

Soel Beauty™
POLICIES & PROCEDURES

1. Policies and Compensation Plan Incorporated into Affiliate Agreement; Amendments. These Policies and Procedures, in their present form and as amended at the sole discretion of Soel Beauty, LLC (hereafter “Soel Beauty” or the “Company”), are incorporated into the Soel Beauty Independent Affiliate Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Soel Beauty Independent Affiliate Agreement, the Policies and Procedures, the Soel Beauty Compensation Plan, and the Soel Beauty Business Entity Addendum (the Business Entity Addendum is only applicable to Affiliates who enroll as a business entity). Independent Affiliates shall be referred to herein as “Affiliates.” The Company reserves the right to amend the Agreement at its discretion. Amendments shall be effective 30 days after notice and publication of the amended provisions in the Affiliate’s Back-Office, but amended policies shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. An Affiliate may cancel his/her Soel Beauty business at any time and for any reason.

2. Policies and Provisions Severable. If any provision of the Agreement, in its current form or as amended, is held void or unenforceable, only the void or unenforceable portion(s) of the provision shall be severed from the Agreement and the remaining provisions shall remain in effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible. The existence of any claim or cause of action of an Affiliate against Soel Beauty shall not constitute a defense to Soel Beauty’s enforcement of any term or provision of the Agreement.

3. Term and Renewal of a Soel Beauty

Business. The term of the Independent Affiliate Agreement is one year from the date of enrollment. Independent Affiliates (“Affiliate”) must renew their Independent Affiliate Agreement each year. Affiliates will be reminded of their upcoming renewal through their Back-Offices. At that time, Affiliates may elect to cancel their business. If an Affiliate does not cancel, his or her business will be automatically renewed and the renewal fee will be charged to the credit card he/she has on file with the Company.

Annual renewal fees are optional in North Dakota.

4. Independent Contractor Relationship. Affiliates are independent contractors and not employees of Soel Beauty. In all written, graphic, or digital material used for Soel Beauty business purposes, Affiliates must represent themselves as a “Soel Beauty™ Independent Affiliate.” In verbal conversations with prospective Affiliates and customers, Affiliates must introduce themselves as a “Soel Beauty Independent Affiliate.” Affiliates shall not lead anyone to believe that they are employees of Soel Beauty.

5. General Conduct. Affiliates shall safeguard and promote the good reputation of Soel Beauty and its products, and must avoid all illegal, deceptive, misleading, unethical or immoral conduct or practices, and must exhibit high moral character in their personal and professional conduct. Affiliates shall not engage in any conduct that may damage the Company’s goodwill or reputation. While it is impossible to specify all misconduct that would be contrary to this policy, and the following list is not a limitation on the standards of conduct to which Affiliates must adhere pursuant to this policy, the following standards specifically apply to Affiliates’ activities:

- Deceptive conduct is always prohibited. Affiliates must ensure that their statements are truthful, fair, accurate, and are

not misleading;

- If an Affiliate's Soel Beauty business is cancelled for any reason, the Affiliate must discontinue using the Soel Beauty name, and all other Soel Beauty intellectual property, and all derivatives of such intellectual property, in postings on all Social Media, websites, or other promotional material.
- Affiliates may not represent or imply that any state or federal government official, agency, or body has approved or endorses Soel Beauty, its program, or products.
- Affiliates must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the field sales force.

6. Social Media. In addition to meeting all other requirements specified in these Policies, should an Affiliate utilize any form of social media in connection with their Soel Beauty business, including but not limited to blogs, Facebook, Twitter, LinkedIn, YouTube, or Pinterest, the Affiliate agrees to each of the following:

- Affiliates are responsible for the content of all material that they produce and all of their postings on any social media site, as well as *all* postings on any social media site that they own, operate, or control.
- Affiliates shall not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks on any individual, group, or entity, or is in violation

of any intellectual property rights of the Company or any third party.

- No product sales or enrollments may occur on or through any social media site. To process sales or enrollments, a social media site must link only to the Affiliate's Soel Beauty replicated website, Soel Beauty's corporate website or an official Soel Beauty corporate social media page.
- It is each Affiliate's responsibility to follow the social media site's terms of use.
- Any social media site that is directly or indirectly operated or controlled by an Affiliate that is used to discuss or promote Soel Beauty's products, or the Soel Beauty opportunity may not link to any website, social media site, or site of any other nature that promotes the products, services, or business program of any direct selling company other than Soel Beauty.
- During the term of this Agreement and for a period of 12 calendar months thereafter, an Affiliate may not use any social media site on which they discuss or promote, or have discussed or promoted, the Soel Beauty business or Soel Beauty's products to directly or indirectly solicit anyone for another direct selling or network marketing program (collectively, "direct selling"). In furtherance of this provision, an Affiliate shall not take any action on a social media site that may reasonably be foreseen to draw an inquiry from other Affiliates relating to the Affiliate's other direct selling business activities, services or products. Violation of this provision shall constitute a violation of the nonsolicitation provision in Policy 18.
- If an Affiliate posts pictures, descriptions, or discusses any Soel Beauty products on any social media site, she may not post pictures, descriptions, or discuss any beauty products or other competing products on the site other than Soel Beauty's products.

