks, trade names, service marks, copyrights or intellectual property of any third party in any online posting, it is their responsibility to ensure that they have received the proper license to use such intellectual property and pay the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third party, and the Independent Distributor must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

#### **8.5.5 – Respecting Privacy**

LifeVantage Independent Distributors must always respect the privacy of others in their postings. They must not engage in gossip or advance rumors about any individual, company or competitive products or services. LifeVantage Independent Distributors may not list the names of other individuals or entities on their postings unless they have the written permission of the individual or entity that is the subject of their posting.

#### **8.5.6 – Professionalism**

LifeVantage Independent Distributors must ensure that their postings are truthful and accurate. This requires that they fact-check all material they post online. They should also carefully check their postings for spelling, punctuation and grammatical errors. Use of offensive language is prohibited.

#### **8.5.7 – Prohibited Postings**

LifeVantage Independent Distributors may not make any postings or link to any postings or other material that:

- 1) Is sexually explicit, obscene or pornographic;
- 2) Is offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- 3) Is graphically violent, including any violent video game images;
- 4) Is solicitous of any unlawful behavior;
- 5) Engages in personal attacks on any individual, group or entity; or
- 6) Is in violation of any intellectual property rights of the Company or any third party.

#### **8.5.8 – Responding to Negative Online Posts**

LifeVantage Independent Distributors should not converse with one who places a negative post against them, other LifeVantage Independent Distributors or LifeVantage. They should report negative posts to the Company at [compliance@lifevantage.com](mailto:compliance@lifevantage.com). Responding to such negative posts simply fuels a discussion with persons carrying a grudge that does not hold themselves to the same high standards as LifeVantage, and therefore damages the reputation and goodwill of LifeVantage.

#### **8.5.9 – Cancellation of Your LifeVantage Business**

If a LifeVantage Independent Distributor's LifeVantage business is cancelled for any reason, he or she must discontinue using the LifeVantage name, and all of LifeVantage's trademarks, trade names, service marks and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all external websites that he or she utilize. If a LifeVantage Independent Distributor's post on any social media site on which they have previously identified themselves as a LifeVantage Independent Distributor representative, they must conspicuously disclose that they are no longer an Independent LifeVantage Independent Distributor.

#### **8.5.10 – E-mail**

Independent Distributors must use the following disclaimers within any email correspondence when discussing LifeVantage or the LifeVantage opportunity or program:

The sender of this email is an Independent Distributor of LifeVantage and as such is an independent contractor of LifeVantage. Independent Distributors are not employees of LifeVantage. If you have questions about the

company, please contact Distributor Support by phone (866) 460-7241 or fax at (855) 676-9280, or email, at distributorsupport@lifevantage.com. This email message (including attachments) contains information which may be confidential and/or legally privileged. Unless you are the intended recipient, you may not use, copy or disclose to anyone the message or any information contained in the message or from any attachments that were sent with this email. If you have received this email message in error, please advise the sender by email, and delete the message. Unauthorized disclosure and/or use of information contained in this email may result in civil and criminal liability.

#### **8.5.11 – Online Classifieds**

Current and former Independent Distributors may not use online classifieds (including, but not limited to, Craigslist) to list, sell or retail specific LifeVantage products, product bundles or the opportunity.

#### **8.5.12 – Online Auctions and Online Retailing**

LifeVantage's products and program may not be listed or offered for sale on: (1) eBay or any other online auctions; or (2) any retail store or ecommerce site (including without limitation Amazon.com or similar online retailers), with the exception of the Independent Distributor's own Replicated Website. Independent Distributors may obtain the then-current product images and descriptions from the Tool Tab in their Virtual Office, which Independent Distributors may display only on their LifeVantage Replicated Website.

#### **8.5.13 – Diversion and Sale to Unauthorized Resellers**

For the safety and satisfaction of those who use LifeVantage products, and to protect the lawful business interests of LifeVantage and its distributors, LifeVantage strictly prohibits the sale of its products to third-parties who will in turn resell the products through any means. Independent Distributors may not, under any circumstances: (1) enlist or allow a third-party to sell LifeVantage products using the Internet (including without limitation through the use of any online retail store, ecommerce site, or auction site); or (2) sell or provide LifeVantage products to any third-party that the Independent Distributor knows or has reason to believe will sell such products over the Internet.

##### **8.5.13(a) – Liquidated Damages.**

In the event of any breach of the provisions set forth in paragraphs 8.5.12 or 8.5.13, the Independent Distributor will be liable for liquidated damages in the amount of ten (10) times the full retail price of any goods sold in violation of this Agreement. In so agreeing, the parties acknowledge and understand that the harm flowing to LifeVantage from any such breach may be irreparable or extremely difficult to quantify.

##### **8.5.13(b) – Injunctive Relief.**

In addition to (and not in lieu of) any other remedy available to it under this Agreement, LifeVantage shall have the right to seek immediate, ex parte injunctive relief against the Independent Distributor to remedy any violation of paragraphs 8.5.12 and 8.5.13 of this Agreement.

##### **8.5.13(c) – Cooperation with Investigations.**

To assist LifeVantage in the important task of identifying the source(s) of potentially diverted product, Independent Distributor agrees that, upon written request from LifeVantage, the Independent Distributor will promptly provide LifeVantage with a list of all persons to whom the Independent Distributor has sold LifeVantage products. Independent Distributor shall keep up-to-date records of such sales, and shall obtain identifying information on all persons to whom products are sold. Furthermore, the Independent Distributor will promptly suspend all sales or shipments of products to any person that LifeVantage identifies in writing as a possible diverter of LifeVantage products.

#### **8.5.14 – Banner Advertising**

Independent Distributors may place banner advertisements on their third-party websites (as described herein below); provided, however, that they only use LifeVantage-approved templates and images from the Tools tab in the Virtual Office, and do not list any pricing, discounts or promotions of any LifeVantage product on such advertisement. Any LifeVantage-related banner advertisements on these websites must link back directly to their Replicated LifeVantage Websites.

### 8.5.15 – Spam Linking

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spam-dexing. Any comments an Independent Distributor makes on blogs, forums, guest book, etc., must be unique, informative and relevant.

### 8.5.16 – Digital Media Submission (e.g., YouTube, iTunes, PhotoBucket, etc.)

Independent Distributors may not upload, submit or publish LifeVantage-related video, audio or photo content to any website.

