

**LIFÖCITY, INC.**

**Statement of Policies & Procedures**



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## **POLICIES & PROCEDURES**

### **1.1 INTRODUCTION**

### **1.2 Mutual Commitment Statement**

Liföcity Inc. (hereafter “**Liföcity**”) recognizes that to develop a long-term and mutually rewarding relationship with its Compensation Plan participants (hereinafter referred to as “**Promoter(s)**”), it must acknowledge and respect the true nature of the relationship and support the Customers.

- (a) In the spirit of mutual respect and understanding, Liföcity is committed to:
  - (i) Provide prompt, professional and courteous service, and communications to all of its Promoters and Customers;
  - (ii) Provide the highest level of quality products at fair and reasonable prices;
  - (iii) Exchange or refund the purchase price of any product, service or membership as provided in our return policies contained herein;
  - (iv) Deliver orders promptly and accurately;
  - (v) Pay commissions accurately and on a timely basis;
  - (vi) Expedite orders if an error or unreasonable delay occurs;
  - (vii) Roll out new products and programs with Promoters input and planning;
  - (viii) Maintain a mutually beneficial Compensation Plan;
  - (ix) Support, protect and defend the integrity of the Liföcity business opportunity.
- (b) In return, Liföcity expects that its Promoters will:
  - (i) Conduct themselves in a professional, honest, and considerate manner;
  - (ii) Present Liföcity and Liföcity product information in an accurate and professional manner;
  - (iii) Present the Compensation Plan and return and exchange policies in a complete and accurate manner;
  - (iv) Not make exaggerated income or product claims;
  - (v) Make reasonable effort(s) to support and train other Promoters and Customers in their downline;
  - (vi) Not engage in cross-line recruiting, unhealthy competition or unethical business practices;
  - (vii) Provide positive guidance and training to Liföcity Promoters and Customers in their downline while exercising caution to avoid interference with other downlines. As such, a Promoter is discouraged from providing cross-line training to other Promoters or Customers in a different organization without first obtaining written consent of the Promoter’s or Customer’s upline leader;
  - (viii) Support, protect, and defend the integrity of the Liföcity business opportunity;

### **1.3 Code of Ethics**

- (a) Liföcity desires to provide its independent Promoters with the best products and services and Compensation Plan in the industry. Accordingly, Liföcity values constructive criticism and encourages the submission of written comments addressed to Liföcity's Compliance Department.
- (b) Promoter's negative and disparaging comments about Liföcity, its products, the Agreement or the Compensation Plan made to Liföcity, to the field, or at any Liföcity meeting and/or event, or disruptive behavior at any meeting and/or event, serve no purpose other than to dampen the enthusiasm of other Promoters and Customers. Liföcity Promoters must not belittle Liföcity, fellow Liföcity Promoters, Liföcity products or services, the Compensation Plan, or any Liföcity directors, officers, or employees, product suppliers or agents. Such conduct represents a material breach of these Policies and Procedures and may be subject to sanctions as deemed appropriate by Liföcity.
- (c) Liföcity endorses the following code of ethics:
  - (i) A Liföcity Promoter must show fairness, tolerance, and respect to all people associated with Liföcity, regardless of race, gender, social class or religion, thereby fostering a "positive atmosphere" of teamwork, good morale and community spirit.
  - (ii) A Promoter shall strive to resolve business issues, including situations with upline and downline Promoters, by emphasizing tact, sensitivity, and good will and taking care not to create additional problems.
  - (iii) Liföcity Promoters must be honest, responsible, professional and conduct themselves with integrity.
  - (iv) Liföcity Promoters shall not (a) make disparaging statements about Liföcity, other Promoters, Liföcity employees, product suppliers or agents, products, services, sales and marketing campaigns, or the Compensation Plan, or (b) make statements that unreasonably offend, mislead or coerce others.
- (d) Liföcity may take appropriate action against a Promoter if it determines, in its sole discretion, that a Promoter's conduct is detrimental, disruptive, or injurious to Liföcity or to other Promoters.

### **1.4 The Promoter Agreement**

- (a) Throughout these Policies & Procedures, when the term "Agreement" or "Promoter Agreement" is used, it collectively refers to the most current version of these Policies and Procedures in effect and any addendums thereto, the Compensation Plan and any and all social media guidelines or any other guidelines which may be implemented from time to time and any amendments thereto. The Compensation Plan is attached hereto as Addendum 1 and is incorporated herein by reference for all purposes.
- (b) It is the responsibility of the Sponsoring Promoter to provide the most current version of these Policies and Procedures (available on the Liföcity website), the Income Disclosure Statement, the Compensation Plan, and any and all social media guidelines or any other guidelines which may be implemented from time to time and any amendments thereto to their downline Promoters and prospects. The Income Disclosure Statement is attached hereto as Addendum 2 and is incorporated herein by reference for all purposes.

## 1.5 Purpose of Policies & Procedures

- (a) Liföcity is a direct sales-based networking company that markets products and services through a network of independent business owners. To clearly define the relationship that exists between Promoters and Liföcity, and to explicitly set a standard for acceptable business conduct, Liföcity has established these Policies & Procedures.
- (b) Promoters and Customers are required to comply with: (i) all of the Terms and Conditions set forth in this Agreement which Liföcity may amend from time to time in its sole discretion; and (ii) all Federal, State and/or local laws governing his, her and/or its Liföcity business.
- (c) Promoters must review the information in these Policies & Procedures carefully. Should a Promoter have any questions regarding a policy or procedure, the Promoter is encouraged to seek an answer from their Sponsor or any upline Promoter. If further clarification is needed, the Promoter may contact the Liföcity Customer Service Team by submitting an email to: [ask@lifocityhq.com](mailto:ask@lifocityhq.com)

## 1.6 Changes, Amendments, and Modifications

- (a) Because Federal, state and local laws, as well as the business environment, periodically change, Liföcity reserves the right to amend the Agreement as well as the prices in its *Liföcity Product Price List*, which is attached hereto as “Addendum 3” and incorporated herein by reference for all purposes in its sole and absolute discretion. Notification of amendments shall appear in all official Liföcity materials, Liföcity website, social media outlets or Liföcity’s back office.
- (b) Any such amendment, change, or modification shall be effective thirty (30) days following notice by one of the following methods:
  - (i) Posting on the official Liföcity website;
  - (ii) Electronic mail (e-mail); or
  - (iii) Any Liföcity communication channels or social media outlets (i.e., Facebook, Instagram, Twitter and/or Liföcity App).
- (c) Amendments shall not apply retroactively.

## 2.1 BASIC PRINCIPLES

### 2.2 Becoming A Liföcity Promoter

- (a) To become a Promoter, an applicant must comply with the following requirements:
  - (i) Be of the age of majority age (not a minor) in his or her state of residence;
  - (ii) Reside or have a valid address in the United States or the U.S. territory in which Liföcity is licensed to operate.
  - (iii) Have a valid tax payer identification number (i.e. Social Security Number, Federal Tax ID Number (TIN) or federal Business Number);
  - (iv) Enter a verified mobile phone number, which is not in use or associated with any other Liföcity accounts. Liföcity will verify such mobile phone number verified through a verification code sent to the number.

### **2.3 New Promoter Registration**

- (a) A potential new Promoter may self-enroll on any Promoter/Sponsor's website, subject to acceptance by Liföcity of the Liföcity Enrollment Application (the "**Application**") and "electronic signature" stating the new Promoter has agreed to all terms and conditions of the Agreement, including these Policies & Procedures.
- (b) Signed documents, including, but not limited to, the Application, automated credit card processing authorization documents, and the Agreement, are legally binding contracts which must not be altered, tampered with or changed in any manner after they have been signed. False or misleading information, forged signatures or alterations to any document, including business registration forms, made after a document has been signed may lead to sanctions, up to and including involuntary termination of Promoter's position.
- (c) If one applicant enrolls creating an account listing a certain Sponsor and enrolls a second time listing multiple Sponsors, only the first completed form to be received by Liföcity will be accepted. Liföcity reserves the right, at its sole discretion, to make the final decision with respect to all such disputes.

### **3.1 LIFÖCITY'S PROMOTER RESPONSIBILITIES**

#### **3.2 Correct Address**

- (a) It is the responsibility of the Promoter or Customer to make sure Liföcity has the correct shipping address before any orders are shipped.
- (b) A Promoter and/or Customer will need to allow up to seventy-two (72) hours for processing after the notice of address change has been received by Liföcity's Support Team.