- If an Affiliate creates a business page on any social media site to promote or relates to Soel Beauty, its products, or opportunity, the page may not promote or advertise the products or opportunity of any other network marketing business other than Soel Beauty and its products. If the Affiliate's Soel Beauty business is cancelled for any reason or if the Affiliate becomes inactive, the Affiliate must deactivate the page.

7. Affiliate Web Sites and Mobile Applications. Affiliates may not create their own websites or mobile applications to promote the Soel Beauty business or Soel Beauty's products. Official Soel Beauty supplied replicated websites, and Company supplied mobile applications (if applicable) are the only online forum through which Soel Beauty products may be sold and new Soel Beauty Affiliate enrollments may be transacted (prohibited online forums include, but are not limited to, online auctions and classified listings).

Soel Beauty reserves the right to rescind approval for any approved external web site, and Affiliates waive all claims against Soel Beauty, its officers, directors, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such rescission.

8. Affiliate Created Marketing Methods, Advertising, and Promotional Material (Sales Tools). To ensure that the Sales Tools are not deceptive, contain only substantiated claims, and properly identify Soel Beauty's trademarks and copyrights, all Affiliate created Sales Tools must be submitted to the Company and receive written approval before they can be used or made public. Affiliates who receive written authorization from Soel Beauty to produce and publish Sales Tools may make approved Sales Tools available to other Affiliates free of charge if they wish, but may not sell the Sales Tools

to other Soel Beauty Affiliates (any sale or attempt to sell Sales Tools to another Affiliate will result in the termination of the offending Affiliate's Soel Beauty business). Soel Beauty reserves the right to rescind approval for any approved Sales Tools, **and Affiliates waive all claims against Soel Beauty, its officers, directors, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such rescission.** Approved Sales Tools will be posted in the Marketing Library section of Affiliates' Back-Offices, and will be available for all Affiliates' use free of charge. **The Affiliate(s) who created the Sales Tools grants Soel Beauty and other Independent Affiliates an irrevocable license to use the Sales Tools for Soel Beauty business purposes at its discretion, and waives all claims, including but not limited to intellectual property right claims, and/or claims for remuneration against Soel Beauty, its officers, directors, owners, agents, and other Independent Affiliates for such posting and/or use of the Sales Tools.**

9. Trademarks and Copyrights. The name "Soel Beauty" and other names as may be adopted by the Company are proprietary trade names, trademarks and service marks of Soel Beauty. The Company grants Affiliates a limited license to use its trademarks and trade names in promotional media for so long as the Affiliate's Agreement is in effect. Upon cancellation of an Affiliate's Agreement for any reason, the license shall expire and the Affiliate shall immediately discontinue all use of the Company's trademarks and trade names. Under no circumstances may an Affiliate use any of Soel Beauty's trademarks or trade names in any email address, website domain name, social media handle, social media name or address.

Soel Beauty commonly puts on live and recorded events as well as webinars and telephone conference calls. During these events

Company executives, Affiliates, and guests appear and speak. The content of such events is copyrighted material that is owned exclusively by the Company. Affiliates may not record company functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium.

In addition, Company produced Sales Tools, videos, audios, podcasts, and printed material is also copyrighted. Affiliates shall not copy any such materials for their personal or business use without the Company's prior written approval.

10. Sales Outlets. To support the Company's direct selling distribution channel and to protect the independent contractor relationship, Affiliates agree that they will not sell Soel Beauty products in any wholesale, warehouse, or discount establishment, or any online auction or buy-sell site (including but not limited to ebay) without prior written approval from Soel Beauty. Notwithstanding the foregoing, Affiliates may display and sell Soel Beauty products at professional trade shows.

11. Service Related Establishments. Affiliates may promote and sell Soel Beauty products in service-related establishments. A service-related establishment is one whose primary revenue is earned by providing personal service rather than by selling products. Such establishments include offices of doctors, dentists and other health professionals; health clubs or fitness centers; beauty salons; and any other business where customer use of the establishment is controlled by membership or appointment. Soel Beauty reserves the right to make the final determination as to whether an establishment is service-related or is a proper place for the sale of its products.