### 8.5.17 – Sponsored Links, Pay-Per-Click (PPC) Ads, and Paid Search

Sponsored links or pay-per-click ads (PPC) are acceptable as described herein. The destination and display URL must be the same. The destination of the PPC must be the external website, not the Independent Distributor's LifeVantage replicated Website, and must not portray any URL that could lead the user to believe they are being directed to a LifeVantage corporate website, or be inappropriate or misleading in any way. Independent Distributors cannot use LifeVantage's trade names, trademarks or other copyrights when submitting Google Adwords, MSN Bing, Key Words, etc. to Internet search engines. (See Section 8.2 "Trademarks and Copyrights")

### 8.6 – Spamming and Unsolicited Faxes

Except as provided in these Policies and Procedures, Independent Distributors may not send or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail or "spamming" relative to the operation of their LifeVantage Independent Distributorships. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone, facsimile or electronic mail, respectively, of any material or information advertising or promoting LifeVantage, its products, its Compensation Plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or e-mail: (1) to any recipient with that recipient's prior express invitation or permission; or (2) to any person with whom the Independent Distributor has an established business or personal relationship. The term "established business or personal relationship" means prior or existing relationship formed by a voluntary two-way communication between an Independent Distributor and a person, on the basis of: (1) an inquiry, application, purchase or transaction by the person regarding products offered by such Independent Distributor; or (2) a personal or familial relationship, which relationship has not been previously terminated by either party.

### 8.7 – Telemarketing

The Federal Trade Commission and the Federal Communications Commission, as well as other applicable local authorities, each have regulations that restrict telemarketing practices. Many authorities have "do not call" regulations as part of their telemarketing laws. Although LifeVantage does not consider Independent Distributors to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that a Distributor's inadvertent action of calling someone whose telephone number is listed on a "do not call" registry could cause them to violate the law. Moreover, these regulations must not be taken lightly, as they can carry significant penalties and fines, per violation.

Therefore, Independent Distributors must not engage in telemarketing in the operation of their LifeVantage Independent Distributorship. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a LifeVantage product or service, or to recruit them for the LifeVantage opportunity. "Cold calls" made to prospective customers or Independent Distributors that promote either LifeVantage's products or services or the LifeVantage opportunity constitute telemarketing and are prohibited. In addition, Independent Distributors shall not use automatic telephone dialing systems or random phone lists relative to the operation of their LifeVantage Independent Distributorships. The term "automatic telephone dialing system" means equipment which has the capacity to: (1) store or produce telephone numbers to be called using a random or sequential number generator; and (2) to dial such numbers. In addition, Independent Distributors acknowledge and agree to abide by telemarketing guidelines.

## 8.8 – Advertised Product Price

Independent Distributors may not advertise LifeVantage products at a price LESS than the suggested retail price of one (1) unit of the LifeVantage product. Independent Distributors also agree that all advertising regarding the price of Products will be truthful and will not contain misleading statements (e.g. “lowest price available” which infers that an Independent Distributor is able to sell the Products at a lower price than other Independent Distributors, etc.). Any violation of this Section 8.8 by an Independent Distributor shall constitute a breach of the Agreement and may result in punitive action including, but not limited to, any of the actions set forth in Section 14.

## SECTION 9 – RULES AND REGULATIONS

### 9.1 – Identification

All Independent Distributors are required to provide their Social Security Number, Federal Employer Identification Number, or equivalent government issued identification number, to LifeVantage on the Independent Distributor Application and Agreement. Upon enrollment, the Company will provide a unique Independent Distributor Identification Number (DIN) to the Independent Distributor by which he or she will be identified. This number will be used to place orders and track financial distributions.

### 9.2 – Income Taxes

Each Independent Distributor is responsible for paying all applicable local, state, and federal taxes on any income generated as an Independent Distributor. If an Independent Distributorship is tax exempt, the Federal tax identification number must be provided to LifeVantage. Every year, LifeVantage will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. distributor who: (1) had earnings of over \$600 in the previous calendar year; (2) made purchases during the previous calendar year in excess of \$5,000; or (3) earned an incentive award trip.

### 9.3 – Insurance

#### 9.3.1 – Business Pursuits Coverage

LifeVantage Independent Distributors may wish to arrange insurance coverage for their Distributorship. Often a homeowner’s insurance policy does not cover business-related injuries or the theft of or damage to inventory or business equipment. Independent Distributors should contact their insurance agent to make certain that their relevant property is protected. In the U.S., this can often be accomplished with a simple “Business Pursuit” endorsement attached to their present homeowner’s policy.

#### 9.3.2 – Product Liability Coverage

LifeVantage maintains insurance to protect the Company and Independent Distributors against product liability claims. LifeVantage’s insurance policy extends coverage to Independent Distributors so long as they are marketing LifeVantage products in the regular course of conduct and in accordance with Company policies and applicable laws and regulations. LifeVantage’s product liability policy may not extend coverage to claims or actions that arise as a result of an Independent Distributor’s misconduct in marketing the products.

### 9.4 – International Marketing

Independent Distributors are authorized to sell LifeVantage products, and enroll Direct Retail Customers, Preferred Customers, or Independent Distributors only in countries in which LifeVantage is authorized to conduct business as announced in Official LifeVantage Materials or on the Company website. However, before initiating any LifeVantage related activities in any authorized country, an Independent Distributor must first complete and submit the LifeVantage International Enrollment Application. Once such application has been received, the Independent Distributor may begin activities in any authorized country in accordance with the applicable terms and conditions of that country. Permissible conduct and activity in unauthorized and/or Not-For-Resale markets is described in Section 9.4.1 below.

## 9.4.1 – International Marketing Definitions

**9.4.1.1 – Un-Authorized Markets (Pre-Market)** – Prior to the official opening of a country, permissible Independent Distributor activity is limited to providing business cards and conducting, organizing or participating in meetings with no more than five (5) attendees, including the Independent Distributor. Other attendees must be personal acquaintances or acquaintances of personal acquaintances. These meetings must be held in a home or a public establishment but may not be held in a private hotel room.