#### **3.3 Training and Leadership**

- (a) Sponsoring Promoters must have ongoing contact and communication with the Promoters in their downline organizations. Examples of communication may include, but are not limited to, newsletters, written correspondence, telephone, direct contact, team conference calls, voicemail, e-mail, personal meetings, accompaniment of downline Promoters to Liföcity meetings, training sessions, events, workshops, and any other related functions.
- (b) A Sponsoring Liföcity Promoter should monitor the Promoters in his or her downline organizations to ensure that downline Promoters do not make improper product or business claims or engage in any illegal or inappropriate conduct. Upon request, such Promoter should be able to provide documented evidence to Liföcity of his or her ongoing fulfillment of the responsibilities of a Sponsor.
- (c) Upline Promoters are encouraged to educate and train new Promoters about Liföcity's products and services, effective sales techniques, the Compensation Plan, along with compliance with these Policies and Procedures, any and all social media guidelines, and any other guidelines and amendments thereto implemented at that time. Marketing a product is a required activity in Liföcity and must be emphasized in all recruiting presentations.
- (d) Use of Sales Aids. To promote both the products and the opportunity Liföcity offers, Promoters are encouraged to use the sales aids and support materials produced or expressly authorized by Liföcity. Promoters may use and publish marketing materials they design only after such materials have been approved by Liföcity. Unauthorized sales aids or promotional materials, including but not limited to Internet advertising, social media

marketing on Facebook, Instagram and the like, notwithstanding Promoters' good intentions, is a violation of these Policies and Procedures. Additionally, publishing marketing materials that violate any number of statutes or regulatory laws that govern how Liföcity's products or business opportunity may be marketed is a violation of these Policies and Procedures and could be grounds for immediate termination of the publisher's Liföcity Agreement. These violations, although they may be relatively few in number, could jeopardize the Liföcity opportunity for all Promoters. Accordingly, Promoters must submit via email all sales aids, promotional materials, advertisements, websites, training material, flyers, along with any other literature to Liföcity's Compliance Department for approval prior to use at: COMPLIANCE EMAIL: [compliance@Lifocityhq.com](mailto:compliance@Lifocityhq.com). Liföcity Unless the Promoter receives specific written approval to use the material, the request shall be deemed denied. All Promoters shall safeguard and promote the good reputation of Liföcity and its products. The marketing and promotion of Liföcity, the Liföcity opportunity, the Compensation Plan, and Liföcity products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

### **3.4 Sponsorship**

- (a) The Sponsor is the person who introduces a Promoter or Customer to Liföcity, helps them complete their enrollment, and supports and trains those in their downline.
- (b) Liföcity recognizes the Sponsor as the name(s) shown on the first:
  - (i) Physically signed Liföcity Promoter Agreement on file; or
  - (ii) Electronically signed Promoter Agreement from a website or a Liföcity Promoter website.
- (c) A Promoter Agreement that contains notations such as "by phone" or the signatures of other individuals (i.e. Sponsors, Spouses, relatives, or friends) is not valid and will not be accepted by Liföcity.
- (d) Liföcity recognizes that each new prospect has the right to ultimately choose his or her own Sponsor, but Liföcity will not allow Promoters to engage in unethical sponsoring activities.
- (e) All active Promoters in good standing have the right to Sponsor and enroll others into Liföcity. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Promoter will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first Promoter who presented a comprehensive introduction to Liföcity products or business opportunity.
- (f) In the event of controversy, Liföcity reserves the right to designate a prospect's Sponsor and all such determinations are final.

### **3.5 Unethical Sponsoring**

- (a) Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition by attempting to acquire a prospect or new Promoter away from a fellow Promoter or influencing another Promoter to transfer to a different Sponsor.
- (b) Allegations of unethical sponsoring must be reported in writing to Liföcity's Compliance Department within the first 30 days of the new Promoter enrollment in question. If the reports are substantiated, Liföcity may transfer the Promoter or the Promoter's downline to another Sponsor or organization without approval from the current up-line Sponsor or Placement Promoters. Liföcity remains the final authority in such cases.

- (c) Liföcity prohibits the act of “Stacking.” Stacking is the unauthorized manipulation of the Liföcity compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline Promoter in an unearned manner. One example of stacking occurs when a Sponsor places Promoter(s) under an inactive downline without his or her knowledge in order to trigger unearned qualification for commissioning purposes. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of the independent Promoter positions of all individuals and/or entities found to be directly involved.
- (d) Should Promoters engage in solicitation and/or enticement of members of another direct sales company to sell or distribute Liföcity products and services to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Promoter alleging that they engaged in inappropriate recruiting activity of another company’s sales force or Customers, Liföcity will neither pay any of Promoter’s defense costs or legal fees, nor indemnify the Promoter for any judgment, award, or settlement.

### **3.6 Cross Sponsoring Prohibition**

- (a) “Cross Sponsoring” is defined as the enrollment into a different line of sponsorship of an individual or Business Entity that already has a signed Promoter Agreement. Actual or attempted Cross Sponsoring is not allowed. If Cross Sponsoring is verified by Liföcity, sanctions up to and including termination of a Promoter’s position may be imposed.
- (b) The use of a spouse’s or relative’s name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal Business Numbers, or fictitious ID numbers to evade or circumvent this Cross-Sponsoring Policy is not permitted.
- (c) This Policy does not prohibit the transfer of a Liföcity business in accordance with Liföcity’s Transfer of Sale or Transfer Policy set forth in these Policies.

### **3.7 Solicitation for Other Companies or Products**

- (a) A Liföcity Promoter may participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities, as long as it is not a Competing Product as defined herein. Additionally, during the term of the Promoter Agreement and for six (6) months thereafter, a Liföcity Promoter may not recruit any fellow Liföcity Promoter or Customer for any direct sales or network marketing business, unless that fellow Promoter or Customer was personally sponsored by such Promoter.
- (b) The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party) another Promoter or Customer to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Promoter’s actions are in response to an inquiry made by another Promoter or Customer.
- (c) During the term of the Promoter Agreement any Liföcity Promoter must not sell, or entice others to sell, any Competing Products or services, including training materials, to Liföcity Customers or Promoters. Subject to the definition of Competing Product in the Glossary below, any product or service determined by Liföcity in its sole discretion, to be in the same category as a Liföcity product or service is deemed to be a competing product regardless of differences in cost or quality.
- (d) A Promoter may sell non-competing products or services to the Liföcity Customers and Promoters that they personally sponsored.

- (e) A Promoter may not display or bundle Liföcity products or services in sales literature, on a website, on social media posts, or in sales meetings with any other products or services to avoid confusing or misleading a prospective Customer or Promoter into believing there is a relationship between the Liföcity and non-Liföcity products and services.
- (f) A Liföcity Promoter may not offer any non-Liföcity opportunity, products or services at any live or virtual meeting, event, seminar, webinar, or convention that other Liföcity Promoters or Customers are known to be attending, or immediately following a Liföcity event.
- (g) A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between Liföcity and its Promoters and would inflict irreparable harm on Liföcity. In such event, Liföcity may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Promoter or such Promoter's positions including termination, or seek immediate injunctive relief without the necessity of posting a bond in addition to any other legal remedies that it may be entitled.

#### **4.1 AGREEMENTS & GENERAL UNDERSTANDINGS**

##### **4.2 Rights Granted**

- (a) Liföcity hereby grants to the Promoter a non-exclusive right, based upon the terms and conditions contained in the Agreement to:
  - (i) Purchase Liföcity products and services;
  - (ii) Promote and sell Liföcity products and services; and
  - (iii) Sponsor new Promoters and Customers in countries where Liföcity is currently authorized to do business or becomes authorized to business in the future.
- (b) No feature of the Compensation Plan constitutes a personal purchase requirement to become a Promoter, move up in rank in or otherwise fully participate in the Compensation Plan. No product purchase is required of anyone at any time to fully participate as a Promoter.

##### **4.3 Renewals and Termination of the Promoter Agreement**

- (a) If the Promoter allows his or her Promoter Agreement to expire due to nonpayment, the Promoter will lose any and all rights to his, her or its downline organization unless the Promoter renews his or her Agreement within sixty (60) days following the expiration of the Promoter Agreement.
  - (i) If the former Promoter renews the Promoter Agreement within the sixty (60) day time limit, and Liföcity accepts the renewal, the Promoter will resume the rank and position held immediately prior to the expiration of the Promoter Agreement. However, such Promoter's paid as level will not be restored unless he, she and/or an entity qualifies at that payout level in the new month. The Promoter is not eligible to receive commissions for the time period that the Promoter's position was expired.
  - (ii) Any Promoter who was terminated or whose Promoter Agreement has expired and lapsed the sixty (60) day grace period is not eligible to re-apply to become a Promoter for six (6) months following the expiration of the Promoter Agreement.
  - (iii) Upon termination of the Promoter Agreement, the downline of the expired Promoter will roll up to the immediate, active upline Sponsor, and the expired

Promoter's account information will be purged from Liföcity's database. The act of purging an account is not reversible.

#### **4.4 Effect of Termination**

- (a) Following a Promoter's termination due to inactivity or voluntary or involuntary termination (collectively, a "termination") such Promoter:
  - (i) Shall have no right, title, claim or interest to any commission or bonus, including Liföcity Bucks, from the sales generated by the Promoter's former organization or any other payments in association with the Promoter's former independent position;
  - (ii) Effectively waives any and all claims to property rights, if any, or any purported interest in or to the Promoter's former Downline organization; and
  - (iii) Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, less Liföcity Bucks which are not redeemable for cash, and less any other amounts owed to Liföcity.

#### **4.5 Modification of the Promoter Agreement**

- (a) A Liföcity Promoter may modify his or her existing Promoter Agreement (i.e., add a Spouse or partner to the account, or change the form of ownership from an individual to a business entity owned by the Promoter) by submitting a written request, accompanied by a new Promoter Agreement and Liföcity's business registration form, if applicable, completed with fresh signatures (not a "crossed out" or "white-out" version of the first Promoter Agreement), and any appropriate supporting documentation.

#### **4.6 Unauthorized Transfer & Re-Enrollment**

- (a) In the event a Promoter discovers that a Promoter in their downline has re-enrolled under a different Promoter, the Promoter has thirty (30) days from the date the downline Promoter enrolled under a new Promoter to notify Liföcity's Compliance Department and request the downline Promoter be transferred back to his/her downline. Upon the expiration of the thirty (30) day notice period, the right to re-claim a new Promoter to his or her downline will be waived.

#### **4.7 Change of Sponsors or Placement for Promoters**

- (a) Placement changes/corrections may be requested within a period of 72 hours from the time of enrollment. Such adjustments require written permission directed to Liföcity's Support Department submitted from the personal back office of the Sponsor as well as the Promoter to be moved and in some cases the upline distributor.
- (b) Sponsor changes are generally not permitted. However, Sponsor corrections can be made if they are reported to Liföcity's Support Department within 72 hours from the time of enrollment. Sponsor corrections must be requested from the distributor back office of the current (original) Sponsor, stating the reason that the correction needs to be made.
- (c) At the discretion of Liföcity, Promoters who have not ordered products or services for at least 12 months, and who have not tendered a letter of termination resignation, are eligible to re-enroll in Liföcity under the Sponsor/Placement of their choice.