12. Change of Sponsor. The only means by which an Affiliate may legitimately change his/her sponsor are by:

- (a) Voluntarily canceling his/her Soel Beauty business in writing and remaining inactive for six (6) full calendar months. Following the six calendar month period of inactivity, the former Affiliate may reapply under a new sponsor. The Affiliate will lose all rights to his/her former downline organization upon his/her cancellation; or
- (b) Submitting a written request to the Company at support@soelbeauty.com for a change of sponsor. The Affiliate requesting the transfer must also submit written and signed transfer authorization forms from his/her immediate seven upline Affiliates.

13. Waiver of Claims. In cases wherein an Affiliate improperly changes his/her sponsor, Soel Beauty reserves the sole and exclusive right to determine the final disposition of the downline organization that was developed by the Affiliate in his/her second line of sponsorship. **DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST SOEL BEAUTY, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM SOEL BEAUTY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A DISTRIBUTOR WHO HAS IMPROPERLY CHANGED HIS/HER SPONSOR.**

14. Product Claims. Affiliates must not make claims, including but not limited to testimonials, about Soel Beauty's products that are not contained in official Soel Beauty literature or posted on Soel Beauty's official website.

15. Income Claims. When presenting or discussing the Soel Beauty opportunity or Compensation Plan to a prospective Affiliate, Affiliates may not make income projec-

tions, income claims, income testimonials, or disclose their Soel Beauty income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records), or the income of any other Soel Beauty Affiliate. Nor may Affiliates make “lifestyle” income claims. A “lifestyle” income claim is a statement or depiction that infers or states that the Affiliate is able to enjoy a luxurious or successful lifestyle due to the income they earn from their Soel Beauty business. Examples of prohibited lifestyle claims include, but are not limited to, representations (either through audio or visual medium) that an Affiliate was able to quit his/her job, acquire expensive or luxury material possessions, or travel to exotic or expensive destinations.

16. Compensation Plan and Program Claims. When presenting or discussing the Soel Beauty compensation plan, you must make it clear to prospects that financial success in Soel Beauty requires commitment, effort, and sales skill. Conversely, you must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:

- It’s a turnkey system.
- The system will do the work for you.
- Just get in and your downline will build through spillover.
- Just join and I’ll build your downline for you.
- The Company does all the work for you.
- You don’t have to sell anything.
- All you have to do is buy your products every month.

The above are just examples of improper representations about the compensation plan and the Company’s program. It is important that you do not make these, or any other representations, that could lead a prospect to believe that they can be successful as an Af-

iliate without commitment, effort, and sales skill.

17. Media Inquiries. Affiliates must not interact with the media regarding the Soel Beauty business or products. All inquiries from the media, including radio, television, print, online, or any other medium, shall be directed to Soel Beauty’s marketing department.

18. Nonsolicitation. Soel Beauty Affiliates are free to participate in other network marketing programs. However, during the term of this Agreement and for one year thereafter, with the exception of an Affiliate’s personally sponsored downline Affiliates, an Affiliate may not directly or indirectly Recruit other Soel Beauty Affiliates for any other network marketing business. The term “Recruit” means the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Soel Beauty Affiliate to enroll or participate in another network marketing opportunity. This conduct constitutes Recruiting even if the Affiliate’s actions are in response to an inquiry made by another Affiliate or customer.

If an Affiliate is engaged in other non-Soel Beauty business or Network Marketing program, it is the responsibility of the Affiliate to ensure that his or her Soel Beauty business is operated entirely separate and apart from all other businesses and/or Network Marketing programs. To this end, the Affiliate must not:

- Display Soel Beauty promotional material, sales aids, or products with or in the same location as, any non-Soel Beauty promotional material or sales aids, products or services (Pinterest and similar social media sites are exempt from this policy).
- Offer the Soel Beauty opportunity, products or services to prospective or ex-

isting customers or Affiliates in conjunction with any non-Soel Beauty program, opportunity or products.

- Offer, discuss, or display any non-Soel Beauty opportunity, products, services or opportunity at any Soel Beauty-related trunk-show, meeting, seminar, convention, webinar, teleconference, or other function.

19. Handling Personal Information. If you receive Personal Information from or about prospective Affiliates or customers, it is your responsibility to maintain its security. You should shred or irreversibly delete the Personal Information of others once you no longer need it. Personal Information is information that identifies, or permits you to contact, an individual. It includes a customer's, potential customers, Affiliates and prospective Affiliates' name, address, email address, phone number, credit card information, social security or tax identification number and other information associated with these details.