Independent Distributor Pre-Market opening conduct prohibited in all markets includes but is not limited to:

**9.4.1.1.1** – All cold-calling techniques (soliciting persons who are not prior personal acquaintances of the contacting Independent Distributor) are strictly prohibited in unauthorized markets;

**9.4.1.1.2** – Importing or facilitating the importation of, selling, gifting or distributing in any manner, Company products, services or product sample(s);

**9.4.1.1.3** – Placing any type of advertisement or distributing any promotional materials regarding the Company, its products or the opportunity, except for official LifeVantage material specifically authorized for distribution in unopened markets as designated by the Company;

**9.4.1.1.4** – Soliciting or negotiating any agreement for the purpose of committing a citizen or resident of an unopened market to the opportunity, a specific Enroller or specific line of sponsorship. Furthermore, Independent Distributors may not sign up a citizen or resident of unopened markets in an Authorized Country or by using the Distributor Agreement forms from an Authorized Country, unless the citizen or resident of the unopened market has, at the time of sign-up, permanent residence and the legal authorization to work in the Authorized Country. It is the enrolling Independent Distributor's responsibility to ensure compliance with residency and work authorization requirements. Membership or participation in, or ownership of a corporation, partnership or other legal entity in an Authorized County does not by itself fulfill the residency or legal authorization to work requirements. If a participant to an Independent Distributorship fails to provide verification of residency and work authorization when requested by the Company, the Company may, at its election, declare the Distributor Agreement void from its inception;

**9.4.1.1.5** – Accepting money or other consideration, or being involved in any financial transaction with any potential Independent Distributor either personally or through an agent, for purposes relating to Company products or the opportunity, including renting, leasing or purchasing facilities for the purpose of promoting or conducting Company-related business;

**9.4.1.1.6** – Promoting, facilitating or conducting any type of activity which exceeds the limitations set forth in the Company's Policies and Procedures or which the Company, in its sole discretion, deems to be contradictory to the Company's business or ethical interests in international expansion.

### 9.4.1.2 – Not-For-Resale (“NFR”)

Countries where residents of the country are allowed to import products for personal use only on a “not-for-resale” basis, but where the reselling of those products is prohibited.

## 9.5 – Adherence to Laws and Ordinances

### 9.5.1 – Local Ordinances

There are laws regulating certain home-based businesses. In most cases these ordinances are not applicable to LifeVantage Independent Distributors because of the nature of their Independent Distributorships. However, Independent Distributors must obey those laws that do apply to them. If a government official tells an Independent Distributor that an ordinance applies to him or her, the Independent Distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of LifeVantage. In most cases there are exceptions to the ordinance that may apply to LifeVantage Independent Distributors.



## 9.5.2 – Compliance with Applicable Laws

Independent Distributors shall comply with all federal, state and local laws and regulations in the conduct of their Independent Distributorships.

### 9.5.2.1 – Anti-Corruption Laws

Independent Distributors must comply with all anti-corruption laws, including the Foreign Corrupt Practices Act (“FCPA”), in the markets in which the Company does business. The FCPA requires that you never directly or indirectly (i.e. through a third party) make a payment or gift with the purpose of influencing the acts or decisions of foreign officials. There are some limited exceptions to this rule. Because the rules and exceptions relating to anti-corruption are complex, you should consult with your own legal counsel regarding questions relating to compliance with the FCPA or anti-corruption laws. For additional information regarding the Company’s policy on this matter, please refer to the Company’s Code of Business Conduct and Ethics.

## SECTION 10 – SALES

### 10.1 – Commercial Outlets

LifeVantage strongly encourages the retailing and selling of its products through person-to-person contact. In an effort to reinforce this method of marketing and to help provide a standard of fairness for its Independent Distributor base, Independent Distributors may not display or sell LifeVantage products or literature in any retail establishment. Independent Distributors may, however, sell LifeVantage products from service establishments which see customers or clients on an appointment basis only such as hair salons, spas or chiropractic clinics, etc. LifeVantage will permit Independent Distributors to solicit and make commercial sales upon prior written approval from the Company. The term “commercial sale” means the sale of LifeVantage products to a third party who intends to resell such products to an end consumer.

### 10.2 – Trade Shows, Expositions and Other Sales Forums

Independent Distributors may display and/or sell LifeVantage products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Independent Distributors must contact the Company’s Compliance Department in writing for conditional approval, as LifeVantage’s policy is to authorize only one LifeVantage Independent Distributor per event. Final approval will be granted to the first Independent Distributor who submits an official advertisement of the event, a copy of the contract signed by both the Independent Distributor and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Compliance Department. LifeVantage further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services or the LifeVantage opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer’s markets, as these events are not conducive to the professional image LifeVantage wishes to portray.

### 10.3 – Excess Inventory Purchases Prohibited

Independent Distributors are not required to carry inventory of products or sales aids. However, Independent Distributors who do so may find selling to customers and building a Marketing Organization somewhat easier because of the decreased response time in fulfilling customer orders or in meeting a new Independent Distributor’s needs. Each Independent Distributor must make his or her own decision with regard to these matters. To ensure that Independent Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to LifeVantage upon the Independent Distributor’s Cancellation pursuant to the terms of Section 13. LifeVantage strictly prohibits the purchase of products in unreasonable amounts primarily for the purpose of qualifying for commissions, bonuses or advancement in the Compensation Plan. Independent Distributors may not purchase more inventory than they can reasonably resell or consume in a month nor may they encourage others to do so.

## 10.4 – Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. “Bonus buying” includes, but is not limited to the direct or indirect involvement of: (1) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Distributor Application and Agreement by such individuals or entities; (2) the fraudulent enrollment of an individual or entity as an Independent Distributor, Preferred Customer or Direct Retail Customer; (3) the enrollment or attempted enrollment of non-existent individuals or entities as Independent Distributors, Preferred Customers or Direct Retail Customers (see Section 6.5 “Stacking”); (4) the use of a credit card by or on behalf of an Independent Distributor, Preferred Customer, or Direct Retail Customer when the Independent Distributor, Preferred Customer or Direct Retail Customer is not the account holder of such credit card; and (5) purchasing LifeVantage products on behalf of another Independent Distributor or Customer or under another Independent Distributor’s DIN, or Customer ID to qualify for commissions, bonuses or incentives.

## 10.5 – Repackaging and Relabeling Prohibited

Independent Distributors may not repackage, relabel, refill or alter the labels on any LifeVantage products, information, materials or programs in any way. LifeVantage products must be sold in their original containers only and complete packaging. Such relabeling or repackaging would violate applicable laws, which could result in severe criminal penalties. Independent Distributors should also be aware that civil liability may arise when, as a consequence of the repackaging or relabeling of products, the person(s) using the product(s) may suffer any type of injury or their property is damaged.