- (d) Upon written notice to Liföcity that a former Promoter wishes to re-enroll, Liföcity will “compress” (close) the original account. A new Liföcity ID number will then be issued to the former Promoter.
- (e) Such Promoter does not retain former rank, downline, or rights to commission from his or her former organizations.
- (f) Liföcity reserves the right to correct Sponsor or Placement errors at any time and in whatever manner it deems necessary in its sole discretion.

#### **4.8 Change Organizations**

- (a) If a Liföcity Promoter wishes to transfer organizations, he or she must submit a letter of termination resignation to the Liföcity Customer Service Department and remain inactive (place no orders or be on an auto ship) with or in Liföcity for 6 months from the receipt of the letter before being eligible to re-enroll under a different Sponsor/Placement.
- (b) Liföcity retains the right to approve or deny any request to re-enroll after a Promoter’s termination.
- (c) If re-enrollment is approved, the former Promoter will be issued a new Liföcity ID number and will be required to submit a new Promoter Agreement. The Promoter will not be entitled to keep any former rank, downline, or rights to commission from any prior organization.

#### **4.9 Placement Lounge**

- (a) When you personally enroll Promoters or Customers, they are automatically placed in your Placement Lounge as described in Addendum 4 attached hereto, for up to sixty (60) days.
- (b) Promoter has up to sixty (60) days to place the new Promoter or Customer into an open position in their placement tree. Upon the expiration of sixty (60) days this option expires indefinitely. Once the Promoter or Customer in your Placement Lounge have been placed, they cannot be moved again.

#### **4.10 Voluntary Termination**

- (a) A Promoter may immediately terminate his or her Promoter Agreement by submitting a written notice or email to the Liföcity Compliance Department at [compliance@Liföcityhq.com](mailto:compliance@Liföcityhq.com). The written notice must include the following information:
  - (i) A statement of the Promoter’s intent to terminate the Promoter Agreement and date of termination;
  - (ii) Liföcity Identification Number;
  - (iii) Reason for terminating;
  - (iv) A Liföcity Promoter may not use termination as a way to immediately change Sponsor and Placement. Instead, the Promoter who has voluntarily terminated is not eligible to reapply for a position or have any financial interest in a or any Liföcity business for 6 months from the receipt of the written notice of termination; and
  - (v) Promoter’s signature.

#### **4.11 Involuntary Termination**

- (a) Liföcity reserves the right to terminate a Promoter's position for, but not limited to, the following reasons;
  - (i) Violation of any provision of the Promoter Agreement which includes the most current version of these Polices & Procedures then in effect, and the most current version of the Compensation Plan then in effect; or
  - (ii) Violation of any applicable law, ordinance, or regulation related to the Promoter's Liföcity business;
  - (iii) Engaging in unethical business practices or violating standards of fair dealing; or
  - (iv) Returning over \$500 worth of products, services and/or sales tools for a refund within a 12-month period.
- (b) Liföcity will notify the Promoter in writing by certified mail, return receipt requested or overnight documented mail, at his or her last known address of its intent to terminate the Promoter's position and the reasons for termination. The Promoter will have 15 calendar days from the date of mailing of such notice to respond in writing to the allegations or claims constituting cause for termination as stated in the notice. Liföcity will then have 30 calendar days from the date of receipt of the Promoter's response to render a final decision as to termination.
- (c) If a decision is made by Liföcity to terminate the Promoter's Agreement, Liföcity will inform the Promoter in writing that the Promoter Agreement is terminated effective as of the date of the written notification.
- (d) If the termination is not rescinded, the termination will be effective as of the date of the original termination notice by Liföcity. The former Promoter shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any Liföcity products or services. Liföcity will notify the active Upline Sponsor within 10 days after termination. The organization of the terminated Promoter will "roll up" to the active Upline Sponsor on record.
- (e) The Liföcity Promoter who is involuntarily terminated by Liföcity may not reapply to become a Promoter, either under his or her present name or any other name or entity, without the express written consent of an officer of Liföcity, following a review by the Liföcity Compliance Committee. In any event, such Promoter may not re- apply for a period of 12 months from the date of termination.

#### **5.1 BUSINESS ENTITIES**

##### **5.2 Definition**

- (a) A corporation, partnership, or trust (collectively referred to as a ("Business Entity")) may apply to be a Liföcity Promoter.
- (b) A Liföcity Promoter may change their status under the same Sponsor from an individual to a Business Entity or from one type of Business Entity to another.

##### **5.3 Indemnification for Actions**

- (a) The Liföcity Promoter is fully responsible for all of his or her verbal and written communications made regarding Liföcity products, services, and the Compensation Plan that are not expressly contained within official Liföcity materials. Promoters shall indemnify

and hold harmless Liföcity, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, lawyer fees and court costs incurred by Liföcity as a result of the Promoter's unauthorized representations or actions. This provision shall survive the termination of the Liföcity Promoter Agreement.

#### **5.4 Insurance**

- (a) Business Pursuits Coverage. Liföcity encourages Promoters to arrange insurance coverage for their business. A homeowner's insurance policy does not cover business related injuries, or the theft of, or damage to, inventory or business equipment. Liföcity Promoters need to contact their insurance agent to make certain their business property is protected. In most instances, this may be accomplished with a "Business Pursuit" endorsement to an existing homeowner's policy.

#### **6.1 POLICY VIOLATIONS**

##### **6.2 Reporting Policy Violation**

- (a) A Promoter who observes a policy violation by another Promoter, Promoter or Customer associated with Liföcity should submit an e- mail to [compliance@Liföcityhq.com](mailto:compliance@Liföcityhq.com) stating all violations. The message shall set forth the details of the incident as follows:
  - (i) The nature of the violation;
  - (ii) Specific facts to support the allegations;
  - (iii) Dates;
  - (iv) Number of occurrences;
  - (v) Persons involved; and
  - (vi) Supporting documentation.
- (b) Once the matter has been presented to Liföcity, it will be researched thoroughly by the Liföcity Compliance Department and appropriate action will be taken if required.

##### **6.3 Adherence to the Liföcity Compensation Plan**

- (a) A Promoter must adhere to the terms of the Liföcity Compensation Plan as set forth in these Policies and Procedures, as well as, in official Liföcity literature. Deviation from the Compensation Plan is prohibited.
- (b) A Promoter shall not offer the Liföcity opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Liföcity literature.
- (c) A Promoter shall not require or encourage a current or prospective Promoter to participate in Liföcity in any manner that varies from the Compensation Plan, as set forth in official Liföcity literature.
- (d) A Promoter shall not require or encourage a current or prospective Promoter to make a purchase from or payment to any individual or other entity as a condition to participating in the Liföcity Compensation Plan.

##### **6.4 Adherence to Laws and Ordinances**

- (a) Many cities, counties and townships have laws regulating certain home- based businesses. Promoters must check their local laws and obey the laws that do apply to them.
- (b) A Liföcity Promoter /Promoter or Customer shall comply with all Federal and local laws and regulations in their conduct of his or her Liföcity business.
- (c) A Promoter accepts sole responsibility for and agrees to pay all fines and incur all liabilities for his or her actions that violate any laws or ordinances.

#### **6.5 Compliance with Applicable Income Tax Laws**

- (a) A Promoter accepts sole responsibility for and agrees to pay all Federal and local taxes on any income generated as an independent Promoter, and further agrees to indemnify Liföcity from any failure to pay such tax amounts when due.
- (b) If a Promoter's business is tax exempt, the Federal Business Number must be provided to Liföcity in writing.
- (c) Liföcity encourages all Promoters to consult with a tax advisor for additional information for their business. Liföcity is required to charge and remit sales tax to the various states or provinces based on the retail price, including receipt of trips, prizes, or awards in the amount of \$600.00 or more.

#### **6.6 One Liföcity Business Per Promoter**

- (a) A Promoter may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) Liföcity business. No individual (together with their spouse) may have, operate, or receive compensation from more than one Liföcity business. Individuals of the same family unit, excluding spouses, may each enter into or have an interest in their own separate Liföcity businesses, only if each subsequent family position is placed frontline to the first family member enrolled. A "family unit" is defined as parents and dependent children living at or doing business at the same address. Each position must build their position separate and independent of the other or the position will be deemed to be stacking.

#### **6.7 Actions of Household Members or Affiliated Parties**

- (a) If any member of a Promoter's immediate household engages in any activity which, if performed by the Promoter, would violate any provision of the Agreement, such activity will be deemed a violation by the Promoter and Liföcity may take disciplinary action pursuant to these Policies and Procedures against the Promoter. Similarly, if any individual associated in any way with a Business Entity violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and Liföcity may take disciplinary action against the Business Entity. Likewise, if a Promoter enrolls in Liföcity as a Business Entity, each Affiliated Party of the Business Entity shall be personally and individually bound to, and must comply with this Agreement.

#### **6.8 Identification Numbers and Pay-Out**

- (a) Each Promoter is required to provide his or her federal Social Security Number or Federal Tax Identification Number, if located in the United States or any of its territories to Liföcity at the time Promoter initiates a transfer of monies or earnings accumulated in the Promoter's Liföcity Wallet. The transferring and disbursement of commission payments or bonuses acquired is known as a Pay-Out and Liföcity reserves the right to withhold

Pay-Out from any Promoter who fails to provide such information or who provides false information.

- (b) Upon enrollment, Liföcity will provide a Liföcity Identification Number to the Promoter. This number will be used to place orders, structure organizations, and track commissions and bonuses.