20. Confidential Information. "Confidential Information" includes, but is not limited to, the identities, contact information, and/or sales information relating to Soel Beauty's Affiliates and/or customers: (a) that is contained in or derived from any Affiliates' respective Back-Office; (b) that is derived from any reports issued by Soel Beauty to Affiliates to assist them in operating and managing their Soel Beauty business; and/or (c) to which an Affiliate would not have access or would not have acquired but for his/her affiliation with Soel Beauty. Confidential Information constitutes proprietary business trade secrets belonging exclusively to Soel Beauty and is provided to Affiliates in strict confidence. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than Affiliate's use in building and managing his/her Independent Soel Beauty business.

21. Product Inventory & Bonus Buying.

Affiliates may not carry an inventory of Soel Beauty products for resale. All products are direct shipped from the Company to the customer. In addition, bonus buying is strictly prohibited. Bonus buying is the purchase of merchandise for any reason other than bona fide resale or use, or any mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses that are not driven by bona fide product purchases by end user consumers for actual use.

22. Limitations on Affiliate and Household Businesses.

Affiliates may own, operate, control, or have an interest in, only one Soel Beauty business, and there may be only one Soel Beauty business in a household. A "household" is defined as spouses or couples, and dependent children of one or both spouses or couples, living in the same home of the spouses or member of the couple, as well as dependent children of either spouse or member of the couple, while attending school away from home.

23. Actions of Household Members.

If a household family member of an Affiliate engages in conduct that would be a violation of the Agreement, the conduct of the household family member may be imputed to the Affiliate.

24. Tampering With Product Packaging.

Soel Beauty products must be sold in their original packaging; Affiliates shall not alter the original packaging or labeling.

25. Negative Comments.

Complaints and concerns about Soel Beauty should be directed to the customer Service Department. Affiliates must not disparage, demean, or make negative remarks to third parties or other Affiliates about Soel Beauty, its owners, officers, directors, management, other Soel Beauty Affiliates, the Marketing and Compensation plan, or Soel Beauty's direc-

tors, officers, or employees. Disputes or disagreements between any Affiliate and Soel Beauty shall be resolved through the dispute resolution process, and the Company and Affiliates agree specifically not to demean, discredit, or criticize one another on the Internet or any other public forum.

26. Adjustment to Bonuses and Commissions. Compensation stemming from product sales is fully earned when the applicable return, repurchase, and chargeback periods applicable to product sales have all expired. If a product is returned to Soel Beauty for a refund or is repurchased by the Company, or a chargeback occurs, the compensation attributable to the returned or repurchased product(s) will be recovered by the Company. Unearned compensation will be deducted, in the month in which the refund is issued or the chargeback occurs, and continuing every pay period thereafter until the commission is recovered, from the upline Affiliates who received bonuses and commissions on the sales of the refunded products.

Soel Beauty reserves the right to withhold or reduce any Affiliate's compensation as it deems necessary to comply with any garnishment or court order directing Soel Beauty to retain, hold, or redirect such compensation to a third party.

27. Return of Merchandise and Sales Aids by Affiliates Upon Cancellation or Termination. Upon cancellation or termination of an Affiliate's Agreement, the Affiliate may return products and Sales Tools that he or she personally purchased from Soel Beauty within 12 months prior to the date of cancellation (the one year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in currently marketable condition. The goods must be returned within 30 days from the date of the Affiliate's cancellation or termination. Upon the Company's receipt of returned goods and con-

firmation that they are in currently marketable condition, the Affiliate will be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are in "currently marketable condition" if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as non-returnable, closeout, discontinued, or as a seasonal item, is not in currently marketable condition. Back Office and Replicated website fees are not refundable except as may be required under applicable state law.

28. Satisfaction Promise. Soel Beauty offers a money back promise on products returned within 30 days from the date of sale, less a 10% restocking fee. This product satisfaction promise does not apply to products damaged by abuse or misuse, and shipping costs are not refundable. Tanning machines carry a 120 day limited warranty on parts and workmanship. See the warranty card for details. Abusive returns by Affiliates will be treated as Cancellation Returns according to Policy 27 and the Affiliate's Soel Beauty business will be canceled.

29. Montana Residents. A Montana resident may cancel his or her Affiliate Agreement within 15 days from the date of enrollment, and may return his or her sales kit within such time period and is entitled to a full refund for the sales kit and for any other consideration he/she paid in such time period to participate in the program.

30. Disciplinary Sanctions. Violation of the Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by an Affiliate that the Company reasonably believes may damage its reputation or goodwill, may result in the suspension or termination of the Affiliate's Soel Beauty business, and/or any other dis-

ciplinary measure that Soel Beauty deems appropriate to address the misconduct. In situations deemed appropriate by Soel Beauty, the Company may institute legal proceedings for monetary and/or equitable relief.