## SECTION 11 – SALES REQUIREMENTS

### 11.1 – Product Sales

The LifeVantage Compensation Plan is based upon the sale of LifeVantage products to End Consumers. Independent Distributors must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for rebates, bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Independent Distributors to be eligible for commissions:

#### 11.1.1 – Sales Volume

Independent Distributors must satisfy the Personal Sales Volume (“PV”) and Organizational Sales Volume (“OV”) requirements to fulfill the requirements associated with a particular rank as specified in the LifeVantage Compensation Plan. PV includes purchases made by the Independent Distributor and Direct Retail Customers, except that personally enrolled Preferred Customer volume will also be included in an Independent Distributor’s PV for the purposes of rank advancement. All Independent Distributors are still required to have their personal monthly Auto-ship order to fulfill monthly requirements as specified in the Compensation Plan. OV shall include the total PV of all Independent Distributors in his or her Marketing Organization plus the Independent Distributor’s PV.

#### 11.1.2 – Complying With the 70% Sales Rule

The Independent Distributor must comply with the 70% Sales Rule as set forth in Section 11.3 below.

### 11.2 – No Territory Restrictions

There are no exclusive territories granted to anyone.

### 11.3 – 70% Sales Rule

By placing a new product order, an Independent Distributor is deemed to have certified that he or she has sold or consumed at least 70% of all products purchased in prior orders. Each Independent Distributor that receives rebates, bonuses or commissions and orders additional product agrees to retain documentation that demonstrates compliance with this policy, including evidence of retail sales, for a period of at least four (4) years. An Independent Distribu-

tor agrees to make this documentation available to the Company at the Company's request. Failure to comply with this requirement or falsely representing the amount of product sold or consumed in order to advance in the Compensation Plan constitutes a breach of the Agreement and is grounds for termination. Furthermore, a breach of this requirement entitles the Company to recover any commissions paid to the Independent Distributor for any period of time during which such documentation is not maintained or for which this provision has been breached.

#### 11.4 – Sales Receipts

Independent Distributors must provide their Retail Customers with two copies of an official LifeVantage sales receipt at the time of the sale. These receipts set forth consumer protection rights afforded by applicable law. Independent Distributors must maintain all retail sales receipts for a period of four years and furnish them to LifeVantage at the Company's request. Records documenting the purchases of Independent Distributor's Direct Retail Customers will be maintained by LifeVantage. Independent Distributors must ensure that the following information is contained on each sales receipt: (1) The date of the transaction; (2) the date (not earlier than the third business day following the date of the transaction) by which the buyer may give notice of cancellation; and (3) name and address of the selling Independent Distributor. Remember that customers must receive two copies of the sales receipt. In addition, Independent Distributors must verbally inform the buyer of his or her cancellation rights.

## SECTION 12 – REBATES, BONUSES AND COMMISSIONS

### 12.1 – Rebates, Bonuses and Commission Qualifications

An Independent Distributor must be active and in compliance with the Agreement to qualify for rebates, bonuses and commissions ("Financial Distributions"). So long as an Independent Distributor complies with the terms of the Agreement, LifeVantage shall pay Financial Distributions to such Independent Distributor in accordance with the Compensation Plan. The minimum amount for which LifeVantage will issue a check is \$10.00. If an Independent Distributor's Financial Distributions do not equal or exceed \$13.00, the Company will accrue the Financial Distributions until they total \$13.00. A check will be issued after \$13.00 has been accrued.

#### 12.1.1 – Check Processing Fee

LifeVantage will charge a \$3.00 check processing fee for all mailed checks.

#### 12.1.2 – Replacement Check Fee

If it becomes necessary for LifeVantage to reissue a bonus or commission check because it has been lost, LifeVantage will charge a \$15.00 fee for each replacement check provided.

### 12.2 – Adjustment to Rebates, Bonuses and Commissions

Independent Distributors receive rebates for PV in excess of 200 PV and Financial Distributions based on the actual sales of products to end consumers. When a product is returned to LifeVantage for a refund, the Financial Distributions attributable to the returned product(s) will be deducted in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Independent Distributors who received the Financial Distributions on the sales or purchase of the refunded products.

#### 12.2.1 – Cancellation Within the First 30 Days

If an Independent Distributor chooses to cancel the Agreement within the first thirty (30) days of enrollment and also chooses to return the product that he or she has ordered, a refund will be issued for the full amount paid less any shipping and handling charges, and rebates, bonuses or commissions that were issued and in accordance to Section 12.2 "Adjustment to Rebates, Bonuses and Commissions."

### 12.3 – Unclaimed Commissions and Credits

Independent Distributors must deposit or cash rebate, commission and bonus checks within six months from their date of issuance. A check that remains uncashed after six (6) months will be void. After a check has been voided,

LifeVantage will attempt to notify an Independent Distributor who has an uncashed check by sending a monthly written notice to his or her last known address identifying the amount of the check and advising that the Independent Distributor can request that the check be reissued. There shall be a \$25.00 charge for reissuing a check. This charge shall be deducted from the balance owed to the Independent Distributor. Direct Retail Customers, Preferred Customers and Independent Distributors who have a credit on account must use their credit within six (6) months from the date on which the credit was issued. If credits have not been used within six (6) months, LifeVantage shall attempt to notify the Independent Distributor, Preferred Customer or Direct Retail Customer on a monthly basis by sending written notice to the last known address, advising the Independent Distributor, Preferred Customer or Direct Retail Customer of the credit. There shall be a \$10.00 charge for each attempted notification. This charge shall be deducted from the Independent Distributor's or Customer's credit on account.

#### **12.4 – Incentive Trips and Awards**

From time to time, the Company may provide incentive trips and other awards to qualified Independent Distributors. These awards or trips may be based on title and high Independent Distributor performance and are provided only to the person(s) listed on a qualifying Independent Distributor Agreement, up to airfare for two such persons and hotel accommodations of one room. Incentive trips or awards may not be deferred for future acceptance and have no cash value. No payment or credit will be given to those who cannot or choose not to attend trips or to accept awards. Notwithstanding anything to the contrary herein, and although the Company may pay some or all of the costs of such incentive trips, the Independent Distributor agrees to indemnify and hold harmless the Company from any claim, injury, loss or other damage sustained in association with the trip by the Independent Distributor and/or its guests. The Independent Distributor cannot make claim upon, or rely upon, any insurance policy of the Company to cover the costs and expenses of any injury, loss or other damage to the Independent Distributor and/or the Independent Distributor's guests.