## 6.9 Sell, Assign or Delegate Ownership

- (a) In order to preserve the integrity of the hierarchical structure, it is necessary for Liföcity to place restrictions on the transfer, assignment, or sale of a position.
- (b) A Liföcity Promoter may not sell or assign his or her rights or delegate his or her position as a Promoter without prior written approval by Liföcity, which approval will not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of Liföcity.
- (c) Should the sale be approved by Liföcity, the buyer of the selling Promoter's position ("**Seller**") assumes the position of the Seller at the current qualified title, but at the current "paid as" rank, at the time of the sale and acquisition of the Seller's Downline.
- (d) To request corporate authorization for a sale or transfer of a Liföcity position, the following items must be submitted to the Liföcity Compliance Department:
  - (i) Liföcity's Sale/Transfer of Position Form properly completed, with the requisite signatures.
  - (ii) A copy of the Sales Agreement between Buyer and Seller signed, dated and notarized by both the buyer of Seller's position ("**Buyer**") and Seller.
  - (iii) A Liföcity Promoter Agreement completed and signed by the signed by the Buyer and proof of good standing;
  - (iv) Payment of the \$100 administration fee paid by Seller; and
  - (v) Any additional supporting documentation requested by Liföcity.
- (e) Any debt obligations that either Seller or Buyer may have with Liföcity must be satisfied prior to the approval of the sale or transfer by Liföcity.
- (f) A Liföcity Promoter who sells his or her position is not eligible to re-enroll as a Liföcity Promoter in any organization for six (6) full calendar months following the date of the sale except as otherwise expressly set forth in these Policies and Procedures.

## 6.10 Separating a Liföcity Business

- (a) Pending a divorce or dissolution of a Business Entity, the parties must adopt one of the following methods of operation:
  - (i) One of the parties may, with the written consent of the other(s), operate the Liföcity business whereby the relinquishing Spouse (which term herein means either an individual that is legally married or an individual that is party to a legally recognized common law relationship), shareholders, partners, members or trustees ("**Relinquishing Party**") authorize Liföcity to deal directly and solely with the other Spouse, non- relinquishing shareholder, partner, member or trustee;

- (ii) The parties may continue to operate the Liföcity business jointly on a “business as usual” basis, whereupon all compensation paid by Liföcity will be paid in the name designated as the Promoters or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, Liföcity will pay compensation to the name on record and in such event, the Promoter named on the account shall indemnify Liföcity from any claims from the other business owner(s) or the other Spouse with respect to such payment.
- (b) Liföcity recognizes only one Downline organization and will issue only one commission payment transfer per Liföcity business per commission cycle. Under no circumstances will the Downline of an organization be divided, nor will Liföcity split commission and/or bonuses.
- (c) If a Relinquishing Party has completely relinquished, in writing, all rights to the original Liföcity business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Promoter or active Customer in the former organization, and must develop a new business in the same manner as any other new Liföcity Promoter. A Promoter in the Relinquishing Party’s former Downline who wishes to transfer to the Relinquishing Party’s new organization or to any other organization, must comply with the requirements in Section 4.0.

#### **6.11 Succession**

- (a) The Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.
- (b) Upon the death or incapacity of a Promoter, the Promoter’s business may be passed on to his or her legal successors in interest (“**Successor**”). Whenever a Liföcity business is transferred by will or other testamentary process, the Successor acquires the right to collect all bonuses and commissions of the deceased Promoter’s sales organization. The Successor must:
  - (i) Complete and sign a new Liföcity Promoter Agreement;
  - (ii) Comply with the terms and provisions of the Promoter Agreement; and
  - (iii) Meet all of the qualifications for the last rank achieved by the former Promoter.
- (c) Bonus and commission of a Liföcity business transferred based on this section will be paid in a single transfer to the Successor, except for Liföcity Bucks which hold no cash value. The Successor must provide Liföcity with an “address of record” to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the position, not the highest rank or volume achieved.
- (d) If the business is bequeathed to joint devisees, they must form a Business Entity and acquire a federal Business Number. Liföcity will issue all bonus and commission payments to the managing Business Entity only.
- (e) Appropriate legal documentation must be submitted to Liföcity Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a Liföcity business, the Successor must provide the following to Liföcity Compliance Department;
  - (i) A certified copy of the death certificate; and
  - (ii) A notarized copy of the will or other appropriate legal documentation establishing the Successor’s right to the Liföcity business.

- (f) To complete a transfer of the Liföcity business because of incapacity, the Successor must provide the following to the Liföcity Compliance Department:
  - (i) A notarized copy of an appointment as trustee;
  - (ii) A notarized copy of the trust document or other appropriate legal documentation establishing the trustee's right to administer the Liföcity business; and
  - (iii) A completed Promoter Agreement executed by the trustee.
- (g) If the Successor is already an existing Promoter, Liföcity will allow such Promoter to keep his or her own position plus the inherited position active for up to six (6) months. By the end of the six (6) month period, the Promoter must have compressed (if applicable), sold, or otherwise transferred either the existing position or the inherited position.
- (h) If the Successor wishes to terminate the Liföcity position, he or she must submit a notarized statement stating the desire to terminate the position, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.
- (i) Upon written request, Liföcity may grant a one-month bereavement waiver and pay out at the last "paid as" rank.

## **7.1 DISCIPLINARY ACTIONS**

### **7.2 Imposition of Disciplinary Action - Purpose**

It is the spirit of Liföcity that integrity and fairness should pervade among its Promoters, thereby providing everyone with an equal opportunity to build a successful business. Therefore, Liföcity reserves the right to impose disciplinary sanctions at any time, when it has determined that a Promoter has violated the Agreement, as it may be amended from time to time by Liföcity in accordance herewith.

### **7.3 Consequences and Remedies of Breach**

- (a) Disciplinary actions may include one or more of the following:
  - (i) Monitoring a Promoter's conduct over a specified period of time to assure compliance;
  - (ii) Issuance of a written warning or requiring the Promoter to take immediate corrective action;
  - (iii) Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until Liföcity receives adequate additional assurances from the Promoter to ensure future compliance;
  - (iv) Suspension from participation in Liföcity or Promoter events, rewards, or recognition;
  - (v) Suspension of the Liföcity Promoter Agreement and position for one or more pay periods;
  - (vi) Involuntary termination of the Promoter's Agreement and position;

- (vii) Any measure or combination of measures above which Liföcity deems feasible and appropriate to justly resolve injuries caused by the Promoter's policy violation or contractual breach; or
- (viii) Legal proceedings for monetary or equitable relief.

#### **7.4 Suspension Procedures**

- (a) First Violation: Counseling and initial warning letter.
  - (i) A first violation usually occurs because the Promoter is not familiar with the Policies and Procedures or the law. Counseling and the initial warning provide an opportunity for Compliance Department to bring to the attention of the Promoter the Policies and Procedures and the specific violation, and to provide counseling on complying with the Policies and Procedures and applicable laws. Compliance Department will also describe expectations and steps the Promoter must take to resolve the violation including, but not limited to, either removing or revising the non-compliant claim or how to remedy other policy violations. Within three days of such notice, Compliance Department will determine if the non-compliant material or other policy violation has been remediated. If so, Compliance Department will close the file. If not, Compliance Department will proceed to 2nd violation notice described below.
- (b) Second Violation: Second warning letter and temporary suspension.
  - (i) Although it is hoped that the Promoter will promptly correct the violation(s), Liföcity recognizes that this may not always occur. The second written warning indicates the seriousness of repeated violations and will prompt a temporary suspension of the Promoter's account. During the suspension period, the Promoter waives any and all rights to Pay-Out and must submit a signed a reinstatement letter wherein the Promoter acknowledges the violation(s) and describes the steps taken to correct the violation(s). Once the reinstatement letter is accepted by Liföcity, the suspension will be lifted and the Promoter will be able to request a Pay-Out. The Promoter may be subject to additional discipline up to and including termination if the violation is not remedied or further violations occur.
- (c) Third Violation: Suspension and final written warning.
  - (i) Repeated violations of the Policies and Procedures is very problematic and potentially harmful. Therefore, the most effective and prudent action is suspension of the Promoter and forfeiture of commissions for at least a month. The final written warning letter will include notification of such suspension, the extent of the commission forfeiture, and an indication that if the Promoter violates the Policies and Procedures again, the Promoter will be terminated immediately.
- (d) Fourth Violation: Termination.
  - (i) As described above, Liföcity will try to exercise the progressive nature of the discipline policy by first providing warnings, a final written warning and suspension, and commissions forfeiture before proceeding to termination; however, Liföcity reserves the right to combine and omit steps depending on the circumstances of each situation and the nature of the violation. Furthermore, Promoter may be terminated without prior notice or disciplinary action, as authorized by the Policies and Procedures.

## 8.1 **DISPUTE RESOLUTION**

### 8.2 **Grievances Against Another Promoter**

- (a) If a Liföcity Promoter has a grievance or complaint against another Promoter regarding any practice or conduct relating to their respective Liföcity businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Liföcity Compliance Department as outlined below in this Section.
- (b) The Liföcity Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Promoters involved.
- (c) Liföcity will confine its involvement to disputes regarding Liföcity business matters only. Liföcity will not decide issues that involve personality conflicts or unprofessional conduct by or between Promoters outside the context of a Liföcity business. These issues go beyond the scope of Liföcity and may not be used to justify a Sponsor or Placement change or a transfer to another Liföcity organization.
- (d) Liföcity does not consider, enforce, or mediate third party agreements between Promoters, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- (e) Process for Grievances:
  - (i) The Liföcity Promoter should submit a letter of complaint (e-mail will be accepted) directly to the Liföcity Compliance Department. The letter shall set forth the details of the incident as follows:
    - (A) The nature of the violation;
    - (B) Specific facts to support the allegations;
    - (C) Dates;
    - (D) Number of occurrences;
    - (E) Persons involved; and
    - (F) Supporting documentation.
  - (ii) Upon receipt of the written complaint, Liföcity will conduct an investigation according to the following procedures:
    - (A) The Liföcity Compliance Department will send an acknowledgment of receipt to the complaining Promoter;
    - (B) The Liföcity Compliance Department will provide a verbal or written notice of the allegation to the Promoter under investigation. If a written notice is sent to the Promoter, he or she will have 10 business days from the date of the notification letter to present all information relating to the incident for review by Liföcity;
    - (C) The Liföcity Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case by case basis, and the length of time to reach a resolution will vary; and

(D) During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Promoter calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.

