

COMPANY POLICIES AND PROCEDURES THE CODE OF PROFESSIONAL CONDUCT

FOREVER LIVING PRODUCTS (M) SDN BHD
FOREVER LIVING PRODUCTS SINGAPORE PTE. LTD.

Revision 20180601 (effective 1st June 2018)

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1 Introduction

- 1.01 (a) Forever Living Products (FLP) is an international family of companies that produce and market exclusive health and beauty products throughout the world through its unique concept that encourages and supports the use and retail sales of its products through independent Forever Business Owners (FBO). FLP provides its FBOs with the best quality products, support staff and marketing plan in the industry. The affiliated companies and their products provide an opportunity for consumers and FBOs to improve the quality of their lives from use of FLP products, and equal access to success to anyone willing to properly work the program. Unlike most business opportunities, there is little financial risk to FLP's participants, since no minimum capital investment is required and the Company provides a liberal buy back policy.
- (b) FLP does not represent that a FBO will achieve financial success without working or by relying solely on the efforts of others. Compensation in FLP is based upon the sale of its products. Each FBO is an independent contractor whose success or failure depends on personal effort.
- (c) FLP has a long history of success. The fundamental goal of the FLP marketing plan is to promote the sale and use of high quality products to consumers. The primary purpose of the FBO is to promote the sale and use of these products to consumers, directly and by building a sales organization.
- (d) The FBO regardless of his/her level in the FLP Marketing Plan is encouraged to make retail sales each month and keep records of such sales.
- (e) A successful FBO gains current knowledge of the market by attending training meetings, maintaining personal retail customers, and sponsoring other FBOs to sell to retail customers.
- (f) FBOs who have questions or need clarification should contact their Local Branch/Area Sales Manager, or call Customer Services Support at (603)-9282 0033 (Malaysia) or (65)-6222 2221(Singapore-Brunei).
- 1.02 (a) Company Policies and the Code of Professional Conduct have been implemented to provide restrictions, rules and regulations for proper sales and marketing procedures and to prevent improper, abusive or illegal acts. Such Company Policies and the Code of Professional Conduct are revised, modified and added to, from time to time. Revisions, modifications or amendments to the Company Policies and

the Code of Professional Conduct shall be published on the FLP Company website at www.foreverliving.com and shall become effective 30 days after publication

- (b) Each FBO has an obligation to become familiar with the Company Policies and the Code of Professional Conduct in existence at the time of enrollment and as revised, modified or amended by the Company.
- (c) Each FBO, upon signing the Forever Business Owner Application form, agrees to abide by FLP Company Policies and the Code of Professional Conduct. Language therein specifically refers to the FBO's contractual commitment to follow FLP Company Policies and the Code of Professional Conduct. The placing of orders for product with FLP is a reaffirmation of such commitment to abide by the Company Policies and the Code of Professional Conduct. Any acts or lack of action, which results in a misuse, misrepresentation or violation of the Company Policies and/or the Code of Professional Conduct, may cause termination of the license granted to use FLP's registered trademarks, service marks, and other marks, including the right to buy and distribute FLP products.
- (d) Notwithstanding the foregoing, any revision, modification, amendment to, or termination of (a) the Dispute Resolution/Waiver of Jury Trial agreement contained in these Company Policies and the Code of Professional Conduct (Section 18.01) and/or (b) the agreements contained in the Dispute Resolution Policy referenced therein and available on FLP's Company website at www.foreverliving.com, shall not apply to a dispute of which the Company has actual notice of prior to the effective date of such revision, modification, amendment or termination. The effective date of any such revision, modification, amendment or termination shall be 30 days after the revision, modification, amendment or termination is posted on the FLP Company website at www.foreverliving.com.

2 Definitions

Adjusted Wholesale Price: The Wholesale Price less the applicable Personal Discount, based on current sales level achievement, at which the products are sold to an FBO who is Wholesale Qualified.

Accredited Sales: Sales activity as reflected by the Case Credits of orders placed with the Company.

Active Sales Leader: A Sales Leader who has 4 or more Active Case Credits in their Home Country during a calendar month, at least one of which is a Personal Case Credit. The Active status of a Sales Leader is

established each Month, and is part of the qualification requirement to receive Volume and Leadership Bonuses, Gem Bonus, Earned Incentive payments, Eagle Manager status, Rally expenses and Chairman's Bonus.

Bonus: A cash payment from the Company to a Wholesale Qualified FBO.

- (a) **Personal Bonus (PB):** A payment to a Wholesale Qualified FBO of 5-18% of the SRP of his/her online retail sales of FLP products.
- (b) **Novus Customer Bonus (formerly known as New Distributor Bonus) :** A cash payment to a Wholesale Qualified FBO of 5-18% of the SRP of the Purchases of his/her personally-sponsored Novus Customers.
- (c) **Volume Bonus (VB):** A cash payment to a qualifying Sales Leader of 3-13% of the SRP of the Personal Accredited Sales of a downline FBO who is not under an Active downline Manager.
- (d) **Leadership Bonus (LB):** A cash payment to a qualifying Manager of 2-6% of the SRP of the Personal Accredited Sales of their downline Managers and the FBOs under those downline Managers.

Please note that the above percentages apply to FLP products only. For local/non-FLP products, a factor of less than one may be used for computation of bonuses and personal discounts.

Business Entity Distributorship: A Forever Business which has been assigned to a business entity.

CC: Case Credit

Case Credit: A value assigned to each product to calculate sales activity to determine advancements, bonuses, awards and earned incentives for FBOs as set forth in the FLP Marketing Plan. One Case Credit is awarded for a pre-determined wholesale value of sales activity as reflected by product purchased from the Company. The wholesale value for each Case Credit shall be determined by the Company from time to time. All Case Credits are calculated on a Month by Month basis.

- (a) **Active Case Credits:** Personal Case Credits plus Novus Customer Case Credits. These are used to determine a Sales Leader's Active status each Month.
- (b) **Leadership Case Credits:** Case Credits awarded to an Active LB Qualified Manager calculated at 40%, 20%, or 10% of the Personal and Non-Manager Case Credits of their 1st, 2nd, or 3rd generation Active Managers, respectively.

- (c) **Novus Customer Case Credits (formerly known as New Distributor Case Credits):** Case Credits as reflected by the purchases of personally-sponsored Novus Customers until he/she becomes an Assistant Supervisor.
- (d) **Non-Manager Case Credits:** Case Credits as reflected by the Personal Accredited Sales of a downline FBO who is not under a downline Manager.
- (e) **Pass-Thru Case Credits:** Case Credits as reflected by the Personal Accredited Sales of a downline Non-Manager that passes through an Inactive Manager. These are not counted as Non-Manager Case Credits toward the qualification of any incentives; however, they are counted as part of the Manager's Total Case Credits.
- (f) **Personal Case Credits:** Case Credits as reflected by a FBO's Personal Accredited Sales.
- (g) **Total Case Credits:** The sum total of all a FBO's various case credits.
- (h) **NEW Case Credits:** The Case Credits generated by a Manager's personally-sponsored FBO lines for 12 processing months after being sponsored (including the month in which that FBO line was sponsored), or until that FBO line achieves Manager, whichever occurs first.

Domestic: Pertaining to the FBO's Home Country.

Downline: All FBOs sponsored under a FBO, regardless of how many generations down.

Eagle Manager: A Manager who has achieved Eagle Manager status.

Earned Incentive (Forever2Drive): An incentive program that pays the qualifying FBO an extra cash payment for 36 months.

Earned Trip: A travel award for two persons, presented to the FBO who achieves any of various marketing plan incentive programs.

Forever Business Owner (FBO): One who, having purchased 2 Case Credits within two consecutive months in any single Operating Company, is Wholesale Qualified (purchase products at the wholesale price) to receive a 30% discount from retail; and also qualifies for a personal discount from 5% to 18% of retail, for personal purchases, depending on his/her level within the Forever Marketing Plan. *(Please note that the above discount rates are for FLP products only; for local/non-FLP products, the discount will differ, depending on the individual product).*

Gem Manager: A Manager who has developed at least nine (9) 1st Generation Sponsored Recognized Managers.

Home Country: The country in which an FBO nominates and resides for a majority of time. It is in this country that FBOs must qualify to receive Activity and Leadership Bonus Qualification Waivers for all other FLP countries.

Incentive Shares: The total case credits generated, in accordance with the Chairman's Bonus rules that are used to determine the FBO's share of the bonus pool.

Inherited Manager: (see 5.04)

Leadership Bonus (LB) Qualified: A Recognized Manager who has qualified to receive Leadership Bonus for the Month.

Month: A calendar month (i.e., Jan 1 through Jan 31).

Novus Customer: One whose Application has been accepted by the Company, entitling him/her to the Novus Customer Price of 15% discount from retail. *(Please note that the 15% discount applies to FLP products only; for local/non-FLP products, the discount will differ, depending on the individual product).*

Novus Customer Price (formerly known as New Distributor Price) : The price, not including taxes, at which the products are sold to Novus Customers.

Novus Customer Profit (formerly known as NDP Profit): The difference between Novus Customer price and Wholesale price, which is paid to the Sponsoring FBO.

Operating Company: The administrative company under which one or multiple countries use a single database to calculate sales level advancements, bonus payments, and incentive qualifications.

Participating Country: A country that has qualified to participate in the Chairman's Bonus Incentive by generating at least 3,000cc during any three months of the previous calendar year (3,000cc for any two months if re-qualifying), and produces at least one Chairman's Bonus qualifier.

Personal Discount: A discount, calculated as a percentage of SRP, of 5-18% *(factored for local/non-FLP products, where applicable)*, based on the current Sales Level. This discount amount is subtracted from the Wholesale Price to determine the Adjusted Wholesale Price.