The Company may be required by law to include the fair market value of any incentive awards, trips, etc. on the Independent Distributor's end of the year tax report. The Independent Distributor is liable for all applicable taxes and agrees to hold the Company harmless from claims of tax liability relating to these incentive trips and awards.

If it is discovered that the Independent Distributor has made any misrepresentations or has violated the Agreement in becoming eligible for these incentive trips and awards, the Company may charge the Independent Distributor for any costs incurred by the Company or for any benefits or awards received by the Independent Distributor. The Company reserves the right at its sole and absolute discretion to disallow participation for any reason it deems necessary.

#### **12.5 – Reports**

For the purposes of this Section 12.5, "LifeVantage" means the entity and all of its employees, officers, directors, independent contractors, Independent Distributors, Customers and agents.

##### **12.5.1 – Downline Reports**

Independent Distributor understands that LifeVantage regularly provides information to each of its Independent Distributors. This includes, but is not limited to, reports of online or telephonic Downline activity, such as personal and group sales volume, and downline sponsoring activity (the "Information").

##### **12.5.2 – Report Indemnification**

Independent Distributor agrees never to assert any claim of any nature against LifeVantage, including its officers, directors, employees and independent contractors, that arises out of or which is in any way connected with the presentation, compilation, development, publication and dissemination by LifeVantage of the Information including, but not limited to, a claim for lost profits, bonuses, commissions and loss of opportunity. This agreement on the part of each Independent Distributor extends to any act or omission to act by LifeVantage such as, but not limited to, the inaccuracy, incompleteness, inconvenience, delay, or loss of the use of the Information. However, this Section 12.5.2 does not apply to claims that may arise as a result of intentional misconduct or reckless disregard of the rights of Independent Distributors on the part of LifeVantage.

## **SECTION 13 – PRODUCT GUARANTEE, RETURNS AND INVENTORY REPURCHASE**

### **13.1 – Product Guarantee**

Product and marketing materials returned within thirty (30) days after the purchase shall receive a 100% refund, less shipping and handling costs. Only unopened product shall be eligible for a refund, unless defective. Product must be in resalable and restockable condition in order to be eligible for a refund. Resalable is defined as product still in its original packaging, with seals and wrapping in place. All returns must have a Return Merchandise Authorization (“RMA”), issued through Distributor Support. Independent Distributors and Customers are responsible for returning product to the Company within ten (10) business days of receipt of the RMA or the product will not be eligible for return.

### **13.2 – Inventory Repurchase**

An Independent Distributor who resigns, which resignation must be in writing, may return product or marketing materials purchased within the last twelve (12) months prior to resignation, subject to the 70% Sales Rule (see Section 11.3, above), and subject to the same provisions set forth in Section 13.1, above, regarding resalability and RMAs. Upon compliance with all applicable requirements, a full refund, less a 10% restocking fee and shipping and handling costs will be issued by the Company. Any product that is expired, or that is within three (3) months of expiration, will not be eligible for a refund. Please allow for up to twenty (20) days from the time that the product is received for the refund to be processed.

**13.2.1** – If a shipment is refused whether it is an Autoship or an order that has just been placed, LifeVantage will charge a \$10.00 shipment refusal fee to the form of payment on file.

### **13.3 – Exceptions to the Refund Policies**

Previously paid Financial Distributions may be reversed and future Financial Distributions may be adjusted as a result of product returns or inventory repurchases at the sole discretion of the Company. Any Commissions paid to the Independent Distributor and his or her upline for the product returned by the Independent Distributor or customer may be debited from the respective upline Independent Distributor’s account or withheld from present or future commission payments. An Independent Distributor should not rely on existing downline volume at the close of a commission’s period, as returns may cause changes to his or her title, rank and/or commissions payout.

### **13.4 – Montana Residents**

Montana residents may cancel the Agreement within fifteen (15) days from the date of enrollment and may return their Start Kit for a full refund within such time period.

## **SECTION 14 – DISPUTE RESOLUTION AND REMEDIES**

### **14.1 – Breach and Remedies**

Any breach of the Agreement, including these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by an Independent Distributor may result, at LifeVantage’s discretion, in one or more of the following actions:

- 1) Issuance of a written warning or admonition;
- 2) Issuance of a writing that directs the Independent Distributor to take immediate corrective measures;
- 3) Loss of rights to one or more bonus and commission checks; in whole or in part;
- 4) The withholding of Financial Distributions during the period that LifeVantage is investigating any conduct that allegedly violates the Agreement;

- 5) Suspension of the Agreement for one or more pay periods;
- 6) Cancellation of the Agreement;
- 7) Cancellation of the Agreement of any other of the Independent Distributor's Immediate Household or of an Affiliated Individual who is in association with the breaching Independent Distributor;
- 8) Any other measure expressly allowed by the Agreement of which LifeVantage deems necessary to implement and appropriate in order to provide a remedy for injuries caused partially or exclusively by the Independent Distributor's breach; or
- 9) The commencement of legal proceedings for monetary or equitable relief or both.

#### **14.2 – Grievances and Complaints**

When an Independent Distributor has a grievance or complaint with another Independent Distributor regarding any practice or conduct in relationship to his or her Marketing Organization, the complaining Independent Distributor should first report the problem to his or her Enroller who should review the matter and try to resolve it with the other party's Enroller. If the matter cannot be resolved, it should be reported in writing to the Company's Distributor Support Department. The Distributor Support Department will review the facts and attempt to resolve the complaint.

#### **14.3 – Governing Law and Resolution of Disputes**

**14.3.1** – The interpretation and enforcement of this Agreement is governed by and shall be construed and interpreted in accordance with the internal laws of the State of Utah, without giving effect to conflicts of interests principles.

**14.3.2** – The parties agree that personal jurisdiction and venue for any dispute arising out of or relating to this Agreement are proper exclusively in the state and federal courts located in the State of Utah, County of Salt Lake, and both parties hereby submit to, and waive any objection to, personal jurisdiction or venue in such courts for such purpose. No action arising from or relating in any respect to this Agreement, or to the enforcement or interpretation of any of its terms, may be filed anywhere other than the state or federal courts located in the State of Utah, Salt Lake County.