31. Indemnification. Affiliates agree to indemnify Soel Beauty for any and all costs, expenses, consumer reimbursements, fines, sanctions, damages, settlements or payments of any other nature that Soel Beauty incurs resulting from or relating to any act or omission by Affiliate that is illegal, fraudulent, deceptive, negligent, unethical, or in violation of the Agreement. Soel Beauty may elect to exercise its indemnification rights through withholding any compensation due the Affiliate. This right of setoff shall not constitute Soel Beauty's exclusive means of recovering or collecting funds due Soel Beauty pursuant to its right to indemnification.

32. Effect of Cancellation. An Affiliate whose business is cancelled for any reason will lose all Affiliate rights, benefits and privileges. This includes the right to represent yourself as an Independent Soel Beauty Affiliate, to sell Soel Beauty products and services and the right to receive commissions, bonuses, or other income resulting from his/her own sales and the sales and other activities of the Affiliate and the Affiliate's former downline sales organization. There is no whole or partial refund for tangible sales kits that are not currently marketable, Back-Office, Replicated Website or renewal fees if an Affiliate's business is cancelled.

33. Voluntary Cancellation. A participant in this network-marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address or by cancelling his/her business through the Back-Office. The written notice must include the Affiliate's signature, print-

ed name, address, and Affiliate I.D. Number. If an Affiliate is also on the Autoship program, the Affiliate's Autoship order shall continue unless the Affiliate also specifically requests that his or her Autoship Agreement also be canceled. An Affiliate may also voluntarily cancel his/her Soel Beauty business by failing to renew the Agreement on its annual anniversary date or by withdrawing consent to contract electronically.

34. Cancellation for Inactivity. If an Affiliate fails to earn a commission for six consecutive months, his/her Affiliate Agreement and Soel Beauty business will be cancelled for inactivity. If an Affiliate is also on the Autoship program, the Affiliate's Autoship order shall continue unless the Affiliate also specifically requests that his or her Autoship Agreement also be canceled. The buyer shall then be classified as a retail customer.

35. Business Transfers. Affiliates in good standing who wish to sell or transfer their business must receive Soel Beauty's prior written approval before the business may be transferred. Requests to transfer a business must be submitted in writing to the Compliance Department at www.compliance. It is within Soel Beauty's discretion whether to allow a business sale or transfer, but such authorization shall not be unreasonably withheld. However, no business that is on disciplinary probation, suspension, or under disciplinary investigation may be transferred unless and until the disciplinary matter is resolved. Prior to transferring a business to a third party, the Affiliate must offer Soel Beauty the right of first refusal to purchase the business on the same terms as negotiated with a third party. The Company shall have ten days to exercise its right of first refusal.

36. Transfer Upon an Affiliate's Death. An Affiliate may devise his/her business to his/her heirs. Because Soel Beauty cannot divide commissions among multiple benefi-

ciaries or transferees, the beneficiaries or transferees must form a business entity (corporation, LLC, partnership, etc.), and Soel Beauty will transfer the business and issue commissions to the business entity. In the case of a business transfer via testamentary instrument, the beneficiary of the business must provide Soel Beauty with certified letters testamentary and written instructions of the trustee of the estate, or an order of the court, that provides direction on the proper disposition of the business. The beneficiary must also execute and submit to the Company a Soel Beauty Affiliate Agreement within 30 days from the date on which the business is transferred by the estate to the beneficiary or the business will be cancelled.

37. Business Distribution Upon Divorce. Soel Beauty is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in divorce cases, any settlement or divorce decree must award the business in its entirety to one party. Soel Beauty will recognize as the owner of the business the former spouse to who is awarded the business pursuant to a legally binding settlement agreement or decree of the court. The former spouse who receives the Soel Beauty business must also execute and submit a Soel Beauty Affiliate Agreement within 30 days from the date on which the divorce becomes final or the business will be cancelled.

38. Dissolution of a Business Entity. Soel Beauty is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in the event that a business entity that operates a Soel Beauty business dissolves, the owners of the business entity must instruct the Company on the identity of the proper party who is to receive the business. The Soel Beauty business must be awarded to a single individual or entity that was previously recognized by the Company as an owner of the business entity; the Company cannot divide the business among multiple parties

or issue separate commission payments. If the business entity wishes to sell or transfer its Soel Beauty business, it must do so pursuant to Policy 35. In addition, the recipient of the Soel Beauty business must also execute and submit a Soel Beauty Affiliate Agreement to the Company within 30 days from the date of the dissolution of the business entity or the Soel Beauty business will be cancelled.