Personal Accredited Sales: The SRP or Case Credits of the FBO's sales activity as reflected by purchases made in his/her name.

Qualifying Country: Any Participating Country that is being used as the Country of Qualification for the Chairman's Bonus Incentive.

Recognized Manager: (see 5.01)

Region: The region in which the FBO's Home Country is located. Regions include North America, Latin America, Africa, Europe and Asia.

Re-sponsored FBO: An FBO who has changed his/her Sponsor after 2 years of no activity.

Retail Customer: One who purchases FLP products through authorized channels and has not yet applied to be a Novus Customer by submitting an Application to the Company.

Sales Leader: An FBO who is at the level of Supervisor or above.

Sales Level: Any of various levels achieved by the cumulative Case Credits of the FBO and his/her Downline. These include Assistant Supervisor, Supervisor, Assistant Manager and Manager.

Sponsor: An FBO who personally signs up another FBO.

Sponsored Manager: (see 5.03)

SRP: Suggested Retail Price

Suggested Retail Price (SRP): The price, not including taxes, at which the Company recommends that products be sold to Retail Customers. It is upon this price that all bonuses on FLP products are calculated. *(for local/non-FLP products, a factor of less than one may be used for computation of bonuses and personal discounts).*

Transferred Manager: (see 5.04)

Upline: The FBOs in the upline genealogy of an FBO.

Unrecognized Manager: (see 5.02)

VB: Volume Bonus

Waiver: Awarded to the FBO who completes certain requirements to qualify for bonuses in one Operating Company that is accepted in lieu of those requirements for the following Month in all other Operating Companies.

(a) **Activity Qualification Waiver:** An FBO who is Active with 4 Personal and Novus Customer Case Credits in his or her Home Operating Company will receive an Activity Waiver for the following Month in all other Operating Companies.

(b) **Leadership Bonus Qualification Waiver:** A Recognized Manager who is Active, or has received an Activity Qualification Waiver, and fulfills the Personal/Non-Manager cc Leadership Bonus requirement in any single Operating Company during the current Month will receive a Leadership Bonus Waiver for the following Month in all other Operating Companies.

Webstore: The official online shopping site located at www.foreverliving.com

Wholesale Price (WP): The price, not including taxes, at which the products are sold to the FBO who is Wholesale Qualified. For FLP products, this price is discounted 30% from SRP. *(For local/non-FLP products, the discount from SRP will differ, depending on the individual product).*

Wholesale Qualified: The right to purchase product at the Wholesale Price. An FBO is permanently wholesale qualified after he/she has purchased 2 Case Credits within two consecutive Months in any single Operating Company.

3 Warranty, Guarantee, Product Return and Buy Backs

3.01 The following time periods shall apply except where modified by local law.

3.02 FLP warrants satisfaction and guarantees its products are free from defect and substantially conform to product specifications. For all FLP products exclusive of literature and promotional products, this warranty and guarantee shall be for a period ending thirty (30) days from date of purchase.

Retail/Novus Customers:

3.03 (a) Retail/Novus Customers are guaranteed 100% product satisfaction. Within thirty (30) days from the date of purchase, a Retail/Novus Customer may

- 1) Obtain a new replacement for any defective product; or
- 2) Cancel the purchase, return the product and obtain a full refund of the purchase price, excluding shipping.

(b) In all cases, proper notice, proof of purchase and timely return of the product is required to be given to the source of purchase. FLP reserves the right to reject repetitive returns and any product that has been consumed or used more than 50% of its original content.

- (c) When FLP products are acquired by Retail/Novus Customers from or through the Company's Webstore, and subsequently returned for refund, the Profit and Bonus which was disbursed will be charged back to the FBO(s) who benefited from the sale, and the FBO who made the purchase may no longer be Wholesale Qualified.
- (d) When FLP products are acquired from or through an FBO, that FBO is the primary party responsible for customer satisfaction by exchanging the product or refunding the money. In the event there is a dispute, FLP will determine the facts and resolve the issue. If cash is disbursed by FLP, the same will be charged back to the FBO(s) who benefited from the product sale.

Refund and Buy Back Procedure for the FBO

- 3.04 During the respective stated periods of warranty and guarantee, FLP will provide a new replacement of the same such product in exchange for a defective product or for one that has been returned to an FBO by a Retail Customer for lack of satisfaction. Such replacement shall be subject to validation of presented proof of timely purchase. Such purchase must have been made by the FBO returning the product. In addition, for replacements of products to an FBO for product returns by Retail Customers, a proof of sale to the Retail Customer and written proof of cancellation along with a signed receipt for return of funds as well as the return of product, which shall not be consumed/used more than 50%, will be required. Repetitive returns of product by the same parties will be rejected.
- 3.05
 - (a) FLP shall buy back any unsold, salable FLP product, except literature, that has been purchased within the previous six (6) months, which is hereby defined as purchased within the previous **183 days**, from any FBO who terminates his/her Forever Business. Such buy back will be accomplished by the terminating FBO first giving written notice to FLP of their intent to terminate the Forever Business and forgo all rights and privileges relating thereto. The terminating FBO must return all products for which a refund is being claimed, along with proof of purchase, to FLP.
 - (b) If the product returned by a terminating FBO was purchased at Novus Customer Price, the Novus Customer Profit will be deducted from the immediate upline sponsor and, if the product returned is greater than 1cc, all Bonuses and Case Credits received by the terminating FBO's upline for the products returned, will be deducted from the upline. If the Case Credits were used for any level move-ups of the FBO or upline, those move-ups may be re-calculated after deducting the Case Credits to determine if the move-ups should remain in force.

- (c) If a terminating FBO returns any Combination Pak, and it is missing some product, the refund and the deductions from the upline will be calculated as if the entire Combo Pak was returned, and then the wholesale or Novus Customer Price of the missing components will be deducted from the refund issued.
 - (d) After verification of the facts, the FBO will receive a refund cheque from FLP in the amount equal to the FBO's cost of the products being returned, less the bonuses personally received, plus an administrative charge of 10% the wholesale value of the products purchased to cover the cost of handling and freight.
 - (e) After recouping any costs or damages resulting from the terminated FBO's adverse conduct, if any, FLP will remove the FBO from the FLP Marketing Plan, and their entire downline organization will move up directly under the terminating FBO's Sponsor in their current generation sequence.
- 3.06 The "Buy Back Rule" is designed to impose upon the Sponsor and the Company the obligation to ensure that the FBO is buying products wisely. The Sponsor should make every effort to provide recommended guidelines to the FBO so that he/she purchases only as much product as is required to meet immediate sales needs. Products previously certified as having been sold, consumed or utilized shall not be subject to repurchase under the "Buy Back Rule."
- 3.07 The maximum Buy Back amount shall be limited to any Maximum Purchase Limits in force at the time the purchases were made.

4 Bonus Structure / Marketing Plan

- 4.01 Upon becoming Wholesale Qualified, the Novus Customer becomes a Forever Business Owner (FBO) at the Sales Level of Assistant Supervisor with the right to sell FLP products and sponsor other FBOs to sell FLP products. The combined sales volume (measured in case credits) generated by the FBO and his/her subsequent downline organization qualify the FBO to receive Sales Level promotions, and increased Discounts and Bonuses as outlined below:

Marketing Plan

- Personal Discount
- Volume Bonus

			Manager 120cc	18%
			Assistant Manager 75cc	13% 5%
		Supervisor 25cc	8% 5%	10%
Assistant Supervisor 2cc	5%	3%	8%	13%

- (a) **Assistant Supervisor** is achieved by generating a total of 2 Personal and Non-Manager Case Credits in any single Operating Company within any 2 consecutive Months.

The Wholesale Qualified Assistant Supervisor receives:

- 30% discount plus 5% Personal Discount on Personal Accredited Sales.
- 15% Novus Customer Profit on the purchases of personally-sponsored Novus Customers.
- 5% Personal Bonus on online Retail Sales.
- 5% Novus Customer Bonus on the purchases of personally-sponsored Novus Customers.

- (b) **Supervisor** is achieved by generating a total of 25 Personal and Non-Manager Case Credits within any 2 consecutive Months.

The Wholesale Qualified Supervisor receives:

- 30% discount plus 8% Personal Discount on Personal Accredited Sales.
- 15% Novus Customer Profit on the purchases of personally-sponsored Novus Customers.
- 8% Personal Bonus on online Retail Sales.
- 8% Novus Customer Bonus on the purchases of personally-sponsored Novus Customers.
- 3% Volume Bonus on the Personal Accredited Sales of personally-sponsored Assistant Supervisors and their Downlines.

To be recognized as a Supervisor, the FBO needs to have at least one or more personally-sponsored Assistant Supervisor downlines, OR at least two or more personally-sponsored Novus Customers.

- (c) **Assistant Manager** is achieved by generating a total of 75 Personal and Non-Manager Case Credits within any 2 consecutive Months.

The Wholesale Qualified Assistant Manager receives:

- 30% discount plus 13% Personal Discount on Personal Accredited Sales.
- 15% Novus Customer Profit on the purchases of personally-sponsored Novus Customers.
- 13% Personal Bonus on online Retail Sales.
- 13% Novus Customer Bonus on the purchases of personally-sponsored Novus Customers.
- 5% Volume Bonus on the Personal Accredited Sales of personally-sponsored Supervisors and their Downlines.
- 8% Volume Bonus on the Personal Accredited Sales of personally-sponsored Assistant Supervisors and their Downlines.