**14.3.3** – Each party shall bear its own attorneys' fees and any other costs and expenses incurred in the resolution of any dispute without regard to the outcome. Notwithstanding the foregoing, or anything else to the contrary in this Agreement, in any legal action commenced to address the unauthorized diversion of products (as set forth in Paragraphs 8.15.12 and 8.15.13 of this Agreement), the prevailing party shall be entitled to recover the attorneys' fees, costs and expenses it incurs in investigating and prosecuting or defending such action.

#### **14.4 – Injunctive Relief**

The Independent Distributor acknowledges that the covenants set forth in this Agreement relating to the protection of LifeVantage's confidential and/or proprietary information are reasonable and necessary to protect the legitimate interests of LifeVantage. The Independent Distributor further acknowledges that his/her breach of such covenants would cause LifeVantage irreparable harm, the amount and extent of which would be very difficult to estimate or ascertain. Therefore, the Independent Distributor agrees that LifeVantage shall be entitled, without the necessity of posting a bond or other security, to the issuance of injunctive relief to enjoin the Independent Distributor from breaching or threatening to breach such covenants. In any case, injunctive relief shall not be the exclusive remedy available to LifeVantage.

#### **14.5 – Louisiana Residents**

Notwithstanding the foregoing, Louisiana residents may bring an action against the Company with jurisdiction and venue as provided by Louisiana law.

## **SECTION 15 – ORDERING**

### **15.1 – Direct Retail Customers and Preferred Customers**

Independent Distributors are encouraged to promote LifeVantage's Direct Retail Customer and Preferred Customer programs to their customers. The Direct Retail Customer and Preferred Customer program allow both types of customers to purchase their products directly from LifeVantage. Customers simply call LifeVantage's toll-free order number to place their orders, which they may charge to their credit card. LifeVantage will send the ordered products directly to the customer. To ensure that Independent Distributors receive the appropriate commissions, Direct Retail Customers and Preferred Customers may not place an order without an Independent Distributor's Identification Number. Preferred Customers must also enroll in LifeVantage's Autoship program whereby the Preferred Customer will sign up to have a pre-selected package of LifeVantage products delivered to his or her home automatically each month. (For clarification as to the difference between Direct Retail and Preferred Customers, please refer to their respective definitions under Section 18.

### **15.2 – Purchasing LifeVantage Products**

Each Independent Distributor should purchase his or her products directly from LifeVantage under his or her Independent Distributor Number. If an Independent Distributor purchases products from another Independent Distributor or any other source, the purchasing Independent Distributor will not receive the Personal Sales Volume that is associated with that purchase.

### **15.3 – General Order Policies**

On mail orders with invalid or incorrect payment, LifeVantage will attempt to contact the Independent Distributor or Customer by phone and/or mail to try to obtain another payment. If these attempts are unsuccessful after five (5) working days the order will be returned unprocessed. No charge-on-delivery or C.O.D. orders will be accepted. LifeVantage maintains no minimum order requirements. Orders for products and sales aids may be combined.

### **15.4 – Shipping and Back Order Policy**

LifeVantage will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out of stock, it will be placed on back order and sent when LifeVantage receives additional inventory. Independent Distributors will be charged and given Personal Sales Volume on back ordered items unless notified on the invoice that the product has been discontinued. LifeVantage will notify Independent Distributors, Preferred Customers and Direct Retail Customers if items are backordered and are not expected to ship within thirty (30) days from the date of the order. An estimated shipping date will also be provided. Back ordered items may be cancelled upon a Direct Retail Customer's, Preferred Customer's or Independent Distributor's request. Direct Retail Customers, Preferred Customers and Independent Distributors may request a refund, credit on account, or replacement merchandise for cancelled back orders. If a refund is requested, the Independent Distributor's Personal Sales Volume will be decreased by the amount of the refund in the month in which the refund is issued.

### **15.5 – Confirmation of Order**

An Independent Distributor and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice and is free of damage. Failure to notify LifeVantage of any shipping discrepancy or damage within thirty (30) days of shipment waives an Independent Distributor's right to request a correction.

### **15.6 – Product Abandonment**

An order transaction is considered complete only when the order has been paid for and delivery method has been satisfied. If these conditions are not met within ninety (90) days from the date of order, we reserve the right to determine the final outcome of the order and you release us from any further obligation or liability.

## **SECTION 16 – PAYMENT AND SHIPPING**

### **16.1 – Deposits**

No monies should be paid to or accepted by an Independent Distributor for a sale to a personal customer except at the time of product delivery. Independent Distributors should not accept monies from customers to be held for deposit in anticipation of future deliveries.

### **16.2 – Insufficient Funds**

It is the responsibility of each Independent Distributor to ensure that there are sufficient funds or credit available in his or her account to cover the monthly Autoship order. LifeVantage is not obligated to contact Independent Distributors in regard to orders cancelled due to insufficient funds or credit. This type of order cancellation may result in an Independent Distributor's failure to receive product or to meet his or her Personal Sales Volume requirements for the month.

### **16.3 – Restrictions on Third Party Use of Credit Cards**

An Independent Distributor shall not permit other Independent Distributors or Customers to use his or her credit card for any purchases from the Company.

### **16.4 – Sales Taxes**

By virtue of its business operations, LifeVantage is required to charge sales taxes on all purchases made by Independent Distributors, Preferred Customers and Direct Retail Customers, and remit the taxes charged to the respective states. Accordingly, LifeVantage will collect and remit sales taxes on behalf of Independent Distributors, based on the suggested retail price of the products, according to applicable tax rates in the state or territory to which the shipment is destined. If an Independent Distributor has submitted, and LifeVantage has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the Independent Distributor will have the responsibility to collect and remit sales taxes to the appropriate authorities. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by LifeVantage is not retroactive.