39. Assignment and Delegation by Soel Beauty. Soel Beauty shall not assign its rights in the Agreement of any individual Affiliate to any third-party without the written consent of the Affiliate. Notwithstanding the foregoing, if the assets of Soel Beauty, or a controlling ownership interest in Soel Beauty, is transferred to a third party, Soel Beauty may assign its rights and delegate its duties and obligations under the Agreement to such third party as part of the sale or transfer.

40. Inducing Affiliates to Violate the Agreement. Affiliates shall not induce, encourage, or assist another Affiliate to violate the Agreement.

41. Reporting Errors. If an Affiliate believes that Soel Beauty has made an error in his/her compensation, the structure or organization of his/her genealogy, or any other error that impacts the Affiliate's income, he/she must report it to the Company in writing within 60 days from the date on which the mistake occurred. While Soel Beauty shall use its best efforts to correct errors reported more than 60 days after the date of the error, Soel Beauty shall not be responsible to make changes or remunerate Affiliates for losses for mistakes that are reported more than 60 days after the mistake occurs.

42. International Activities. Affiliates may not sell Soel Beauty products or conduct business activities of any nature in any foreign country that the Company has not an-

nounced is officially open for business.

43. Dispute Resolution

a. Stages of Dispute Resolution & General Dispute Resolution Procedures. Disputes between the Company and an Affiliate(s) that arise from or relate to the Agreement, the business operated by the Affiliate, or the opportunity offered by the Company shall be resolved according to the three-step procedure of (a) informal negotiation; (b) non-binding mediation; and (c) trial before a court for claims under \$50,000.00 so long as equitable relief is not sought (except as set forth below), or binding arbitration if the claim is for \$50,000.00 or more or if equitable relief is claimed. **IF A CLAIM SEEKS DAMAGES FOR \$50,000.00 OR MORE, OR SEEKS EQUITABLE RELIEF (EXCEPT AS SET FORTH BELOW), THE PARTIES AGREE TO RESOLVE THE DISPUTE THROUGH BINDING ARBITRATION AND WAIVE CLAIMS TO A TRIAL BEFORE ANY COURT OR JURY.** The following shall apply to all proceedings under this dispute resolution policy:

- Any claim a party has against the other must be brought within one year from the date on which the act or omission giving rise to the claim occurred. In cases in which informal negotiation is required, once informal negotiation is requested in writing the one-year limitation of actions provisions in this policy shall be tolled until the completion of the mediation phase of this policy and for ten calendar days thereafter.
- At no time prior to the negotiation and mediation procedures below are completed shall either party initiate arbitration or litigation related to this Agreement or the business except as may be specified otherwise in this dispute resolution policy.
- All offers, promises, conduct and statements, whether oral or written, made in

the course of the negotiation and/or mediation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation and/or mediation.

- Informal negotiations and mediation shall occur in Utah County, State of Utah unless the parties mutually agree on another forum. Informal negotiations and mediation shall take place telephonically if either party requests such.
- Each party shall be responsible for its own attorney's fees, expert, professional and witness fees incurred in pursuing any claim, regardless of the forum.
- If litigation is filed in court the action may be brought in the jurisdiction in which either party resides or has its principal place of business.
- If arbitration is filed all arbitration proceedings shall be held in Utah County, State of Utah.

Step 1 - Informal Negotiation. The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement or the Company's business promptly by negotiation between the aggrieved Affiliate(s) and executives of the Company who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. A party may, at its election, choose to be accompanied in such negotiation by an attorney. If one party elects to have its attorney present, the other party must also agree to have its attorney present if that party has retained counsel.

To institute the negotiation process, either party may give the other party written notice

of any dispute not resolved in the normal course of business. Within 10 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the executive and attorney who will accompany that party (if applicable), or the name of the Affiliate and his/her attorney (if applicable) who will accompany him/her in the negotiation. Within 20 days after delivery of the notice, the parties and the attorneys (as applicable) of both parties shall meet at a mutually acceptable time and place. Such meeting may occur telephonically if one party requests that the meeting be held telephonically.

Unless otherwise agreed in writing by the negotiating parties, mediation may be commenced one business day following the close of the negotiation phase described above. The negotiation phase is "closed" when one party notifies the other in writing that it considers the negotiation "closed." Such closure shall not preclude continuing or later negotiations if desired by both parties.

Step 2 – Mediation. If the parties are unsuccessful in resolving their dispute through good faith negotiation, they shall seek to resolve the dispute through mediation. If a party elects to pursue mediation, the party shall submit a written request for mediation to the other party within 10 calendar days after the negotiation phase is completed. The parties shall have 10 calendar days following such request to select a mutually acceptable mediator. If the parties cannot agree on a mutually acceptable mediator, they shall apply to JAMS to have a neutral mediator appointed.

Mediation shall be conducted within 20 calendar days from the date on which the mediator is selected or appointed or as otherwise

agreed upon by the parties and the mediator.