To be recognized as an Assistant Manager, the FBO needs to have at least one or more personally-sponsored Supervisor downlines, OR two or more personally-sponsored Assistant Supervisor downlines, OR three or more personally-sponsored Novus Customers.

- (d) **Manager** is achieved by generating a total of 120 Personal and Non-Manager Case Credits within any 2 consecutive Month period, or 150 Personal and Non-Manager Case Credits within any 3 or 4 consecutive Months.

The Recognized Wholesale Qualified Manager receives:

- 30% discount plus 18% Personal Discount on Personal Accredited Sales.
- 15% Novus Customer Profit on the purchases of personally-sponsored Novus Customers.
- 18% Personal Bonus on online Retail Sales.
- 18% Novus Customer Bonus on the purchases of personally-sponsored Novus Customers.
- 5% Volume Bonus on the Personal Accredited Sales of personally-sponsored Assistant Managers and their Downlines.
- 10% Volume Bonus on the Personal Accredited Sales of personally-sponsored Supervisors and their Downlines.
- 13% Volume Bonus on the Personal Accredited Sales of personally-sponsored Assistant Supervisors and their Downlines.

To be recognized as a Manager, the FBO needs to meet the Recognized Manager requirements set forth under Clause 5.01.

- (e) Case Credits from multiple Operating Companies may be combined for move up to Supervisor, Assistant Manager and Manager. The level

of Assistant Supervisor can only be achieved with case credits generated in a single Operating Company.

- (f) Case Credits from multiple Operating Companies cannot be combined for Incentive qualifications except for Global Rally and the New Case Credit requirement for Eagle Manager and Chairman's Bonus.
- (g) Any one month or two consecutive months may be used to accumulate the Case Credits necessary to achieve the levels of Assistant Supervisor, Supervisor, Assistant Manager or 120 cc Manager. If the Case Credits for move-up are generated in a single Operating Company, all the resulting move-ups shall occur in that Operating Company on the exact date that sufficient Case Credits are accumulated, and on the 15th of the month following in all other Operating Companies. If the Case Credits for move-up are generated in multiple Operating Companies (only applies to Supervisor, Assistant Manager and Manager levels), the move-up shall occur in all Operating Countries on the 15th of the following month after sufficient Case Credits are accumulated.
- (h) An FBO who moves up to Recognized Manager as outlined in Section 4.01, shall be classified as either a Sponsored Manager or a Transferred Manager as follows:
 - 1) If the 120 Case Credits are generated in a single Operating Company, and the FBO is Active in his/her Home Operating Company during the move up period, the FBO shall be classified as a Sponsored Manager in both the Operating Company in which the 120 Case Credits were generated, and in his/her Home Operating Company; and as a Transferred Manager in all other Operating Companies.
 - 2) If the 120 Case Credits are generated in multiple Operating Companies, the FBO shall be classified as a Sponsored Manager in his/her Home Operating Company; and as a Transferred Manager in all other Operating Companies.
- (i) The Case Credits from the purchase of a Retail or Novus Customer will count toward the Activity requirement (4cc) of his/her assigned FBO, but only in the Operating Company in which the purchase was made.
- (j) A Sponsor receives full case credits of any personally-sponsored Novus Customer and ensuing Downline group until that Novus Customer achieves the Manager level. Subsequently, if the Sponsor is Leadership Bonus Qualified (LBQ), he/she receives Leadership Case Credits equal to 40% of the Personal and Non-Manager Case Credits

of the first LBQ Manager down each sponsorship line, 20% of the Personal and Non-Manager Case Credits of the second LBQ Manager down each sponsorship line, and 10% of the Personal and Non-Manager Case Credits of the third LBQ Manager down each sponsorship line.

- (k) An FBO will not pass up the Sponsor on the way to achieving any Sales Level.
- (l) There is no re-qualifying for a Sales Level once it is earned unless the Forever Business is terminated or the FBO is Re-sponsored.

4.02 **Novus Customer 6-month Policy.**

- (a) A Novus Customer who has been sponsored for six full calendar Months and has not achieved the level of Assistant Supervisor will be eligible to choose a new Sponsor.
- (b) A Novus Customer who chooses a new Sponsor will lose any former downlines and accumulated move-up Case Credits, and will count as newly-sponsored for all applicable incentives.

4.03 **Activity Qualification**

- (a) To qualify for all Bonuses and Incentives, except Personal Discounts, Personal and Novus Customer Bonuses, and Novus Customer Profit, a Sales Leader must be Active and meet all other requirements of the Marketing Plan during the calendar month in which the bonuses were accrued.
- (b) To be considered Active for the Month in his/her Home Operating Company, a Sales Leader must have a Total of 4 Active Case Credits in the Home Operating Company during that Month, at least one of which is a Personal Case Credit. To be considered Active for the Month in a Foreign Country, he/she must have qualified as Active in the Home Operating Company during the previous Month.
- (c) A Sales Leader who does not achieve Active status will not be paid a Volume Bonus that month, and shall not be considered an Active Sales Leader. Any unearned Volume Bonus will be paid to the next Active Sales Leader upline. In turn, his/her bonus will be paid to the next Active Sales Leader upline and so on.
- (d) A Sales Leader who forfeits any Volume Bonus may re-qualify the following month (with no retroactive application) as an Active Sales Leader.

4.04 **Bonus Calculations and Payments.**

- (a) For FLP products, all bonuses are calculated on the Suggested Retail Price (SRP) as set forth in the FBO's monthly recap. *(Please note that for local/non-FLP products, a factor will be applied, depending on the individual product).*
- (b) Discounts and Bonuses are calculated according to the level attained at the time an order is accepted. Higher Discounts and Bonuses are effective on the date of move-up to a higher level.
- (c) A Sales Leader does not receive a Volume Bonus on any FBO in his/her sponsored group who is at the same level in the marketing plan. However, he/she will receive full Case Credits from such sources for Sales Level advancement and other incentives.
- (d) Bonuses are paid on the fifteenth of the month following that in which product was purchased from the Company. Example: bonuses for January purchases are paid on February 15th.
- (e) Any 3rd-party charges or fees accrued on payments made to an FBO outside the Country in which the Profits/Bonuses are earned will be the responsibility of the FBO.

4.05 **36-Month Policy.**

- (a) An FBO who has not made a purchase for 36 consecutive calendar Months will be automatically removed from the Company's database and forfeit all rights to any downline organization and any bonuses or other benefits generated thereby.
- (b) An FBO who has been removed from the Company's database per the 36-Month Policy is eligible to be sponsored again in any line, but without a restoration of any previous Sales Level or downline organization.

5 Manager Status and Qualifications

5.01 **Recognized Manager:**

- (a) An FBO qualifies as a Recognized Manager and receives a gold Manager pin when
 - 1) His/her entire group generates 120 Personal and Non-Manager Case Credits within any 2 consecutive Months, and
 - 2) He/she is an Active Sales Leader each Month during the same period, and

- 3) There are no other FBOs in his/her Downline who qualify as Manager during the same period.
 - 4) He/she has in his/her downline group, at least one or more personally-sponsored Assistant Manager downlines, OR two or more personally-sponsored Supervisor downlines, OR three or more personally-sponsored Assistant Supervisor downlines, OR four or more personally-sponsored Novus Customers.
- (b) If an FBO's Downline FBO also qualifies as a Manager in any country during the same period, the FBO will be a Recognized Manager if
- 1) He/she is an Active Sales Leader each Month during the same period, and
 - 2) He/she has at least 25 Personal and Non-Manager Case Credits in the final Month of qualification from FBOs in Downlines other than that of the Manager moving up in the same Month.

5.02 **Unrecognized Manager:**

- (a) When an FBO and Downline generate 120 Personal and Non-Manager Case Credits within any 2 consecutive Months, and the FBO does not meet the remaining requirements for Recognized Manager, he/she becomes an Unrecognized Manager.
- (b) An Unrecognized Manager can qualify for Personal, Novus Customer and Volume Bonuses, but cannot qualify for Leadership Bonus or any other Manager incentive.
- (c) An Unrecognized Manager can qualify as a Recognized Manager by meeting the following requirements:
 - 1) Generate a total of 120 Personal and Non-Manager Case Credits within any 2 consecutive Month period, and
 - 2) Be an Active Sales Leader each Month during the same period.
 - 3) Has at least one or more personally-sponsored Assistant Manager downlines, OR two or more personally-sponsored Supervisor downlines, OR three or more personally-sponsored Assistant Supervisor downlines, OR four or more personally-sponsored Novus Customers.
- (d) From the date that an Unrecognized Manager has generated 120 Personal and Non-Manager case credits, he/she becomes a Recognized Manager and will begin to accrue Leadership Bonuses and Leadership Case Credits on Accredited Sales as long as he/she is Leadership Bonus Qualified.

- (e) If the qualification occurs the Month immediately after becoming an Unrecognized Manager, the Case Credits that were not associated with a Downline Manager move-up during the Month of move up to Unrecognized Manager can be counted for the Recognized Manager qualification.

5.03 Sponsored Manager:

- (a) A Manager becomes a Sponsored Manager to his/her immediate upline Sponsor by
 - 1) Qualifying as a Recognized Manager, or
 - 2) Qualifying as a Sponsored Manager from Inherited or Transferred Manager status.
- (b) A Sponsored Manager can be counted for his upline Manager's qualification for the Gem Bonus, Gem Manager status, and for any other incentive that requires Sponsored Managers.