## **SECTION 17 – INACTIVITY AND CANCELLATION**

### **17.1 – Effect of Cancellation**

So long as an Independent Distributor remains Active and complies with the terms of the Agreement, including these Policies and Procedures, LifeVantage shall pay Financial Distributions to such Independent Distributor in accordance with the Compensation Plan. An Independent Distributor's Financial Distributions constitute the entire consideration for the Independent Distributor's efforts and activities related to generating sales (including building a Downline Organization). Following an Independent Distributor's non-renewal of his or her Agreement (are collectively referred to as "cancelled" or "cancellation"), the former Independent Distributor shall have no right, title, claim or interest to the Marketing Organization which he or she operated, or any commission or bonus from the sales generated by the marketing organization. An Independent Distributor whose Independent Distributorship is cancelled will permanently lose all rights as an Independent Distributor.

This includes the right to sell LifeVantage products and the right to receive future Financial Distributions resulting from the sales and other activities of the Independent Distributor's former Marketing Organization. In the event of cancellation, Independent Distributors agree to waive all rights they may have including, but not limited to, property rights, to their former Marketing Organization and to any Financial Distributions derived from the sales and other activities of his or her former Marketing Organization.

Following an Independent Distributor's cancellation of his or her Agreement, the former Independent Distributor shall not hold himself or herself out as a LifeVantage Independent Distributor and shall not have the right to sell LifeVantage products. An Independent Distributor whose Agreement is cancelled shall receive commissions



and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation). Independent Distributors may reapply as a new Independent Distributor in accordance with Section 4.7.5 “Cancellation and Reapplication.”

#### 17.2 – Cancellation and Reclassification

Independent Distributors who personally generate less than the required Personal Volume for any pay period will not receive a commission for the sales generated through his or her marketing organization for that pay period. If an Independent Distributor has not enrolled a distributor or customer, re-sold any product, or received any commission from the sale of products for a period of twelve (12) consecutive calendar months, he or she will be reclassified as a Preferred Customer. As a Preferred Customer, he or she will be granted the rights and privileges afforded all Preferred Customers, including but not limited to, the purchase of product at wholesale price, maintaining or joining an applicable subscription program, participating in any Preferred Customer promotional programs and accessing EVO and other customer tools.

#### 17.3 – Involuntary Cancellation

An Independent Distributor’s breach of any of the terms of the Agreement may result in any of the sanctions actions in Section 14.1, including the involuntary cancellation of his or her Agreement. Unless otherwise provided for in the cancellation notice, cancellation shall be effective on the date on which written notice is mailed, faxed or delivered to an express courier to the Independent Distributor’s last known address (or fax number), or his or her attorney, or when the Independent Distributor receives actual notice of cancellation, whichever occurs first. Readmission, if ever granted, may be either prospective or retroactive and totally discretionary on the part of the Company.

#### 17.4 – Voluntary Cancellation

An Independent Distributor has the right to cancel the Agreement at any time. Cancellation must be submitted in writing to the Company at its principal business address: 9785 South Monroe Street, Suite 300, Sandy, Utah 84070. The written notice must include the Independent Distributor’s signature, printed name, address and Independent Distributor Identification Number. However, if an Independent Distributor is not in good standing with the Company at the time LifeVantage receives notice of cancellation, the consequences of an involuntary cancellation may take effect (as per Section 14). Independent Distributors may reapply as a new Independent Distributor in accordance with Section 4.7.5 “Cancellation and Reapplication.”

#### 17.5 – Non-Renewal

An Independent Distributor may voluntarily cancel his or her Independent Distributor Agreement by sending written notice within thirty (30) days of the anniversary date. The Company may also elect not to renew the Agreement upon the Agreement’s anniversary date.

### SECTION 18 – DEFINITIONS

**Acceptance** – means the acceptance by LifeVantage of a person’s application to become an Independent Distributor by completing an Independent Distributor Application and Agreement and delivering it to LifeVantage. “Acceptance” shall be deemed to occur when LifeVantage first receives an Independent Distributor Application and Agreement from a person who has decided to become an Independent Distributor.

**Active** – means the status of an Independent Distributor who has satisfied the minimum Personal Sales Volume requirements, as set forth in the LifeVantage Compensation Plan, to ensure that he or she is eligible to receive rebates, bonuses and commissions.

**Active Rank** – means the current rank of an Independent Distributor, as determined by the LifeVantage Compensation Plan, for any calendar month. To be considered “Active” relative to a particular rank, an Independent Distributor must meet the criteria set forth in the LifeVantage Compensation Plan for his or her respective rank. (See the definition of “Rank” below.)

**Agreement** – means the contract between the Company and each Independent Distributor which includes the Independent Distributor Application and Agreement, the LifeVantage Policies and Procedures, the LifeVantage Compensation Plan, Autoship Agreement, and the Business Entity Form (where appropriate), all in their current form or as amended by LifeVantage from time to time in its sole discretion. These documents are collectively referred to as and comprise the “Agreement.”

**Autoship, Autoship Agreement** – means the optional LifeVantage program by which products are automatically shipped to Independent Distributors and Preferred Customers. The Autoship Agreement is incorporated into the “Agreement” and can be found as part of the Independent Distributor Application and Agreement or Preferred Customer Application and Agreement.

**Breach** – “Breach,” “Default” and “Violation” mean an actual or alleged transgression or violation of any part of the Agreement.

**Business Center(s)** – means additional Independent Distributorship positions allowed under the original Independent Distributorship.

**Cancellation** – means the termination of an Independent Distributorship. Cancellation may be either voluntary or involuntary, through non-renewal or inactivity.

**Commissionable Volume** – means all LifeVantage products on which Financial Distributions are paid. Start Kits and sales aids do not contain Commissionable Volume.

**Company** – means LifeVantage Corporation.

**Compensation Plan** – means the plan offered by LifeVantage that sets forth the compensation provided to Independent Distributors for the sales of LifeVantage products by their Marketing Organization.

**Customer** – means Direct Retail or Preferred Customer. Customers may purchase product for personal use only and may not resell product. Direct Retail, Preferred Customer or End Consumer. An Independent Distributor is not and may not act as a Customer.

**Direct Retail Customer** – means a customer who purchases directly from LifeVantage at retail prices and who is not an Independent Distributor. Customers may purchase product for personal use only and may not resell product. An Independent Distributor is not and may not act as a Direct Retail Customer.

**Distributor Identification Number** – means a unique number assigned by LifeVantage to each Independent Distributor to facilitate internal record keeping by LifeVantage with respect to that Independent Distributor.