Unless otherwise agreed upon by the parties, the mediation shall be closed no later than 30 calendar days following the completion of the meeting between the mediator and the parties.

Step 3(a) – Claims for under \$50,000.00 with no claim for equitable relief. Claims for less than \$50,000.00 and in which equitable relief is NOT sought may be brought pursuant to the arbitration policy below if the parties agree. If the parties do not agree, a claim may be brought before the small claims or district courts in the county in which either party resides or has its principal place of business.

Step 3(b) – Claims for \$50,000.00 or more or claims seeking equitable relief - Confidential Arbitration. If a claim seeks \$50,000.00 or more, or seeks equitable relief, and the parties do not successfully resolve their dispute through the negotiation and mediation procedures above, the dispute shall be resolved through binding confidential arbitration as set forth below.

Step 3(c) - Public Equitable Relief. If public equitable relief is authorized by federal or state statute, the parties agree that an action may be brought before the district court in the county in which either party resides or has its principal place of business so long as: (a) the relief sought is limited to public equitable relief that is authorized by federal or state statute; and (b) the public equitable relief is unavailable through arbitration proceedings. The confidentiality provisions and corresponding liquidated damage provisions for breach of confidentiality provision contained in this dispute resolution policy shall remain in effect for claims and actions asserted under this Step 3(c) unless an action is brought before a court as specifically permitted pursuant to this subsection and the disclosure is related solely to material that is not filed with the court under seal.

b. JAMS to Administer Arbitration. The arbitration shall be filed with, and administered by JAMS in accordance with its Comprehensive Rules and Procedures, which are available on JAMS' website at <http://www.jamsadr.com/rulesclauses/xpqGC.aspx?xpST=RulesClauses>. Copies of JAMS Rules and Procedures will also be emailed to Affiliates upon request to Soel Beauty's customer Service Department. Notwithstanding the rules of JAMS, unless otherwise stipulated by the Parties, the following shall apply to all Arbitration actions:

- The Federal Rules of Evidence shall apply in all cases;
- The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- The arbitration hearing shall commence no later than 365 days from the date on which the arbitrator is appointed, and shall last no more than five business days;
- The Parties shall be allotted equal time to present their respective cases;
- An Arbitrator's Award will consist of a written statement stating the disposition of each claim. The award will also provide a concise written statement of the essential findings and conclusions on which the award is based;
- Any dispute relating to whether the dispute is subject to arbitration shall be decided by through arbitration.

c. Confidentiality. With the exception of discussing the claims with bona fide witnesses to the dispute, neither party shall ver-

bally or in writing discuss, publish, or otherwise disseminate the claims, allegations, merits, evidence, positions, pleadings, testimony, rulings, awards, orders, issues, or any other aspect of the dispute to any third party, including but not limited to disclosure on the internet or on any social media or blog platform, prior to, during, or after any phase of the dispute resolution process unless a specific exemption contained in this dispute resolution policy applies.

d. Liquidated Damages for Breach of the Confidentiality Obligation. If a Party violates its confidentiality obligations under this arbitration policy, the nonbreaching party shall incur significant damages to its reputation and goodwill that shall not be readily calculable. Therefore, if a Party, its attorneys, agents, or a proxy of a party breaches the confidentiality provision of this dispute resolution policy, the following shall apply:

- The non-breaching party shall be entitled to liquidated damages in the amount of \$10,000.00 per violation, or \$50,000 per violation if the disclosure is published on the internet, including but not limited to disclosure on any website or on any social media forum. Every disclosure of each claim, allegation, pleading, or other prohibited disclosure shall constitute a separate violation. Notwithstanding this confidentiality and liquidated damage provision, nothing herein shall limit the right or ability of a Party to disclose evidence, claims or allegations relating to the dispute to any individual who is, or who may be, a bona fide witness to the dispute. **The Parties agree that this liquidated damage amount is reasonable and waive all claims and defenses that it constitutes a penalty; AND**

- **Breach of the confidentiality provision by disseminating or publish-**

ing information described in subparagraph c. above through any form of mass media (including but not limited to posting on the Internet or on any social media platform) by a party, a party's agent, or a party's proxy shall constitute an act of wanton and gross bad faith, and shall constitute a waiver of the breaching party's right to pursue the claim(s) and/or defense(s) against the non-breaching party, and shall entitle the non-breaching party to a default judgment against the breaching party.