(f) Liföcity will make a final decision and timely notify the Liföcity Promoters involved.

### **8.3 Mediation of Disputes Between a Promoter and Liföcity**

(a) Promoter and Liföcity (collectively “the Parties”) recognize disputes and differences may arise between the Parties and therefore agree it is in their best interest to appoint an impartial mediator to resolve such disputes as they arise. Mediation of a dispute may allow the parties to avoid the cost and inconvenience of litigation in court.

(b) The Parties should exchange all documents pertinent to the relief requested. The mediator may request the exchange of memoranda and other information; items that a party wishes to keep confidential may be sent to the mediator in a separate communication.

(c) The mediator shall not be a legal representative of any party.

(d) Unless otherwise agreed to by the Parties, the mediation shall take place in Collin County, Texas, on a date that is mutually agreeable among the Parties and mediator. Participation in the mediation by telephone will be permitted to prevent inconvenience to a party.

(e) The mediator shall allow the Parties to be represented by their respective advocates, who have the authority to consummate a settlement. Any party may participate without representation (pro se).

(f) Mediation sessions and related mediation communications are private proceedings. For this reason, only the Parties and their legal representatives may attend mediation sessions. Other persons may attend only with the permission of the Parties and with the consent of the mediator.

(g) Each Party will pay its own costs and expense of the mediation unless the Parties agree otherwise.

(h) The Parties agree that all mediation communications are privileged and not subject to discovery or admissible in evidence in a proceeding unless waived or precluded by both Parties or unless the evidence would otherwise be admissible or subject to discovery if it were not by reason of its disclosure or use in mediation.

(i) Jurisdiction and venue of any controversy or claim brought under this mediation provision shall be in Collin County, Texas. The Parties further agree that the laws of the State of Texas shall govern all matters, claims or controversy submitted to mediation pursuant to the Agreement.

### **8.4 Severability**

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised

### **8.5 Waiver**

- (a) Only an officer of Liföcity can, in writing, affect a waiver of these Policies and Procedures. Liföcity's waiver of any particular breach by a Promoter shall not affect Liföcity's rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Promoter.
- (b) The existence of any claim or cause of action of a Promoter against Liföcity shall not constitute a defense to Liföcity's enforcement of any term or provision of these Policies and Procedures.

## **8.6 Governing Law**

- (a) The Parties agree that jurisdiction and venue of any controversy or claim arising from the Agreement or between Liföcity and Promoter, shall be in Collin County, Texas. The law of the State of Texas shall govern all matters relating to or arising from the Agreement or between Liföcity and Promoter.

## **8.7 Class Action Waiver**

- (a) The parties expressly intend and agree that:
  - (i) Class action and representative action procedures are hereby waived and shall not be asserted, nor will they apply, in any court or arbitration; and
  - (ii) The parties will only submit their own, individual claims in any court or arbitration and will not seek to represent the interests of any other person.
- (b) The court or arbitrator is not empowered to consolidate claims of different individuals into one proceeding, to hear any litigation or arbitration as a class action.
- (c) I agree that I will not assert class or collective action claims against the Company in arbitration, court or otherwise, nor will I join or serve as a member of a class or collective action in arbitration, court or otherwise.
- (d) I understand that this means that there will be no right or authority for any dispute to be brought, heard, or arbitrated as a class or collective action by me or the Company.

## **9.1 PAYMENT OF COMMISSIONS & BONUSES**

### **9.2 Bonus and Commission Qualifications**

- (a) A Promoter must be active and in compliance with any and all Liföcity Policies and Procedures set forth herein, along with all guidelines implemented to qualify for bonuses and commissions. So long as a Promoter complies with the terms and conditions set forth in the Agreement, Liföcity shall pay commissions to such Promoters in accordance with the Compensation Plan and any amendments thereto.
- (b) Liföcity will not issue a payment earned of any form to a Promoter without the receipt of the annual membership fee and completed electronic Application and Promoter Agreement.
- (c) Liföcity reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$25.00.
- (d) Bonuses in the form of Liföcity Bucks are not redeemable for cash.

### **9.3 Computation of Commissions and Discrepancies**

- (a) In order to qualify to receive commissions and/or bonuses, a Promoter must be in good standing and comply with the terms of the Agreement. Commissions, bonuses, overrides, and achievement levels are calculated on a daily, monthly or yearly basis.
- (b) A Liföcity Promoter must review his or her monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After the thirty (30) day “grace period” no additional requests will be considered for commission recalculations.
- (c) For additional information on payment of commissions, please review the Compensation Plan.
- (d) Liföcity reserves the right, in its sole discretion, to modify or amend the terms or conditions of any Bonus or Bonus Pool. Furthermore, Liföcity may amortize the payment of proceeds from a Bonus or Bonus Pool.

### **9.4 Adjustments to Bonuses and Commissions for Returned Products or Promoter Memberships.**

- (a) A Promoter receives bonuses and commissions based on the actual sales of products and services to end consumers and to Promoters through product and service purchases. When a product or service is returned to Liföcity for a refund from the end consumer or by a Promoter, the bonuses and commissions attributable to the returned product or service will be deducted from the Promoter who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.
- (b) In the event that a Promoter terminates his or her position, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by Liföcity, the remainder of the outstanding balance may be offset against any other amounts that may be owed by Liföcity to the terminated Promoter.

### **10.1 ORDERING PRODUCT**

#### **10.2 General Product Ordering Policies**

- (a) “Bonus Buying” is strictly and absolutely prohibited. Bonus Buying includes; (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Application by such individuals or Business Entities; (b) the fraudulent enrollment of an individual or entity as a Promoter or Customer; (c) the enrollment or attempted enrollment of non-existent individuals or Business Entities as Promoters or Customers (“phantoms”); (d) purchasing Liföcity products or services on behalf of another Promoter or Customer, or under another Promoter’s or Customer’s ID number, to qualify for commissions or bonuses; (e) purchasing excessive amounts of products, services or smartships that cannot reasonably be used or resold in a month; and/or (f) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end consumers.
- (b) Liföcity requires that Promoters use their own credit cards and not allow others to use them. A Promoter shall not use another Promoter’s or Customer’s credit card or debit account to enroll in Liföcity or purchase products, services or smartship without the account holder’s written permission. Such documentation must be kept by the Promoter indefinitely in case Liföcity needs to reference this.

- (c) Regarding an order with an invalid or incorrect payment, Liföcity will attempt to contact the Promoter by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after the expiration of ten (10) business days, the order will be canceled.
- (d) Prices are subject to change without notice.
- (e) A Promoter or Customer who is a recipient of a damaged or incorrect order must notify Liföcity within thirty (30) calendar days from receipt of the order and follow the Procedures as set forth in these Policies and Procedures, along with Liföcity's Return/Exchange Policies and any and all guidelines instated and effective and any amendments thereto.

### 10.3 Sales to Customers

- (a) Sales to retail customers may be done directly through Promoters' replicated websites or directly using product that Liföcity has in inventory.
- (b) Promoters must comply with applicable consumer protection laws and regulations (including any consumer rights to receive specific notices and any rights to return product) afforded consumers under applicable consumer protection legislation.
- (c) When making a sale to an end customer, a Promoter must provide him/her with an official Liföcity retail receipt at or prior to the time of the initial sale and every sale thereafter. Promoter will need to customize the template with his/her personal information. If the customer exercises the right to cancel the sale, Promoter shall follow the refund procedures described in this section.
- (d) The customer should return all unused Product to Liföcity. The sales receipt sets forth the consumer protection rights afforded by applicable law for direct sales, including the right to cancel (without any reason) a sales receipt up to ten (10) days after the end customer receives a copy of the receipt or invoice.

### 10.4 Insufficient Funds

- (a) All electronic payments that are declined for insufficient funds will be automatically re-submitted for payment.
- (b) Any outstanding balance owed to Liföcity by a Promoter or Customer of a Promoter from NSF (non- sufficient funds) or insufficient fund fees (ACH), will be withheld by Liföcity from that Promoter's future bonus and commission funds.
- (c) All transactions involving insufficient funds through ACH or credit card, which are not resolved in a timely manner by the Promoter, constitute grounds for disciplinary sanctions or termination of the account.
- (d) If a credit card order or automatic debit is declined the first time, the Customer or Promoter will be contacted directly and a request for an alternate form of payment will be made before any product will be shipped. If payment is declined a second time, the Customer or Promoter may be deemed ineligible to purchase Liföcity products or services or participate in the monthly auto ship. **Note: Participation by Promoters in Liföcity's monthly auto ship, which is a recurring product order program, is entirely optional, and is not required in order to become a Promoter, move up in rank or otherwise, fully participate in the Rewards Program described in the Compensation Plan.**

## 10.5 Credit Card Purchases

- (a) Credit card purchases may only be made by the individual whose name and address are on the credit card. Any Promoter or Customer who uses another individual's credit card to pay for purchases risks having his/her account being placed on suspension pending an investigation and resolution of any complaints regarding unauthorized charges. Liföcity considers such transactions fraudulent and will report them to the proper authorities for settlement.
- (b) Under no circumstance will any Promoter and/or Customer charge back any credit card purchases. Any Promoter and/or Customer who does so will immediately lose all credit card ordering privileges until the charges are replaced with certified funds. If an erroneous charge is applied to a Promoter and/or Customer's credit card, the Promoter or Customer should immediately contact the Liföcity Support Team via email at [support@liföcityhq.com](mailto:support@liföcityhq.com) to initiate an investigation and resolution.
- (c) If a Promoter or Customer notifies his/or her banking institution and requests a chargeback for the amount of the purchase, the person's account will be automatically closed indefinitely upon Liföcity's notification of the disputed purchase.
- (d) Upon closing of Promoter's account, Promoter's Liföcity Bucks balance will be cleared, as they are not redeemable for cash.