**Downline or Downline Organization** – means the network of Independent Distributors and Customers who exist in an Independent Distributor’s Marketing Organization. Independent Distributor understands that (1) Independent Distributor does not have any ownership or possessory right, title or interest in any downline individual, entity, organization or in any materials generated by LifeVantage or created by Independent Distributor or any other individual or entity to the extent that it consists, in whole or in part, of any information about LifeVantage downlines or any part of the Agreement; (2) the sole property interest of an Independent Distributor with respect to downlines is the contractual right to receive commissions as set forth in the Agreement; and (3) that LifeVantage is the sole owner of any and all downline rights, titles, interests and materials.

**Downline Activity Report** – means a monthly report generated by LifeVantage that provides critical data relating to the identities of Independent Distributors, Customers, sales information and enrollment activity of each Independent Distributor’s Marketing Organization. This report contains confidential and trade secret information which is proprietary to LifeVantage. It is owned solely by LifeVantage.

**End Consumer** – means a person who purchases LifeVantage products for the purpose of personal consumption rather than that of reselling them to someone else.

**Enrollee** – means the Independent Distributors and Customers who have been enrolled as LifeVantage Independent Distributors or Customers by another Independent Distributor or Customer, as the case may be.

**Enroller** – means the Independent Distributor who enrolls a new Independent Distributor or Customer into LifeVantage. The Enroller may “place” the new Independent Distributor or Customer under himself or herself, or may place the new Independent Distributor or Customer under any eligible downline. The person whom the new Independent Distributor or Customer is placed under is the new Independent Distributor’s “Placement Sponsor.” The same Independent Distributor may be a new Independent Distributor’s “Enroller” and “Placement Sponsor.” See the definition of “Placement Sponsor” below.

**Financial Distributions** – means the rebates, commission, bonuses and other compensation paid by LifeVantage to Independent Distributors pursuant to the Compensation Plan.

**Group Sales Volume (GV)** – means the commissionable value of the LifeVantage products generated by an Independent Distributor’s Marketing Organization in a given month, not including the Personal Sales Volume (PV) of the subject Independent Distributor. (Independent Distributor Start Kits and non-product sales aids generate no Group Sales Volume.

**Immediate Household** – means an Independent Distributor and his or her legal or common law spouse or partner and their dependent family members residing at the same address.

**Independent Distributor** – means an independent contractor who has signed and completed the official LifeVantage Independent Distributor Application and Agreement and whose Agreement has been accepted by LifeVantage. An Independent Distributor is required to meet certain qualifications and is responsible for the training, motivation, support and development of the Independent Distributors in their respective Marketing Organization. Independent Distributors are entitled to purchase LifeVantage products at wholesale prices, enroll Customers and new Independent Distributors, and participate in the Compensation Plan. Preferred Customers and Direct Retail Customers are not Independent Distributors.

**Independent Distributorship** – means the contractual rights granted to the Independent Distributor pursuant to the Agreement to create, maintain and receive compensation from LifeVantage relating to the operation of a Marketing Organization.

**Level** – means the layers of downline Independent Distributors in a particular Independent Distributor’s Marketing Organization. This term refers to the relationship of an Independent Distributor relative to a particular upline Independent Distributor, determined by the number of Independent Distributors between them who are related by sponsorship. For example, if A is the sponsor of B, B is the Sponsor of C, C is the sponsor of D, and D is the sponsor of E, then E is on A’s fourth level.

**Marketing Organization** – means the Independent Distributors and Customers who are enrolled or sponsored in a particular Independent Distributor’s Downline.

**Official LifeVantage Material** – means literature, audio or digital recordings and other materials developed, printed, published and distributed by LifeVantage to Independent Distributors.

**Organizational Sales Volume (OV)** – means the commissionable value of LifeVantage products generated by an Independent Distributor’s Marketing Organization in a given month, including the Independent Distributor’s Personal Sales Volume (PV).

**Person** – means an individual human being or a Business Entity, as the context dictates.

**Personal Production** – means selling product to an end consumer for personal use.

**Personal Sales Volume (PV)** – means the commissionable value of products sold in a calendar month: (1) by the Company to an Independent Distributor; and (2) by the Company to the Independent Distributor’s personally enrolled Direct Retail Customers and Preferred Customers.

**Placement Sponsor** – means the Independent Distributor or Customer under whom the Enroller places a new Independent Distributor or Customer.

**Preferred Customer** – means a customer who has completed a LifeVantage Preferred Customer Application and Agreement and purchases products directly from LifeVantage at wholesale prices. Preferred Customers participate in LifeVantage’s Autoship program and receive a selection of LifeVantage products automatically each month. Customers may purchase product for personal use only and may not resell product. An Independent Distributor is not and may not act as a Preferred Customer.

**Rank** – means the “title” that an Independent Distributor has achieved pursuant to the LifeVantage Compensation Plan.

**Recruit** – means, for purposes of LifeVantage’s Conflict of Interest Policy (Section 6), actual or attempted solicitation, enrollment, encouragement or effort to influence in any other way, either directly or through a third party, another LifeVantage Independent Distributor or Customer, Direct or Retail, to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the Independent Distributor’s actions are in response to an inquiry made by another Independent Distributor or Customer.

**Restockable and Resalable** – means products and sales aids if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) products are returned to LifeVantage within thirty (30) days from the date of purchase; (5) the product expiration date has not elapsed; and (6) the product contains current LifeVantage labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued or as a seasonal item, shall not be resalable.

**Retail Profit** – means the difference between the wholesale price (as defined below) of products and the retail price an Independent Distributor receives for products when they are resold.

**Roll-Up** – means the method by which a vacancy is filled in a Marketing Organization left by an Independent Distributor or Preferred Customer whose respective Agreement has been cancelled.

**Start Kit** – means a selection of LifeVantage training materials and business support materials purchased by each new Independent Distributor. The purchase of a Start Kit may be optional in some states.

**Suggested Retail Price (SRP)** – means the price at which LifeVantage suggests Independent Distributors advertise a particular product or materials.

**Upline** – means the Independent Distributor(s) above a particular Independent Distributor in a sponsorship line or enrollment line up to the Company. Conversely stated, it is the line of Sponsors or Enrollers that links any particular Independent Distributor or Customer to the Company.

**Wholesale or Wholesale Price** – means the price of the products that is paid to the Company by Independent Distributors or Preferred Customers. The wholesale price is also called the Independent Distributor Cost.