5.04 Inherited and Transferred Manager:

- (a) A Manager is considered Inherited if his/her Sponsor is terminated or resigns. In such case, he/she becomes an Inherited Manager to his/her next upline Sponsor.
- (b) A Manager is considered Transferred according to Policy outlined in Section 4.01(h) until he/she requalifies as a Sponsored Manager on a Country by Country basis.
- (c) Inherited and Transferred Manager status does not affect the Volume Bonus or Leadership Bonus paid to any Manager or his/her upline. The activity of an Inherited or a Transferred Manager does not count for the upline Manager's qualification for the Gem Bonus, Case Credit reduction for the Earned Incentive Program, or Gem Manager status.
- (d) An Inherited or Transferred Manager can re-qualify as a Sponsored Manager on a Company by Company basis by meeting the following requirements:
 - 1) Generate a total of 120 Personal and Non-Manager Case Credits in the Operating Company where he/she is requalifying as a Sponsored Manager within any 2 consecutive Months.
 - 2) During the re-qualification period, be an Active Sales Leader in his/her Home Country, or generate 4 Personal Case Credits in the Company where he/she is achieving Sponsored Manager status.

6 Leadership Bonus (LB)

- 6.01 After an FBO becomes a Recognized Manager, he/she can qualify for Leadership Bonuses by developing and supporting Downline Managers, and by continuing to sponsor and train FBOs.
- 6.02 (a) A Recognized Manager who is Active and has 12cc Personal and Non-Manager (or has Activity and Leadership Bonus Waivers) in any Single Operating Company during the current Month, qualifies for Leadership Bonuses generated in that Single Operating Company during that Month.
- (b) The Personal and Non-Manager requirement is reduced to 8cc if the Manager had 2 downline Managers, each in separate sponsored lines, who each had 25 Total Case Credits during the previous Month. It is further reduced to 4cc Personal and Novus Customer if he/she had 3 downline Managers, each in separate sponsored lines, who each had 25 Total Case Credits during the previous Month.
- 6.03 A Leadership Bonus, based on the total SRP of a Manager's Personal and Non-Manager Accredited Sales of the qualifying month, is paid to his/her upline Leadership Bonus Qualified Managers at the following rates:
- a) 6% is paid to the first upline LBQ Manager.
- b) 3% is paid to the second upline LBQ Manager.
- c) 2% is paid to the third upline LBQ Manager.
- 6.04 (a) A Recognized Manager who is not Active for three consecutive Months loses eligibility to qualify for Leadership Bonus.
- (b) Leadership Bonus eligibility can be regained by meeting the following requirements in any single Operating Company:
- 1) Generate a total of 12 Personal and Non-Manager Case Credits each Month for a period of 3 consecutive Months (even if he/she does not have any downline Managers).
- 2) Be Active each Month for the same period.
- (c) Upon regaining eligibility, Leadership Bonus will accrue each month the Manager is LBQ thereafter, beginning with the fourth Month, which will be paid on the 15th of the fifth month.
- 6.05 (a) A Manager who is not LBQ at least once in the previous twelve consecutive Months, and who is not in the process of regaining Leadership Bonus eligibility, will permanently forfeit all downline Manager lines.

- (b) A forfeited Manager line will become an Inherited Manager to the first Leadership Eligible Manager upline from his/her original Sponsor.

7 Additional Incentives

- 7.01 All Company incentive programs are intended to promote sound business building principles. This includes the proper sponsoring and selling of product in usable, resalable quantities. Incentive points and prizes are not transferable, and will be awarded only to the FBO who qualifies by building the business in accordance with the letter and spirit of the FLP Marketing Plan and Company Policies and the Code of Professional Conduct.
- 7.02 Recognition pins will be awarded only to the person(s) whose names appear on the Forever Business Owner Application Form on file at the Home Office.
- 7.03
 - (a) In the event a FBO's spouse does not attend an Earned Trip, the FBO may bring a guest provided that the guest is 14 years of age or older.
 - (b) Earned Trips are limited to the following: Global Rally, Eagle Manager Retreat, Sapphire, Diamond Sapphire, Diamond, Double-Diamond, and Triple-Diamond trips.
 - (c) The Sapphire, Diamond-Sapphire, Diamond, Double-Diamond, and Triple-Diamond trips must be taken within 24 months of qualification.

8 Manager and Beyond Awards

- 8.01 A Manager can combine 1st Generation Sponsored Recognized Managers from all countries for the purpose of being recognized as Senior through Diamond Centurion Manager. However, each 1st Generation Manager can only be counted once.
- 8.02 All recognition pins for Manager level and above are awarded only at a Company-approved recognition meeting.
- 8.03 **Recognized Manager:** when an FBO qualifies under the requirements as set for in 5.01, he/she is recognized as Recognized Manager and receives a gold pin.
- 8.04 **Eagle Manager Status:**
 - (a) Eagle Manager Status is earned and renewed each year. A Manager can qualify by meeting the following requirements during the

qualification period of May through April, **after** qualifying as a Recognized Manager:

- 1) Be Active every month.
 - 2) Be Leadership Bonus Qualified (even if he/she has no downline Managers). Case Credits generated during the months he/she is not Leadership Bonus Qualified will NOT count toward this incentive.
 - 3) Generate at least 720 Total Case Credits, including at least 100 NEW Case Credits.
 - 4) Personally sponsor and develop at least 2 new Supervisor lines.
 - 5) Support local and regional meetings.
- (b) In addition to the requirements listed above, Senior Managers and above must also develop and maintain Downline Eagle Managers, as outlined in the following schedule. Each Downline Eagle Manager must be in a separate sponsorship line, without regard to how many generations down. This requirement is based on the Manager position qualified for at the beginning of the qualification period.
- 1) Senior Manager: 1 Downline Eagle Manager.
 - 2) Soaring Manager: 3 Downline Eagle Managers.
 - 3) Sapphire Manager: 6 Downline Eagle Managers.
 - 4) Diamond-Sapphire: 10 Downline Eagle Managers.
 - 5) Diamond Manager: 15 Downline Eagle Managers.
 - 6) Double-Diamond Manager: 25 Downline Eagle Managers.
 - 7) Triple-Diamond Manager: 35 Downline Eagle Managers.
 - 8) Centurion-Diamond Manager: 45 Downline Eagle Managers.
- (c) All requirements must be achieved in a single Operating Company, with the exception of the NEW Case Credit, New Supervisor, and Downline Eagle Manager requirements, as clarified below.
- (d) Re-sponsored FBOs are included in the new Supervisor and NEW Case Credit requirements.
- (e) A maximum of 100 NEW Case Credits from outside the Qualifying Country can be counted toward the case credit requirements.
- (f) New Supervisors from all countries may be combined to count toward the New Supervisor requirement.

- (g) A Manager can combine their downline Eagle Managers from various countries for the purpose of achieving Eagle Manager status. If a Manager has sponsored the same FBO into multiple Countries, he or she can count Eagle Managers under that FBO in the various Countries, but no downline Eagle Manager can be counted more than once.
- (h) If an FBO achieves Manager during the qualification period:
 - 1) Any Novus Customer he/she sponsored during the final month of move-up will count toward the new Supervisor requirement for that qualification period's Eagle Manager program.
 - 2) The Eagle Manager requirements are NOT prorated; rather, he/she needs to accomplish the 720-Total/100-NEW Case Credits and the 2-new Supervisors during the remainder of the qualification period after achieving Manager level.
- (i) Upon completion of all requirements to achieve Eagle Manager Status, the FBO will be awarded an Earned Trip to attend an Eagle Manager's Retreat. The Qualifying FBO may select one location from the two determined by the company. This will include:
 - 1) Airfare for two and three night's lodging.
 - 2) An invitation to the exclusive Eagle Manager's Training.
 - 3) Access to all events relating to the Eagle Manager's Retreat.

The FBO must choose the desired location by May 31 following the qualification period, or permanently forfeit his/her attendance at either Retreat.
- (j) An FBO who qualifies as Sapphire, Diamond-Sapphire, or Diamond Eagle will automatically be qualified for the 1%, 2%, or 3% Gem Bonus, respectively, in his/her Home Country, for each of the twelve months beginning with May in which he/she is LBQ.

8.04.1 **Global Leadership Team**

- (a) Membership in the Global Leadership Team is earned and renewed each year by generating 7,500 Total Case Credits during the calendar year after qualifying as a Recognized Manager.
- (b) Managers achieving the Global Leadership Team become members of the GLT for 1 calendar year beginning on January 1 of the year following their qualification, and will be invited to an exclusive global retreat, and will receive Recognition and Awards at the Global Rally.

- (c) Managers must attend the Global Rally to receive Global Leadership Team Awards.
- 8.05 **Senior Manager:** When a Manager has two (2) 1st Generation Sponsored Recognized Managers, he/she is recognized as Senior Manager and is awarded a gold pin with two garnets.
- 8.06 **Soaring Manager:** When a Manager has five (5) 1st Generation Sponsored Recognized Managers, he/she is recognized as Soaring Manager and is awarded a gold pin with four garnets.
- 8.07 **Gem Manager Awards**
- (a) **Sapphire Manager:** When a Manager has nine (9) 1st Generation Sponsored Recognized Managers, he/she is recognized as Sapphire Manager, and is awarded:
- 1) A gold pin with four sapphires.
 - 2) A 4-day, 3-night all-expense-paid trip to a resort within the Region.
- (b) **Diamond-Sapphire Manager:** When a Manager has seventeen (17) 1st Generation Sponsored Recognized Managers, he/she is recognized as Diamond-Sapphire Manager and is awarded:
- 1) A gold pin with two diamonds and two sapphires.
 - 2) A specially designed sculpture.
 - 3) A 5-day, 4-night all-expense-paid trip to a luxury resort within the Region.
- (c) **Diamond Manager:** When a Manager has twenty five (25) 1st Generation Sponsored Recognized Managers, he/she is recognized as Diamond Manager and is awarded:
- 1) A gold pin with one large diamond.
 - 2) A beautifully designed diamond ring.
 - 3) A waiver of case volume requirements for Earned Incentives, Volume Bonus and Leadership Bonus, provided a minimum of 25 1st Generation Sponsored Recognized Managers are Active each month.
 - 4) A 7-day, 6-night all-expense-paid trip to a luxury resort outside their Region.
- (d) **Double Diamond Manager:** When a Manager has fifty (50) 1st Generation Sponsored Recognized Managers, he/she is recognized as Double Diamond Manager and is awarded:
- 1) A specially designed gold pin with two large diamonds.
 - 2) A 10-day, 9-night all-expense-paid trip to South Africa.