- e. **Emergency Relief.** Either party may bring an action before JAMS seeking emergency relief to protect its intellectual property rights, including but not limited to protecting its rights pursuant to the non-solicitation provisions of these policies. A claim or cause of action seeking emergency relief shall be brought pursuant to the Emergency Relief Procedures in JAMS Comprehensive Rules and Procedures, available at <https://www.jamsadr.com/rules-comprehensive-arbitration/#Rule%202>, or by contacting the company at support@soelbeauty.com. The parties agree that any violation of the Nonsolicitation (policy 18 or Confidential Information (policy 20 provisions of these policies shall entitle Soel Beauty to emergency and permanent equitable relief because: (a) there shall be no adequate remedy at law; (b) Soel Beauty shall suffer immediate and irreparable harm should such policies be breached; and (c) if emergency and permanent equitable relief is not granted, the injury to Soel Beauty shall outweigh the potential harm to Affiliate if emergency and/or permanent equitable relief is granted.
- f. **Disputes Not Subject the Three-Step Dispute Resolution Procedure.** A party need not go through the informal negotiation or mediation steps in the following situations:

- **Action to Enforce Arbitration Award or Order.** Either party may bring an action in a court properly vested with jurisdiction to enforce an Arbitration award or order, including but not limited to an order for emergency relief.
 - **Petitions for Emergency Relief.** If a party deems it necessary to seek emergency relief to protect its interests, it may seek emergency relief as set forth in this arbitration policy without engaging in the negotiation or mediation process set forth above. Notwithstanding the foregoing, the parties are encouraged, but not required, to engage in negotiation and or mediation concurrently with any pending request for emergency relief.
 - **Public Equitable Relief.** If public equitable relief is authorized by federal or state statute, an action may be brought before a court properly vested with jurisdiction over the parties so long as: (a) the relief sought is limited to public equitable relief that is authorized by federal or state statute; and (b) the public equitable relief is unavailable through arbitration proceedings.
 - **Disciplinary Sanctions.** The Company shall not be required to engage in the three-step dispute resolution process prior to imposing disciplinary sanctions for violation of the Agreement.
- g. **Remedies.** Remedies available to you under U.S. federal laws, and the state and local laws of your state, shall remain available to you in any arbitration proceeding.
- 44. Class Action Waiver.** All disputes, whether pursued through arbitration or before the courts, that arise from or relate to the Agreement, that arise from or relate to the Soel Beauty business, or that arise from or relate to the relationship

between the parties, shall be brought and proceed on an individual basis. The parties waive their rights to pursue any action against the other party and/or their respective owners, officers, directors and agents, on a class or consolidated basis. You may opt out of this class action waiver if you wish by submitting written notice to the Company of your desire to opt out within 30 days from the date on which you enroll as an Affiliate. Submit your written opt-out notice to the Company at support@soelbeauty.com.

45. Governing Law. The Federal Arbitration Act shall govern all matters relating to arbitration. Except as is otherwise specifically referenced in these policies, the law of the State of Utah, without regard to principals of conflicts of laws, shall govern all other matters relating to or arising from the Agreement, the business, the relationship between the parties, or any other claim between the Parties. Notwithstanding the foregoing, if a dispute is brought in a small claims court properly vested with jurisdiction, the law of the state in which the small claims court resides shall apply.

46. Damages for Wrongful Termination. In any case which arises from or relates to the wrongful termination of an Affiliate's Agreement and/or independent business, the parties agree that damages will be extremely difficult to ascertain. Therefore, the parties stipulate that if the involuntary termination of an Affiliate's Agreement and/or loss of their independent business is proven and held to be wrongful under any theory of law, Affiliate's sole remedy shall be liquidated damages calculated as follows:

- For Affiliates at the "Paid As" rank Affiliate through liquidated damages shall be in the amount of her gross compensation that he/she earned pursuant to Soel Beauty's Compensation Plan in the twelve (12) months immediately preceding the termination.

- For Affiliates at the "Paid As" rank director through senior Director liquidated damages shall be in the amount of her gross compensation that he/she earned pursuant to Soel Beauty's Compensation Plan in the twenty-four (24) months immediately preceding the termination.
- For Affiliates at the "Paid As" rank Copper Executive through Gold Executive liquidated damages shall be in the amount of her gross compensation that he/she earned pursuant to Soel Beauty's Compensation Plan in the thirty-six (36) months immediately preceding the termination.

47. Damage Waiver. In any action arising from or relating to the Agreement, the parties waive all claims for incidental and/or consequential damages, even if the other party has been apprised of the likelihood of such damage. The parties further waive all claims to exemplary and punitive damages. Nothing in this policy shall restrict or limit a Party's right to recover liquidated damages as set forth in these Policies.

48. Louisiana Residents. The dispute resolution provisions in these Policies shall apply to Louisiana residents with the exception that Louisiana residents may bring arbitration against Soel Beauty in his/her home forum and pursuant to Louisiana law.