## 10.6 Sales Tax Obligation

- (a) The Promoter shall comply with all federal and local taxes and regulations governing the sale of Liföcity products and services.
- (b) Liföcity will collect and remit sales tax, on Promoter orders. When orders are placed with Liföcity, sales tax is prepaid based upon the suggested retail price. Liföcity will remit the sales tax to the appropriate Provincial and local jurisdictions. The Promoter may recover the sales tax when he or she makes a sale. Promoters are responsible for any additional sales taxes due on products marked up and sold at a higher price.
- (c) Liföcity encourages each Promoter to consult with a tax advisor for additional information for his or her business.
- (d) Liföcity charges and remits sales tax to the various states and U.S territories based on the retail price.

## 10.7 Refund Policy

- (a) Liföcity Customers.
  - (i) If within the first thirty (30) days from the date of purchase you are not satisfied with a Liföcity product for any reason, you may contact [support@Liföcityhq.com](mailto:support@Liföcityhq.com) to return the unused portion of the product for a full refund of the product purchase amount, minus shipping and handling charges incurred. After thirty (30) days and up to ninety (90) days post purchase, you may contact [support@Liföcityhq.com](mailto:support@Liföcityhq.com) to return the remaining sellable portion of the product for a full refund of the sellable portion you return, minus shipping and handling charges incurred. Because Liföcity cannot guarantee the quality of Liföcity products that are sold to Customers by non-Promoters, Liföcity's Refund Policy is not available for products that Customers purchase from anyone other than a Promoter or Liföcity itself or that are purchased in any unauthorized channel.

- (ii) Properly returned product purchased completely or partially with Liföcity Bucks will be credited Liföcity Bucks, pro rata, back to their Customer account. Liföcity Bucks are not redeemable for cash.

(b) Liföcity Promoters.

- (i) If within the first thirty (30) days of the original purchase, you are not satisfied with the product, you must contact [support@lifocityhq.com](mailto:support@lifocityhq.com) to return the unused portion of the product for a full refund, minus shipping and handling charges. Your promoter account will then be subject to six (6) months suspension.
- (ii) Between thirty (30) and ninety (90) days, if you are not 100% satisfied with our products or are unable to sell them, you may return the items for a refund if the products are in resalable condition. (\*Resalable condition means in sealed enclosed boxes with wrapper intact.) The refund shall be 70% percent of the original price for all returned product. Any shipping and handling charges incurred will not be refunded.
- (iii) If you receive a product that is damaged or otherwise defective, you may return the product within thirty (30) days of receipt for a full refund or replacement product.
- (iv) Properly returned product purchased completely or partially with Liföcity Bucks will be credited Liföcity Bucks, pro rata, back to their Promoter account. Liföcity Bucks are not redeemable for cash.

(c) Terminating Liföcity Promoters.

- (i) If a terminating Promoter has purchased products, Liföcity will issue a refund or credit for any products purchased by the terminating Promoter provided that: (i) the products are unopened and returned to Liföcity within twenty (20) days from the date of termination; (ii) the terminating Promoter provides proof of purchase of the products; (iii) the products were purchased within 12 months preceding the date of termination, and (iv) the products are undamaged and are current and resalable (Note: the 12 month requirement not applicable to residents of Maryland, Wyoming, Massachusetts and Puerto Rico). Refunds are subject to a ten percent (10%) handling fee. Shipping costs are not refundable.

(d) Problems with Shipments.

- (i) If within thirty (30) days of the expected reported delivery date, you do not notify [ask@lifocityhq.com](mailto:ask@lifocityhq.com) of a problem with the receipt of your order, including but not limited to, failure to receive the product, improper sealing, damaged to the container, quality of the internal product, and/or receipt of wrong product, refunds or exchanges will not be given.

- (e) All purchases are charged and refunded in U.S. Dollars. All returns, refunds and exchanges will also be refunded or exchanged in U.S. Dollars, except for Liföcity Bucks, which are not redeemable for cash. Liföcity, Inc. is not responsible for fluctuating exchange rates.

## 10.7 Return Process

- (a) All returns, whether by a Customer or Promoter, must be made as follows:
  - (i) Obtain a Return Merchandise Authorization (“RMA”) from Liföcity by contacting [ask@lifocityhq.com](mailto:ask@lifocityhq.com) and submit a request.

- (ii) Ship items to the address provided by Liföcity customer service when you receive your RMA.
- (iii) Provide a copy of the sales receipt or invoice with the returned products or service. Such invoice must reference the RMA and include the reason for the return.
- (iv) Ship product back in the original manufacturer's box exactly as it was delivered.
- (v) All returns must be shipped to Liföcity pre-paid, as Liföcity does not accept shipping collect packages. Liföcity recommends shipping returned product by UPS or FedEx which includes tracking information and insurance, as risk of loss or damage in the shipping process of the returned product shall be borne solely by the Customer or Promoter. If returned product is not received at the address provided on the RMA, it is the responsibility of the Customer or Promoter to trace the shipment of the product wherein no credit will be applied.
- (vi) The return of \$500 or more of products accompanied by a request for a refund within one (1) calendar year by a Promoter, may constitute grounds for involuntary termination.

### **11.1 LIFÖCITY OPPORTUNITY**

#### **11.2 Presentation of Compensation Plan**

- (a) In presenting the Liföcity opportunity to potential Customers and Promoters, a Promoter is required to comply with the following provisions:
  - (i) A Promoter shall present a copy of the Liföcity Income Disclosure Statement when presenting the opportunity to prospective Promoters and take special to not misquote or omit any significant material fact about the Compensation Plan.
  - (ii) A Promoter shall make it clear that the Compensation Plan is based upon sales of Liföcity products and services.
  - (iii) A Liföcity Promoter shall not make income projections, claims, or guarantees while presenting or discussing the Liföcity opportunity or Compensation Plan to prospective Promoters or Customers. A Liföcity Promoter **MUST** inform all prospective Promoters that success requires substantial work and make available the Liföcity Income Disclosure Statement to prospective Promoters.
  - (iv) A Promoter may not make any claims regarding products or services of any products offered by Liföcity, except those contained in official Liföcity literature.
  - (v) A Promoter may not use official Liföcity material to promote the Liföcity business opportunity in any country where Liföcity is not duly authorized to conduct business.

#### **11.3 Sales Requirements Are Governed by the Compensation Plan**

- (a) Liföcity Promoters may purchase Liföcity products and then re-sell them at any price they choose, unless otherwise specified by Liföcity or by any/its product suppliers on a per product basis. Liföcity will provide suggested selling prices. There are no exclusive territories granted to anyone. No franchise fees are applicable to a Liföcity business. Liföcity products may only be sold where Liföcity is licensed or otherwise authorized to conduct business.

- (b) The Liföcity program is built on sales to the ultimate consumer or end user. Liföcity encourages its Promoters to only purchase inventory, in reasonable quantities, that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Promoters must never attempt to influence any other Promoter to buy more products than they can reasonably use or sell to retail Customers in a month.
- (c) Each Liföcity Promoter commits to personally use, sell, or use in business building at least 70% of every order placed with Liföcity prior to placing another order, and must be able to certify as much if demanded by Liföcity or by any regulatory agency. ***Purchasing product solely for the purpose of collecting bonuses or achieving rank is strictly prohibited.*** Liföcity retains the right to limit the amount of purchases you may make if, in our sole judgment, we believe those purchases are being made solely for qualification purposes instead of for consumption or resale.

## **12.1 PROPRIETARY INFORMATION & TRADE SECRETS**

### **12.2 Business Reports, Lists, and Proprietary Information**

- (a) By agreeing to the Liföcity Promoter Agreement, the Promoter acknowledges that business reports, lists of Customer and Promoter names and contact information and any other information, which may or may not appear in a Promoter's Back Office, which contain financial, scientific or other information both written or otherwise circulated by Liföcity or pertaining to the business of Liföcity (collectively, "Reports"), are confidential and proprietary information and trade secrets belonging to Liföcity.

### **12.3 Obligation of Confidentiality**

- (a) During the term of the Liföcity Promoter Agreement and for a period of two (2) years after the termination or expiration of the Promoter Agreement between the Promoter and Liföcity, the Promoter shall not:
  - (i) Use the information in the Reports to compete with Liföcity or for any purpose other than promoting his or her Liföcity business; and
  - (ii) Use or disclose to any person or entity any confidential information contained in the reports, including the replication of the genealogy in another network marketing company.

### **12.4 Breach and Remedies**

- (a) The Promoter acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Liföcity and to independent Liföcity businesses. Liföcity and its Promoters will be entitled to injunctive relief or to recover damages against any Promoter who violates this provision in any action to enforce its rights under this section as well as any other remedies or monetary damages available at law. The prevailing party shall be entitled to an award of lawyer's fees, court costs and expenses in addition to any award of damages.

### **12.5 Return of Materials**

- (a) Upon demand by Liföcity, any current or former Promoter will return the original and all copies of all "Reports" to Liföcity together with any Liföcity confidential information in such person's possession.