- 3) An exclusive pen accessorized with diamonds.
- (e) **Triple Diamond Manager:** When a Manager has seventy five (75) 1st Generation Sponsored Recognized Managers, he/she is recognized as Triple Diamond Manager and is awarded:
- 1) A specially-designed gold pin with three large diamonds.
 - 2) A 14-day, 13-night all-expense-paid trip around the world.
 - 3) An exclusive, personalized watch (selected by FLP).
 - 4) A specially-designed sculpture (selected by FLP).
- (f) **Diamond Centurion Manager:** When a Manager has one hundred (100) 1st Generation Sponsored Recognized Managers, he/she is recognized as Diamond Centurion Manager and is awarded:
- 1) A specially-designed gold pin with four large diamonds.

9 Gem Bonus

- 9.01 (a) A Leadership Bonus Qualified Gem Manager who, in the Country of Qualification, has the required number of Active 1st Generation Sponsored Managers during the current Month, or the required number of separate sponsored downlines with an Active Manager who has 25 or more Total Case Credits during the current Month, will receive a Gem Bonus based upon the SRP of the Personal and Non-Manager Accredited Sales of his/her First-, Second- and Third-Generation downline LBQ Managers as per the following schedule:
- 1) 9 Active 1st Generation Sponsored Managers, or 9 separate sponsored downlines, each with an Active Manager who has 25 or more Total Case Credits = 1%
 - 2) 17 Active 1st Generation Sponsored Managers, or 17 separate sponsored downlines, each with an Active Manager who has 25 or more Total Case Credits Managers = 2%
 - 3) 25 Active 1st Generation Sponsored Managers, or 25 separate sponsored downlines, each with an Active Manager who has 25 or more Total Case Credits Managers = 3%
- (b) A Manager may count a foreign First-Generation Manager toward Gem Bonus qualification provided that the foreign Manager has qualified as a Sponsored Manager in the country in which the Manager is qualifying for Gem Bonus. After the foreign Manager qualifies as a Sponsored Manager, he/she will be counted by their Upline toward the Gem Bonus qualification during those months that the foreign Manager has an Activity Waiver from his/her Home Country.

- (c) Gem Bonus is paid by each country based on the SRP of the Domestic Personal and Non-Manager Accredited Sales activity of Managers in that country. To qualify for a Gem Bonus from any country, a Manager must have the required number of Active First-Generation Sponsored Managers, or Active 25cc Manager Downlines, in that country for the month in which he/she is qualifying for Gem Bonus.

10 Earned Incentive Program (Forever2Drive)

- 10.01 (a) An Active Recognized Manager is eligible to participate in the Earned Incentive Program.
- (b) Three levels of the Earned Incentive Program are available:
- 1) Level 1: The Company will pay a maximum of RM1,395.00 per month for a maximum of 36 consecutive Months.
 - 2) Level 2: The Company will pay a maximum of RM2,092.50 per month for a maximum of 36 consecutive Months.
 - 3) Level 3: The Company will pay a maximum of RM2,790.00 per month for a maximum of 36 consecutive Months.
- (c) 3 consecutive months are required to qualify, as outlined in the following table:

Earned Incentive Qualification / Maintenance Requirements

	Level 1	Level 2	Level 3
Month	Total Case Credits	Total Case Credits	Total Case Credits
1	50	75	100
2	100	150	200
3	150	225	300

- (d) During the period of 36 Months immediately following qualification, the Manager will receive the maximum payment amount for the level achieved each Month that the Month 3 Case Credit requirement is maintained.
- (e) If the Manager's Total Case Credits drop below the Month 3 requirement during any Month, that Month's Earned Incentive payment will be calculated at RM9.30 times the Manager's Total Case Credits for that Month.

- (f) If the Manager's Total Case Credits drop below 50 in any given month, the Earned Incentive for that month will not be paid. If in the subsequent months the qualifying Manager's case credits increase to 50 or more, the Earned Incentive will be paid in accordance with the policy as set forth above.
- (g) A Manager who has 5 personally-sponsored Active Recognized Managers during the 3rd qualification Month, or any Month during the 36-Month period, will have the Month 3 requirement reduced to 110, 175, or 240 Total Case Credits for levels 1, 2 or 3, respectively.
- (h) For every 5 additional personally-sponsored Active Recognized Managers during the third qualification Month, or any Month during the 36-Month period, the Month 3 requirement will be reduced by an additional 40, 50 or 60 case credits for levels 1, 2 or 3, respectively.
- (i) Case Credits will count toward the qualification and maintenance requirements only during the months in which the Manager is Active.
- (j) The Case Credits generated by an Active FBO before becoming a Recognized Manager will count toward the Earned Incentive qualification.
- (k) After completing the third qualifying month for an Earned Incentive, a Manager may qualify for a higher Incentive at any time starting with the very next month. For example, if a Manager qualifies for level 1 in January, February, and March with 50, 100, and 150 CC, and then generates 225 CC in April, the Level 1 payment period would be replaced with a new 36-Month payment period for Level 2.
- (l) At the end of the 36-Month period, a Manager may re-qualify for a new Earned Incentive using the same qualifications as outlined above. This requalification can be satisfied during any 3 consecutive Months within the last 6 Months of the original 36-Month payment period.

11 Chairman's Bonus *(formerly known as Profit Sharing)*

- 11.01 (a) **Core Requirements for All Levels.** An FBO, after becoming a Recognized Manager, must fulfill **ALL** of the following requirements either in the Home Country, or the Qualifying Country. They cannot be combined from different countries.
- 1) Be Active every month.
 - 2) Be Leadership Bonus qualified (even if he/she does not have any downline Managers). Case credits generated during the months

he/she is not Leadership Bonus qualified will NOT count toward this incentive.

- 3) The following requirements may be achieved in any Participating Country:
 - a. Be qualified for the Earned Incentive Program.
 - b. Purchase products as required only after 75% of prior product inventory has been utilized.
 - c. Build the FLP business according to correct MLM principles and Company Policies and the Code of Professional Conduct.
 - d. Attend and support Company sponsored events.
 - 4) Final acceptance into the Chairman's Bonus Incentive is subject to approval by the Executive Committee. The Executive Committee will take into account all the provisions in the Company Policies and the Code of Professional Conduct.
 - 5) An FBO can qualify in only one Country. If he/she meets the requirements in multiple Countries, the Country in which he/she has the highest Personal & Non-Manager Case Credits will be considered the Qualifying Country.
- (b) **Chairman's Bonus Manager (CBM) Level 1.** In addition to the Core Requirements, the following must be achieved in the Qualifying Country, unless otherwise noted:
- 1) Accumulate 700 Personal and Non-Manager Case Credits during the incentive period after becoming a Recognized Manager, the sum of which must include 150 NEW Case Credits. The NEW Case Credits may be generated and combined in any country. A maximum of 150 NEW Case Credits from outside the Qualifying Country can be counted. However, for the purposes of calculating Incentive Shares, NEW Case Credits generated outside the Qualifying Country will not be counted.
 - 2) Other than the allowable NEW Case Credits, all Personal and Non-Manager Case Credits must be generated in the Qualifying Country.
 - 3) Develop one of the following in any generation:
 - a. A downline Recognized Manager that accumulates 600 or more total group case credits in your Qualifying Country during the incentive period **after** becoming a Recognized

Manager. This Manager may be an existing Manager or newly developed during the incentive period.

OR

- b. A downline CBM in any Participating Country.
 - 4) The 600cc Manager's case credits will not be included when calculating the Incentive Shares.
 - 5) Only case credits for the months that the 600cc Manager qualifies as Active will count for this requirement.
 - 6) A Responsored FBO counts toward all Level 1 requirements.
 - 7) If an FBO achieves Manager during the qualification period, the Chairman's Bonus requirements are NOT prorated; the FBO needs to accomplish the 700 Personal and Non-Manager/150-NEW Case Credits during the remainder of the qualification period after achieving Manager Level.
- (c) **Chairman's Bonus Manager (CBM) Level 2.** In addition to the Core Requirements, the following must be achieved in the Qualifying Country, unless otherwise noted:
- 1) Accumulate 600 Personal and Non-Manager Case Credits during the incentive period after becoming a Recognized Manager, the sum of which must include 100 NEW Case Credits. The NEW Case Credits may be generated and combined in any country. A maximum of 100 NEW Case Credits from outside the Qualifying Country can be counted. However, for the purposes of calculating Incentive Shares, NEW Case Credits generated outside the Qualifying Country will not be counted.
 - 2) Other than the allowable NEW Case Credits, all Personal and Non-Manager Case Credits must be generated in the Qualifying Country.
 - 3) Develop 3 CBMs in any generation, each in separate downlines, in any Participating Country.
 - 4) A Responsored FBO counts toward all Level 2 requirements.
 - 5) If an FBO achieves Manager during the qualification period, the Chairman's Bonus requirements are NOT prorated; the FBO needs to accomplish the 600 Personal and Non-Manager/100-NEW Case Credits during the remainder of the qualification period after achieving Manager Level.

(d) **Chairman's Bonus Manager (CBM) Level 3.** In addition to the Core Requirements, the following must be achieved in the Qualifying Country, unless otherwise noted:

- 1) Accumulate 500 personal and non-manager case credits during the incentive period after becoming a Recognized Manager, the sum of which must include 100 NEW Case Credits. The NEW Case Credits may be generated and combined in any country. A maximum of 100 NEW Case Credits from outside the Qualifying Country can be counted. However, for the purposes of calculating Incentive Shares, NEW Case Credits generated outside the Qualifying Country will not be counted.
- 2) Other than the allowable NEW Case Credits, all Personal and Non-Manager Case Credits must be generated in the Qualifying Country.
- 3) Develop 6 CBMs in any generation, each in separate downlines, in any Participating Country.
- 4) A Responsored FBO counts toward all Level 3 requirements.
- 5) If an FBO achieves Manager during the qualification period, the Chairman's Bonus requirements are NOT prorated; the FBO needs to accomplish the 500 Personal and Non-Manager/100-NEW Case Credits during the remainder of the qualification period after achieving Manager Level.

(e) **Chairman's Bonus Incentive Calculation.**

- 1) A global bonus pool will be determined and then allocated as follows:
 - a. One half of the pool will be paid to those who qualify in Levels 1, 2 & 3.
 - b. One third of the pool will be paid to those who qualify in Levels 2 & 3.
 - c. One sixth of the pool will be paid to those who qualify in Level 3.
- 2) The qualifying CBM will be awarded one Incentive Share for each of his/her Total Case Credits generated in the Qualifying Country (but not including the NEW Case Credits generated outside of the Qualifying Country), plus the Incentive Shares generated by the first CBM in each of his/her sponsorship lines in any Participating Country.

- 3) Each pool division will be divided by the grand total Incentive Shares of all CBMs who qualified for that pool division to determine the money factor for that division. This money factor will be multiplied by the Incentive Shares of each individual CBM to arrive at the payment amount of the Incentive.
- (f) **Chairman's Bonus Global Rally Award.**
- 1) Unless qualified for a 1.5k or higher Global Rally Award, each CBM will be awarded a trip to the FLP Global Rally to be recognized and receive his/her bonus. This trip for two includes:
 - a) Airfare, lodging, meals for 5 days and 4 nights.
 - b) Spending allowance equivalent to \$250 USD provided on a Global Rally Card.

12 FLP Global Rally

- 12.01 (a) An FBO can qualify for a trip for two to the FLP Global Rally, including airfare, lodging, meal and activity allowances, and spending cash, by accumulating 1,500 or more Total Case Credits from January 1st thru December 31st of each year. In order to receive the benefits of this incentive, the qualifying FBO must attend the training and motivational meetings of the first Global Rally after the qualifying period.
- (b) In order to achieve the 1,500 Case Credit and higher Global Rally awards, an FBO may combine Case Credits from all the countries where he/she has a group.
- (c) Non-Manager Case Credits generated during any Month that an FBO is not Active, and Leadership case credits generated during any Month that a Manager is not Leadership Bonus Qualified, will not count for the Global Rally awards; however, any Active Case Credits generated by the FBO will count regardless of Activity status.
- (d) An FBO qualifies by generating Total Case Credits, and receives Global Rally Awards, as outlined below. Each qualifying FBO will receive either meals provided by the Company or a meal allowance proportionate to his/her qualification. The FBO must attend the Rally to receive the Awards.
- (e) Chairman's Bonus Manager (under 1.5K):
- 1) Airfare, lodging and meals for 5 days and 4 nights.
 - 2) Spending allowance equivalent to \$250 USD provided on a Global Rally Card.

- (f) 1,500 Total Case Credits (1.5K):
 - 1) Airfare, lodging and meals for 6 days and 5 nights.
 - 2) Spending allowance equivalent to \$500 USD provided on a Global Rally Card.
 - 3) A Rally Activity Allowance.
- (g) 2,500 Total Case Credits (2.5K):
 - 1) Airfare, lodging and meals for 7 days and 6 nights.
 - 2) Spending allowance equivalent to \$1,200 USD provided on a Global Rally Card.
 - 3) A Rally Activity Allowance.
- (h) 5,000 Total Case Credits (5K):
 - 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Spending allowance equivalent to \$2,200 USD provided on a Global Rally Card.
 - 3) A Rally Activity Allowance.
 - 4) Use of the VIP checkout in the Rally shopping area.
- (i) 7,500 Total Case Credits (7.5K):
 - 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Spending allowance equivalent to \$3,200 USD provided on a Global Rally Card.
 - 3) A Rally Activity Allowance.
 - 4) Use of the VIP checkout in the Rally shopping area.
- (j) 10,000 Total Case Credits (10K):
 - 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Business Class flight accommodations to/from the Rally.
 - 3) Spending allowance equivalent to \$3,200 USD provided on a Global Rally Card.
 - 4) A Rally Activity Allowance.
 - 5) Use of the VIP checkout in the Rally shopping area.
- (k) 12,500 Total Case Credits (12.5K):
 - 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Business Class flight accommodations to/from the Rally.
 - 3) Spending Allowance equivalent to \$5,200 USD provided on a Global Rally Card, plus \$7,500 deposited into his/her bank by his/her local Country office.
 - 4) A Rally Activity Allowance.
 - 5) Use of the VIP checkout in the Rally shopping area.
- (l) 15,000 Total Case Credits (15K):
 - 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Business Class flight accommodations to/from the Rally.

- 3) Spending Allowance equivalent to \$5,200 USD provided on a Global Rally Card, plus \$15,000 deposited into his/her bank by his/her local Country office.
 - 4) A Rally Activity Allowance.
 - 5) Use of the VIP checkout in the Rally shopping area.
- (m) 20,000 Total Case Credits (20K) (First Year):
- 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Business Class flight accommodations to/from the Rally.
 - 3) An exclusive, custom designed experience; plus a Spending Allowance equivalent to \$5,200 USD provided on a Global Rally Card, plus \$15,000 deposited into his/her bank by his/her local Country office.
 - 4) A Rally Activity Allowance.
 - 5) Use of the VIP checkout in the Rally shopping area.
- (n) 20,000 Total Case Credits (20K) (Subsequent Years):
- 1) Airfare, lodging and meals for 8 days and 7 nights.
 - 2) Business Class flight accommodations to/from the Rally.
 - 3) Spending Allowance equivalent to \$5,200 USD provided on a Global Rally Card, plus \$25,000 deposited into his/her bank by his/her local Country office.
 - 4) A Rally Activity Allowance.
 - 5) Use of the VIP checkout in the Rally shopping area.

13 Ordering Procedures

- 13.01 (a) A Novus Customer orders directly from the Company at Novus Customer Price until becoming Wholesale Qualified. After that, he/she purchases at the Adjusted Wholesale Price.
- (b) All orders with appropriate payment must be submitted to an authorized FLP product center by the last business day of the respective product center in the applicable Month, or via the Internet at www.foreverliving.com, (if and when available) by the applicable last order time allowed for the applicable Month, to qualify for a bonus generated for that Month.
- (c) All orders must be paid in full before processing. Acceptable forms of payment include cash, credit card (Visa or MasterCard) and direct bank-in or direct internet/Giro/ATM fund transfer into the Company's designated bank account.
- (d) Any discrepancy in condition or quantities must be reported to the respective FLP product center that the order was placed with or

Customer Services no later than 10 days after the date the order was placed.

- (e) An FBO may not order more than 25 Case Credits in any calendar Month without prior Home Office approval.
- (f) The minimum FBO order is RM100/S\$50/B\$50 in product, not including literature or taxes.
- (g) All orders are subject to, and all deliveries conditioned on, the final acceptance by the Home Office of FLP. Receipt of bonus is evidence of acceptance by the Home Office.
- (h) When ordering a product that was the subject of a prior order, the FBO is certifying to the Company that 75% of the prior order of that product has been sold, used or otherwise utilized.

14 Responsoring Policies

- 14.01
- (a) An existing FBO can re-sponsor under a different Sponsor provided that, during the preceding 12 months, he/she has:
 - 1) Been an FBO, and
 - 2) Not purchased or received any FLP products, either from the Company or from any other source, and
 - 3) Not received payments of any kind from an FBO, and
 - 4) Not sponsored any other individuals into the FLP business.
 - (b) The FBO being re-sponsored must sign and have notarized an affidavit under penalty of perjury with respect to the above policy before re-sponsoring will be allowed.
 - (c) If there is a second-named person on the responsoring FBO Business, he/she will not be included as part of the responsored FBO Business. Such second-named person is then eligible to re-sponsor under any FBO, having fulfilled the requirements listed in paragraphs (a) and (b) of this section.

If the second-named person wishes to re-sponsor under the first-named person of an FBO Business that is not being responsored, he/she may do so without having to fulfill the requirements listed in paragraphs (a) and (b) of this section.

If the spouse of a legally married FBO who is not being responsored wishes to create his/her own Forever Business, he/she must do so by sponsoring directly under his/her spouse or directly under the spouse's

Sponsor, without having to fulfill the requirements listed in paragraph 14.01 of this section.