### **13.1 PRIVACY POLICY**

#### **13.2 Introduction**

- (a) This Privacy Policy is to ensure that all Customers and Promoters understand and adhere to the basic principles of confidentiality. Without limiting the terms of this section 13, all Promoters must comply with applicable privacy laws governing the collection, use and disclosure of Customer and fellow Promoter information.

#### **13.3 Expectation of Privacy**

- (a) Liföcity recognizes and respects the importance its Customers and Promoters place on the privacy of their financial and personal information. Liföcity will make reasonable efforts to safeguard the privacy of, and maintain the confidentiality of, its Customers' and Promoters' financial and account information and nonpublic personal information.
- (b) By entering into the Promoter Agreement, a Promoter or Customer authorizes Liföcity to disclose his or her name and contact information to upline Promoters solely for activities related to the furtherance of the Liföcity business. A Promoter hereby agrees to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing his or her downline organization and conducting the Liföcity business.

#### **13.4 Employee Access to Information**

- (a) Liföcity limits the number of employees who have access to Customer's and Promoters' nonpublic personal information.

#### **13.5 Restrictions on the Disclosure of Account Information**

- (a) Liföcity will not share non-public personal information or financial information about current or former Customers or Promoters with third parties, except as permitted or required by laws and regulations, court orders, to serve the Customers' or Promoters' interests, or to enforce its rights or obligations under these Policies and Procedures, or the Promoter Agreement, or with written permission from the accountholder on file.

### **14.1 PRODUCT INSPECTION, QUALITY CONTROLS, ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS**

#### **14.1 Inspection, Product Care, and Quality Controls**

- (a) Promptly upon receipt, Promoters shall inspect Liföcity products and their packaging for damage, broken seals, evidence of tampering, or other product defects. If a product is defective or damaged, Promoters shall not sell the product and must report the defect or damage to Liföcity. Promoters may return products that are damaged or otherwise defective within thirty (30) days of receipt for a full refund or replacement.
- (b) Promoters must comply with all instructions provided by Liföcity regarding the proper care, storage, and handling of Liföcity products. Additionally, Promoters shall store all Liföcity products in a dry place at room temperature, away from direct sunlight. Members shall also regularly inspect inventory for products that are expired or that will expire within 60 days, and shall not sell any such products.
- (c) If Liföcity discovers that a Promoter is not properly inspecting products upon receipt, not properly storing and caring for Liföcity products, and/or selling products that are damaged or otherwise defective, Liföcity will investigate the Promoter and take remedial and disciplinary action up to and including involuntary termination of the Promoter Agreement.

## 14.2 Labeling, Packaging, and Displaying Products

- (a) A Liföcity Promoter and/or Customer may not re-label, re-package, refill, or alter labels of any Liföcity product, or service, information, materials or program(s) in any way. Liföcity products and services must only be sold in their original containers from Liföcity. Such re-labeling or re-packaging violates federal and regulatory laws, which may result in criminal or civil penalties or liability.
- (b) A Liföcity Promoter shall not cause any Liföcity product or service or any Liföcity trade name to be sold or displayed in retail establishments, except;
  - (i) Where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor's offices, clinics, health clubs, spas and beauty salons); and
  - (ii) Where the retail establishment is owned or managed by the Liföcity Promoter and the store does not exceed \$1 million in annual gross revenue, and there are five (5) or fewer stores under common ownership of management.
- (c) A Promoter may sell Liföcity products and services and display the Liföcity trade name at any appropriate display booth (such as trade shows, expositions, conferences etc.) with the express written consent of Liföcity.
- (d) A Promoter or Customer is prohibited to sell Liföcity products and services and display the Liföcity trade name, trademark or service mark at any kiosk or booth located in any retail establishment, such as a mall or retail facility.
- (e) Liföcity reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products and services, or the Liföcity opportunity.

## 14.3 Use of Company Names and Protected Materials

- (a) A Liföcity Promoter must safeguard and promote the good reputation of Liföcity and the products and services it markets. The marketing and promotion of Liföcity, the Liföcity opportunity, the Compensation Plan, and Liföcity products and services will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.
- (b) All promotional materials supplied or created by Liföcity must be used in their original form and cannot be changed, amended or altered, except with prior written approval from the Liföcity Compliance Department.
- (c) The name of Liföcity, each of its product and service names and other names that have been adopted by Liföcity, in connection with its business are proprietary trade names, trademarks and service marks of Liföcity. As such, these marks are of great value to Liföcity and are supplied to Promoters for their use only in an expressly authorized manner.
- (d) A Liföcity Promoter's use of the name "Liföcity" is restricted to protect Liföcity proprietary rights, ensuring that the Liföcity protected names will not be lost or compromised by unauthorized use. Use of the Liföcity name on any item not produced by Liföcity is prohibited except as follows:
  - (i) [Promoter's name] Independent Liföcity Promoter or Distributor; and

- (ii) [Promoter's name] Independent Promoter of Liföcity products and services.
- (e) Further procedures relating to the use of the Liföcity name are as follows:
  - (i) All stationary (i.e. letterhead, envelopes, and business cards) bearing the Liföcity name or logo intended for use by the Liföcity Promoter must be submitted via email to the Liföcity Compliance Department for approval. Submit to: Liföcity
  - (ii) Liföcity Promoters may list "Independent Liföcity Promoter" in the white pages of the telephone directory under his or her own name.
  - (iii) Liföcity Promoters may not use the name Liföcity in answering his or her telephone, creating a voice message or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Independent Liföcity Promoter."
- (f) Certain photos and graphic images used by Liföcity in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to Promoters. If a Promoter wants to use these photos or graphic images, they must negotiate individual contracts with the vendors for a fee.
- (g) A Liföcity Promoter shall not appear on or make use of television or radio or make use of any other media to promote or discuss Liföcity or its programs, products or services without prior written permission from the Liföcity Compliance Department.
- (h) A Promoter may not produce for sale or distribution any Company event or speech, nor may a Promoter reproduce Liföcity audio or video clips for sale or for personal use without prior written permission from the Liföcity Compliance Department.
- (i) Liföcity reserves the right to rescind its prior approval of any sales aid or promotional materials to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected Promoter.
- (j) A Promoter shall not promote non-Liföcity products or services in conjunction with Liföcity products or services on the same social media site or same advertisement without prior approval from Liföcity Compliance Department.
- (k) Claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Liföcity may not be made except those contained in official Liföcity literature. In particular, no Promoter may make any claim that Liföcity products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate Liföcity policies, but they also potentially violate federal and provincial laws and regulations.
- (l) A Promoter and/or Customer may not make any claims regarding products or services of any products offered by Liföcity, except those contained in official Liföcity literature.

#### **14.4 Faxes and E-mail - Limitations**

- (a) Except as provided in this section, a Promoter may not use or transmit unsolicited email, mass email distribution, other commercial electronic messages or "spamming" that advertises or promotes the operation of his or her Liföcity business. The exceptions are;
  - (i) E-mailing any person who has given prior permission or invitation; and

- (ii) E-mailing any person with whom the Promoter has established a current business or personal relationship.
- (b) In all states or U.S. or International territories where prohibited by law, a Promoter may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.
- (c) All e-mail or computer broadcasted documents subject to this provision shall include each of the following:
  - (i) A clear and obvious identification that the fax or e-mail message is an advertisement or solicitation. The words "advertisement" or "solicitation" should appear in the subject line of the message;
  - (ii) A clear return path or routing information;
  - (iii) The use of legal and proper domain name;
  - (iv) A clear and obvious notice of the opportunity to decline to receive further commercial facsimile or e-mail messages from the sender;
  - (v) Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;
  - (vi) The true and correct name of the sender, valid senders fax or e-mail address, and a valid sender physical address;
  - (vii) The date and time of the transmission; and
  - (viii) Upon notification by recipient of his or her request not to receive further faxed or e-mailed documents, a Liföcity Promoter shall not transmit any further documents to that recipient.
- (d) All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:
  - (i) Use of any third-party domain name without permission; and
  - (ii) Sexually explicit materials.

#### **14.5 Internet and Third-Party Website Restrictions**

- (a) A Promoter and/or Customer is prohibited from creating or registering any third-party website in order to promote, sell or advertise their Liföcity business or Liföcity products without Liföcity's express written approval. A Promoter and/or Customer is prohibited from using or attempting to register any of Liföcity's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Liföcity logo or the Liföcity name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, web pages, or blogs.
- (b) A Liföcity Promoter may not (directly or indirectly through any intermediary or instrumentality) advertise, offer for sale, or facilitate the offering for sale of any Liföcity products or services or offer the Business Opportunity on any online auction websites, internet retailer sites, or online marketplace websites. Examples of such sites include, but

are not limited to, eBay®, Amazon, Facebook Marketplace, Sears.com, Jet.com, Walmart.com, and Etsy. This obligation survives the termination of a Promoter's Promoter Agreement with Liföcity.