- (d) A responded FBO begins again as Novus Customer under the new Sponsor and loses any downline acquired to that point in all countries into which he/she was previously sponsored.
 - (e) A responded Novus Customer counts as a newly-sponsored Novus Customer for all incentives and promotions.
 - (f) If the responsing FBO is a Sponsored Recognized Manager, and has any 1st Generation Recognized Managers in his/her organization, these Managers will be classified as Inherited Managers in the newly appointed Sponsor's 1st Generation.
- 14.02 (a) If an FBO has different Sponsors in Countries which are subsequently combined into a single Operating Company, he/she may do either of the following:
- 1) Relinquish the Forever Business and any existing downline in the Country into which he/she last sponsored, provided that he/she has not purchased product or sponsored anyone within the last 12 months in that Country; and retain the Forever Business under the Sponsor who is on his/her original Application Form. He/She will retain the current sales level attained in the Marketing Plan. The downline of the relinquished business will move up to the next upline Sponsor.
 - 2) Retain the separate Forever Businesses; that of the original Sponsor will be the primary in which he/she qualifies as Active each month. Upon so qualifying, the secondary Forever Business will receive an Activity Waiver.

15 International Sponsoring Policies

- 15.01 (a) This policy affects all International Sponsoring after May 22, 2002.
- (b) A Wholesale Qualified FBO can be sponsored into a Country outside his/her Home Country by following the procedure outlined below:
- 1) The FBO must contact the Head Office of his/her Home Country, or the country into which he/she wishes to sponsor, and request to be internationally sponsored into the desired country.
 - 2) The FBO's original ID number will be used in all countries into which he/she is internationally sponsored.

- 3) The FBO's sponsor will be the person who appears as the sponsor on his/her very first application form accepted by FLP, except in the case of a Responsorship or a Novus Customer 6-month Sponsor change.
- 4) The FBO will automatically start at the current attained Sales Level in all countries into which he/she is internationally sponsored.
- 5) When an FBO achieves a Sales Level with Case Credits from a single Operating Company, it becomes effective in that Company immediately upon qualification and is reflected in all other countries the following month. If the FBO achieves a Sales Level (Supervisor, Assistant Manager and Manager only) with Case Credits combined from multiple Operating Companies, it becomes effective in all countries on the 15th of the month following the qualification.
- 6) Upon achieving Active status (4cc) in the Home Country, the FBO will be considered Active in all other countries the following month, regardless of the Sales Level he/she has achieved.
- 7) If an FBO who has not yet achieved Manager in his/her Home Country is moved up to Manager level in a foreign country, he/she must be Active during the move up period and have at least 25 Personal and Non-Manager Case Credits either in their Home Country or in their country of move up during the final Month of move up in order to be a Recognized Manager.
- 8) When an FBO changes residence to a different country, he/she must notify the old country of residence so that the address can be changed and a new Home Country assigned.

16 Prohibited Activities

- 16.01 The Executive Committee's decision to terminate a Forever Business or to disallow, realign or adjust Bonuses, Case Credits, compensation or any incentive awards for any FBO's involvement in activities or omissions that are not in conformance with Company Policies or the Code of Professional Conduct shall be final. Intentional acts of omission and disregard for the Company Policies or the Code of Professional Conduct by an FBO shall be severely dealt with which may include termination and legal action for damages.

16.02 Prohibited activities causing grounds for termination and liability for any damages caused by such acts include, but are not limited to, the following conduct:

- (a) **Fraudulent Sponsoring.** An FBO is prohibited from sponsoring individuals without the knowledge of and execution of a Forever Business Owner Application and Agreement by such individuals; the fraudulent sponsoring of an individual as an FBO; or the sponsoring or attempted sponsoring of non-existent individuals as FBOs or Customers (“phantoms”) to qualify for commissions or bonuses.
- (b) **Bonus Buying.** An FBO is prohibited from ordering more product than required to meet immediate sales needs, and additional products may be purchased only after 75% of that product’s inventory has been sold, consumed or otherwise utilized. An FBO is prohibited from purchasing products or encouraging other FBOs to purchase products solely for the purpose of qualifying for bonuses, and from using any other mechanism by which strategic purchases are made to maximize commissions or bonuses when an FBO does not have a bona fide use for the products purchased. In order to ensure no inventory loading is occurring:
 - 1) Each FBO who orders product that was the subject of a prior order shall also be confirming and certifying to the Company that 75% of the prior order of that product has been sold or otherwise utilized. Each FBO should keep accurate records of monthly sales, which records can be subject to inspection by the Company upon reasonable notice. Such records will include reports reflecting inventory on hand at the end of the month.
 - 2) The Company will be liberal in its application of the buy-back policy on termination of a Forever Business, but FLP will not repurchase products or issue refunds on products certified as having been consumed or sold. Falsely representing the amount of product sold or consumed in order to advance in the marketing plan shall be grounds for termination.
 - 3) To discourage the FBO from encouraging other FBOs to circumvent the inventory loading prohibition, the Company will charge back to a terminated FBO’s upline any bonuses paid on product returned from a terminating FBO.
- (c) **Proxy Purchasing.** An FBO is prohibited from purchasing product in any other than his/her own name.
- (d) **Selling to Another FBO.** In addition to retail activities, an FBO is prohibited from selling product to any FBO other than his/her

personally-sponsored FBOs, but at not less than wholesale price. Any other sale to another FBO, either directly or indirectly, is a prohibited transaction for both the selling and the buying FBO. The equivalent Case Credit of such a prohibited sale shall not be allowed for purposes of meeting the Active requirement or qualification requirement for any other benefits within the Marketing Program. Resulting adjustments shall be made for this non-compliance.

- (e) An FBO is prohibited from engaging in activities that are prohibited in all sections of 17.10, 19.02, and 20 as set forth herein.
- (f) An FBO is prohibited from appearing in, being referenced in, or allowing the FBO's name or likeness to be featured or referenced in any promotional, recruiting or solicitation materials for another direct sales company.
- (g) An FBO is prohibited from any action or failure to act which evidences intentional disregard and gross negligence of Company Policies.
- (h) **Selling in Stores.**
 - 1) Except as herein provided in this Section below, an FBO is prohibited from permitting Company products to be sold or displayed in retail stores, military PXs, swap meets, flea markets, or like exhibitions. However, exhibitions for a period of less than one week in a twelve-month period at the same venue are considered temporary and are therefore permitted after receiving written approval from the Home Office.
 - 2) An FBO who has a service-oriented office, barber shop, beauty shop or health club is permitted to display and sell products within that office, shop or club. However, exterior signs or window displays by such FBO to advertise the sale of Company products are prohibited.
 - 3) An FBO is prohibited from selling or marketing Forever brand product except that it be in its original packaging. However, products may be promoted and served in restaurants by the glass or portion.
- (i) **Using Unauthorized Literature.** The Company's prior written approval is required to use, produce or sell any sales aid or materials, other than those provided by FLP.
 - 1) An FBO is prohibited from promoting or selling any sales aid, training materials, websites or Apps not provided by FLP, except to FBOs within his or her own downline. Such materials offered

for sale to his or her own downline must be approved by FLP, and be sold at a reasonable price.

- (j) **Selling Online.** An FBO is prohibited from transacting the sale of Forever product using any internet based sales channel other than the Company provided retail storefront at foreverliving.com or Company approved 3rd party website.
- (k) **Selling to Others for Resale.** An FBO is prohibited from selling FLP products to anyone for the purpose of resale or entrusting others to sell FLP products.
- (l) **Sponsoring an FBO into Another Company.** An FBO is prohibited from, directly or indirectly, contacting, soliciting, persuading, enrolling, sponsoring or accepting any FBO, FLP customer or anyone who has been an FBO or Customer within the last twelve (12) months, into, or encouraging any such person in any way to promote opportunities in marketing programs of any direct sales company other than FLP.
- (m) An FBO is prohibited from disparaging other FBOs, FLP's products/services, the Marketing and Compensation Plan, or FLP's employees to other FBOs or third-parties. Any questions, suggestions or comments regarding these issues should be directed in writing to FLP's corporate offices only.
- (n) **Making Product Claims.** FBOs may not make any representation, expressly or by implication, that Forever products can prevent, diagnose, treat or cure any disease or medical condition. Forever products that are intended to be ingested into the body are purely nutritional and/or nutritional supplements and are, therefore, regulated throughout the world as food. Forever products that are intended to be used on the body are regulated throughout the world as cosmetics. Forever does not produce or distribute any products that are to be considered or described as a medicine, treatment or cure.
- (o) **Making Earnings Claims.** FBOs may not make any representation, expressly or by implication, regarding the amount or level of income, including full-time or part-time income, that a prospective FBO can reasonably expect to earn. Implied representations of income that an FBO reasonably can expect to earn include, but are not limited to, representations and/or images used to show a dramatically improved, luxurious or lavish lifestyle.
- (p) **Operating Business by Proxy.** A Forever Business, and any resulting downline, created or operated by proxy, either intentionally or inadvertently, is prohibited, and shall be adjusted for compliance with

Company Policies and the Code of Professional Conduct by the Executive Committee.

- (q) **Exporting Product.** An FBO is authorized to purchase product for the purpose of selling and using said product in the country in which it was purchased. An FBO is prohibited from purchasing product for the purpose of exporting said products to a country outside the country in which it was purchased, except for his/her personal and family use in a country where there is no authorized FLP office, without the written consent of the Home Office in Scottsdale, Arizona, USA.
- (r) **Advertising Price of Product.** An FBO is prohibited from any form of advertising of our products at any price below the Suggested Retail Price. This includes a stated price or any other pricing formula that reduces the price paid for any Forever product to below that of SRP.
- (s) An FBO is prohibited from attempting in any manner to induce, coerce or persuade any other FBO to terminate his or her position, cease doing business or reduce his or her business building activities for any reason.