- (c) Social Media sites may be used to advertise Liföcity products or services. PROFILES A PROMOTER OR CUSTOMER GENERATES IN ANY SOCIAL COMMUNITY WHERE LIFÖCITY IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE PROMOTER AS AN INDEPENDENT LIFÖCITY PROMOTER, and when a Promoter and/or Customer participates in those communities, Promoters and/or Customers must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at Liföcity's sole discretion, and an offending Promoter and/or Customer will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Liföcity approved library, official Liföcity website or social media outlet. If a link is provided, it must link to the posting Promoter's Replicated website. Promoters may not direct social media followers to any other website where Liföcity products are sold on the Internet unless the website has been specifically approved in writing by Liföcity as a third-party website where the Promoter may offer Liföcity products for sale.
- (d) Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Promoters will be subject to disciplinary action.
- (e) Promoters and/or Customers may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Promoters or Customers create or leave must be useful, unique, relevant and specific to the blog's article.
- (f) Promoters and/or Customers must disclose their full name on all Social Media postings, and conspicuously identify themselves as an Independent Liföcity Promoter for Liföcity. Anonymous postings or use of an alias is prohibited.
- (g) Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Liföcity income opportunity, Liföcity's products and services, and/or your biographical information and credentials.
- (h) Promoter and/or Customer are personally responsible for their postings and all other online activity that relates to Liföcity. Therefore, even if a Promoter does not own or operate a blog or Social Media site, if a Promoter and/or Customer posts to any such site that relates to Liföcity or which can be traced to Liföcity, the Promoter is responsible for the posting. Promoter and/or Customer are also responsible for postings which occur on any blog or Social Media site that the Promoter and/or Customer owns, operates, or controls.
- (i) As a Liföcity Promoter, it is important to not converse with any person who places a negative post against you, other Promoters, or Liföcity. Report negative posts to Liföcity at support@Liföcityhq.com. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as Liföcity, and therefore damages the reputation and goodwill of Liföcity.
- (j) The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, Liföcity therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites which are herein prohibited.
- (k) If your Liföcity business is cancelled for any reason, you must discontinue using the Liföcity name, and all of Liföcity's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any

postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as an Independent Liföcity Promoter, you must conspicuously disclose that you are no longer an Independent Liföcity Promoter.

- (l) Failure to comply with these Policies for conducting business online may result in the Promoter losing their right to advertise and market Liföcity products, services and Liföcity's business opportunity online in addition to any other disciplinary action available under the Policies and Procedures.
- (m) Promoters are prohibited from selling Liföcity products to individuals or entities that they know, or should know, intend to resell the products. Promoters must sell Liföcity products only to end user customers, and Promoters shall not sell to any person any quantity of Liföcity products greater than that generally purchased by an individual for personal use. Promoters must take reasonable steps to ensure that they do not violate these prohibitions.

#### **14.6 Advertising and Promotional Materials**

- (a) You may not advertise any Liföcity products or services at a price LESS than the highest company published, established retail price of ONE offering of the Liföcity product or service plus shipping, handling and applicable taxes. No special enticement advertising is allowed. This includes, but is not limited to, offers of free membership, free shipping, or other such offers that grant advantages beyond those available through Liföcity.
- (b) Advertising and all forms of communications must adhere to principles of honesty and propriety.
- (c) All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Liföcity Compliance Department.
- (d) All requests for approvals with respect to advertising must be directed in writing to the Liföcity Compliance Department.
- (e) Liföcity reserves the right to rescind its prior approval advertising or promotional materials in order to comply with changing laws and regulations and may require the removal of such advertisements from the marketplace without obligation to the affected Promoter.

#### **14.7 Testimonial Permission**

- (a) By agreeing to the Liföcity Promoter Agreement, a Promoter gives Liföcity permission to use his or her testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the Liföcity Business Opportunity, a Promoter waives any right to be compensated for the use of his or her testimonial or image and likeness even though Liföcity may be paid for items or sales materials containing such image and likeness, and represents that any testimonial represents Promoter's current, original, honest opinion, thoughts, beliefs, findings or experiences, based on Promoter's actual experience with Liföcity and any stated use of Liföcity products and/or services, and agrees to notify Promoter immediately of any changes in the views expressed in the testimonial. In some cases, a Promoter's testimonial may appear in another Promoter's advertising materials. If a Promoter does not wish to participate in Liföcity sales and marketing materials, he or she should provide a written notice to the Liföcity Compliance Department to ensure that his or her testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

## 14.8 Telemarketing - Limitations

- (a) A Liföcity Promoter must not engage in telemarketing in relation to the operation of the Promoter's Liföcity business. The term "telemarketing" means the placing of one or more telephone calls or facsimile transmissions to an individual or entity to induce the purchase of Liföcity products or services, or to recruit them for the Liföcity opportunity.
- (b) The federal government administers the Unsolicited Telecommunication Rules and operates a national Do-Not-Call registry that requires businesses to refrain from calling phone numbers listed on the national "Do-Not-Call" list (DNCL) and or people who tell the caller directly not to call/fax in the future.
- (c) While a Promoter may not consider himself or herself a "telemarketer" in the traditional sense, these regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the Promoter to violate the law. These regulations must not be taken lightly, as they carry significant penalties.
- (d) "Cold calls" or unsolicited calls/faxes made to prospective Customers or Promoters in order to promote Liföcity products, services or the Liföcity opportunity is considered telemarketing and is prohibited.
- (e) Exceptions to Telemarketing Regulations.

A Liföcity Promoter may place telephone calls or faxes to prospective Customers, or Promoters under the following limited situations:

- (i) If the Promoter has an established current business relationship with the prospect;
  - (ii) In response to the prospect's personal inquiry or application regarding a product or service offered by the Liföcity Promoter, within 3 months immediately before the date of such a call/fax;
  - (iii) If the Promoter receives written and signed permission from the prospect authorizing the Promoter to call/fax;
  - (iv) If the call/fax is to family members, personal friends, and acquaintances. However, if a Promoter makes a habit of collecting business cards from everyone he/she meets and subsequently calls/faxes them, the federal government may consider this a form of telemarketing that is not subject to this exemption; and
  - (v) Liföcity Promoters engaged in calling "acquaintances," must make such calls/faxes on an occasional basis only and not as a routine practice.
- (f) A Promoter shall not use automatic telephone dialing systems in the operation of his or her Liföcity businesses.
  - (g) Failure to abide by Liföcity policies or regulations as set forth by the federal government regarding telemarketing may lead to sanctions against the Promoter's position, up to and including the Promoter's involuntary termination.
  - (h) By signing the Promoter Agreement, or by accepting commissions, other payments or awards from Liföcity, a Promoter gives permission to Liföcity and other Promoters to contact them as permitted under the Federal Do Not Call regulations.
  - (i) In the event a Promoter violates this section, Liföcity reserves the right to institute legal proceedings to obtain monetary or equitable relief.

## 15.1 **INTERNATIONAL MARKETING**

### 15.2 **International Marketing Policy**

- (a) A Liföcity Promoter is authorized to sell Liföcity products and services to Customers and Promoters only in the countries in which Liföcity is authorized to conduct business, and in accordance with the Policies and Procedures of each country. Liföcity Promoters may not sell products or services in any country where Liföcity products and services have not received applicable government authorization or approval.
- (b) A Promoter may not, in any unauthorized country, conduct sales, enrollment or training meetings, enroll or attempt to enroll potential Customers, or Promoters, nor conduct any other activity for the purpose of selling Liföcity products and services, establishing a sales organization, or promoting the Liföcity business opportunity.

## 16.0 **LIFÖCITY GLOSSARY OF TERMS**

**ACTIVE PROMOTER:** A Promoter who is in good standing with respect to the Agreement and who satisfies the minimum sales volume requirements, as set forth in the Compensation Plan, to ensure that they are eligible to receive bonuses and commissions.

**COMPENSATION PLAN:** The guidelines and referenced literature for describing how Promoters can generate commissions and bonuses.

**CUSTOMER:** Any person who purchases Liföcity products and does not engage in the Liföcity business opportunity.

**COMPETING PRODUCT:** Is any dietary supplement or product containing exogenous ketones, or a combination of exogenous ketones and medium chain triglycerides, or medium chain triglycerides and purported to induce, support or maintain the metabolic state of ketosis.

**PROMOTER'S/PROMOTER'S WALLET:** Is a secure website that manages a Promoter's commissions.

**SPONSOR:** A Promoter who enrolls a Customer, or another Promoter into the Company, and is listed as the Sponsor on the Promoter Agreement. The act of enrolling others and training them to become Promoters is called "sponsoring."

**\*Note: Any reference to "personally enrolling/sponsoring" herein is simply descriptive of the method of building a community of Promoters, i.e. personally enrolling other participants into Liföcity. The phrase is not intended to imply any connection between the simple act of recruitment, sponsorship, or enrollment, and payment of compensation.**

**COMPETING PRODUCT(S):** Any product containing Hemp Oil or dietary supplement that contain Humic Acid or Fulvic Acid in any form.

**PROMOTER OR PROMOTER:** An individual or entity who actively promotes, markets and sells Liföcity products for profit and who actively seeks and recruits others to do the same in accordance with the Agreement.

**PROMOTER AGREEMENT:** Liföcity Independent Promoter Enrollment Agreement in its current version that is available for download in the Promoter's back office.

**LINE OF SPONSORSHIP (LOS):** A report generated by Liföcity that provides critical data relating to the identities of Promoters, sales information, and enrollment activity of each Promoter's organization. This report contains confidential and trade secret information which is proprietary to Liföcity.

**ORGANIZATION:** The Customers and Promoter placed below a particular Promoter.

**OFFICIAL LIFÖCITY MATERIAL:** Literature, audio or video recordings, photographs, intellectual property, and/or any other materials developed, printed, published, or distributed by Liföcity to Promoters and Customers.

**PLACEMENT:** Your position inside your Sponsor's organization.

**RESALABLE:** Products shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused, 2) original packaging and labeling has not been altered or damaged, 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price, and 4) the product contains current Liföcity labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**SALE/TRANSFER POSITION FORM:** Liföcity's Sale/Transfer Position Form in its current version that is available for download in the Promoter's back office.

**SALES AGREEMENT:** Liföcity's Sales Agreement in its current version that is available for download in the Promoter's back office.

**UPLINE:** This term refers to the Promoter or Promoters above a particular Liföcity Promoter or Sponsor in a sponsorship line up to the Company. It is the line of sponsors that links any particular Promoter to the Company.

# **ADDENDUM "1"**

## **Performance Rewards** Lifocity Compensation Plan

# **ADDENDUM "2"**

## **Income Disclosure**

# **ADDENDUM "3"**

## **Liföcity Product Price List Promoters & Customers**

# **ADDENDUM "4"**

Placement Lounge