17 Company Policies

- 17.01 (a) The FBO relationship with FLP is one of a contractual nature. Only adult individuals, 18 years of age or older, may contract with FLP to be an FBO.
- 1) An FBO is allowed, subject to specific conditions, to register a closely-held business entity to hold his/her Forever Business. A closely-held business entity shall be defined as a business entity held by the original primary FBO, or if required by law or approved by FLP, two (2) shareholders, owners, members or trustees will be allowed who must be directly involved in the day-to-day operation of the business (hereinafter referred to as the "Business Entity"). In addition to compliance with all of FLP standard Forever Business requirements and FLP Company Policies and the Code of Professional Conduct, the individual FBO(s) will be required to execute a Forever Business Entity Agreement, which shall supplement, be incorporated and considered part of the Forever Business Owner Agreement, outlining the additional terms and conditions under which the FBO agrees to operate as a Business Entity. The Forever Business Entity Agreement can be obtained in the Forms and Downloads link available under My Business after signing in as an FBO at foreverliving.com.

- 2) The FBO is solely responsible for seeking individual professional advice regarding the establishment of a business entity, its tax effects and any other contingent legal issues. FLP explicitly disavows any responsibility and liability pertaining to an FBO's decision to operate his/her Forever Business as a Business Entity. FLP does not represent nor shall give any tax, accounting or legal advice regarding assigning one's Forever Business to a Business Entity.
 - 3) The Company shall not be liable for any loss of profit, indirect, direct, special or consequential damages, and for any other losses incurred or suffered by an FBO as a result of transferring one's Forever Business from his/her individual name to a Business Entity.
- (b) An FBO is considered an Independent Contractor, and is required to conduct his/her business within the terms of the Forever Business Agreement, and in compliance with the Company Policies and the Code of Professional Conduct that are applicable in the country in which he/she is conducting business.
 - (c) A Forever Business consists of the person named on the Forever Business Owner Application form on file at the Home Office.

If the spouse of a legally married FBO wishes to create his/her own Forever Business, he/she must do so by sponsoring directly under his/her spouse or directly under the spouse's Sponsor.

- (d) An FBO shall be held responsible to properly manage his/her Forever Business, specifically but not limited to, preventing family members from using information obtained through such Forever Business to circumvent compliance of Company Policies and the Code of Professional Conduct required or evolving from the Forever Business of the FBO. An FBO's failure to properly manage his/her Forever Business may result in termination.
- (e) In the event that the downlines of an FBO sponsor into a foreign country and the FBO has not previously been sponsored into that country, the FBO will be automatically sponsored into that foreign country and agrees to the prevailing policies and local laws of that foreign country and agrees to be bound by the dispute resolution policies set forth herein.

17.02 FLP agrees to sell the FBO product and pay volume bonuses as provided in the Company Marketing Plan, provided the FBO is not in violation of such FBO's contract with FLP.

- 17.03 An FBO may develop his/her own marketing techniques, so long as they are not in violation of any Company, state, federal or jurisdictional rules, regulations or statutes.
- 17.04 Any transfer other than by inheritance of a Forever Business, without prior Company approval, is prohibited and any such transfer shall be void. For the purpose of this provision, a change of beneficial interest of a Trust held Forever Business shall be treated as a transfer, which requires written approval by the Company to be valid.
- 17.05 Except as herein provided, an FBO is prohibited from, directly or indirectly, changing Sponsors. FLP will only consider the first valid Application received by the Home Office. Subsequent applications shall be disallowed.
- 17.06 When an FBO changes their residence to a different country, he/she must notify the old country of residence so that the address can be changed and a new Home Country assigned.
- 17.07 **Errors or Questions.** If an FBO has questions about or believes any errors have been made regarding bonuses, downline activity reports, charges, or changes, the FBO must notify FLP within sixty (60) days of the date of the purported error or incident in question. FLP is not responsible for any errors, omissions or problems not reported within sixty (60) days.
- 17.08 **Voluntary Termination.**
- (a) An FBO may terminate his/her Forever Business by submitting a written request, signed by all named individuals appearing on the current approved Forever Business. The effective termination date is the date on which the Home Office accepts the termination request. The terminating FBO forfeits the current sales level and all downlines, including those in foreign countries, established at the time.
 - (b) Once an FBO terminates, the spouse (if on the same FBO Business) is also considered terminated.
 - (c) After 12 months, a terminated FBO may reapply subject to Home Office approval. Upon such approval the FBO will enter as a Novus Customer, and will not have the previous downline organization restored.
 - (d) If the terminating FBO is a Sponsored Recognized Manager, and has any 1st Generation Recognized Managers in his/her organization, these Managers will be classified as Inherited Managers to the newly appointed Sponsor.
- 17.09 **Termination or Suspension for Cause.**

- (a) Termination means a severance of all domestic and international privileges and contractual rights available to an FBO, including the privilege to buy and distribute the products. The Termination will result in the inability to qualify for Bonuses, and severance of participation in all other benefit programs sponsored by the Company.
- (b) A terminated FBO shall, upon demand by FLP, be liable to repay, return or compensate FLP for any benefit programs, prizes, inventories, or bonuses received from FLP from and after the date of the activities causing such Termination. After recouping any costs or damages resulting from the terminated FBO's conduct, forfeited bonuses, caused by such Termination, shall be paid to the next qualifying FBO upline who is not in violation of any of the Company Policies and the Code of Professional Conduct.
- (c) After 12 months, a terminated FBO may reapply subject to Home Office approval. Upon such approval the FBO will enter as a Novus Customer, and will not have the previous downline organization restored.
- (d) Suspension is a temporary status that prohibits an FBO from placing orders, receiving profit and bonus payments, and sponsoring other FBOs.
- (e) The profits and bonuses of a Suspended FBO shall be held until the FBO is either reinstated or terminated. If reinstated, the withheld payments shall be paid to the FBO; otherwise they shall be disbursed in accordance to the marketing plan.
- (f) If the terminated FBO is a Sponsored Recognized Manager, and has any 1st Generation Recognized Managers in his/her organization, these Managers will be classified as Inherited Managers to the newly appointed Sponsor.

17.10 **Internet Policies**

- (a) **Selling Products Online.** Each FBO will be offered the opportunity to purchase a Company-approved FBO website, FLP360, for marketing products online using a direct link to the Company's Webstore at www.foreverliving.com . Online orders will be fulfilled directly by the Company on this website. This internet link is arranged so that the FLP pages will remain within the FBO's website. The guests virtually never leave the FBO's website. In order to maintain the integrity of FLP's brand name, product line and the FBO/Customer relationship, an FBO is prohibited from selling any FLP brand products online through their independent website. E-

Commerce sales can only be made directly by or through a link to the official Company Webstore at www.foreverliving.com.

- (b) Sponsoring an FBO online via an electronic signature application or online form is prohibited outside of the direct application or link to the official Company website at www.foreverliving.com.
- (c) Independent FBO websites marketing and promoting the products or business opportunity, without online sales or sponsoring, are permitted so long as they comply with or are modified to comply with Company Policies and the Code of Professional Conduct.
- (d) An FBO may not use the name “Forever Living Products” or any of its trademarks, trade names, product names, domain name (URL) or copy or use any Company materials from any source that may result in misleading or confusing the user into thinking the FBO’s website is that of the Company or any of its official affiliates. FLP product names are strictly proprietary to the Company and cannot be used by any FBO as a sponsored link or for any other unauthorized use. An individual FBO website must clearly indicate that it represents an independent FBO who is not an agent of the Company or any of its worldwide affiliates.
- (e) The FBO must link any independent website(s) to the Company’s official website created and maintained by the Company at www.foreverliving.com.
- (f) All independent FBO websites must reflect and connect only to companies or products that carry the FLP label and be of good moral content.
- (g) **Electronic Advertising.** Independent FBO websites that have been approved by the Company, or are as part of an online banner or display ads that conform to the Company’s advertising guidelines and have been approved by Company, will be allowed. Online banners or display ads must be submitted to the Company for approval prior to posting online and must link a user to the Company website or an independent FBO website that has been approved by the Company. All electronic advertising is subject to and controlled by the Company Policies and the Code of Professional Conduct relating to advertising and promotional guidelines.

18 Legal

18.01 Dispute Resolution/Waiver of Jury Trial.

- (a) If a controversy or claim arising out of or relating to the FBO relationship or FLP products cannot be resolved by negotiations, the Company and FBO agree that in order to promote to the fullest extent reasonably possible a mutually amicable resolution of the dispute in a timely, efficient and cost-effective manner, he/she will waive his/her respective rights to a trial by jury and settle their dispute by submitting the dispute to the American Arbitration Association (AAA) for binding arbitration in Maricopa County, Arizona, in accordance with the written Dispute Resolution Policy currently in effect and available on the Company's website at www.foreverliving.com. Maricopa County, Arizona shall be deemed the sole and exclusive place for jurisdiction and venue of any dispute between the company and the FBO, and if appropriate, under FLP's dispute resolution procedures, a court of competent jurisdiction located in the State of Arizona, Maricopa County. The Forever Business Owner Application and Agreement shall be governed in all respects by the laws of the State of Arizona.
- (b) Participating in the international sponsoring program is a privilege that gives each FBO the chance to benefit from FLP's international network of companies. The international sponsoring program is monitored from FLP's home office in Maricopa County, Arizona. An FBO participating in the international sponsoring program agrees and consents to any disputes arising out of or relating to the FBO relationship or FLP products, involving any of the FLP affiliated companies, shall be resolved through binding arbitration in Maricopa County, Arizona, pursuant to Forever Living.com and Forever Living Products International, LLC's current dispute resolution policies as set forth above and stated on FLP's Company website at www.foreverliving.com.

18.02 Testamentary Transfers.

- (a) The transfer or assignment of a Forever Business is prohibited except in the event of death or legal separation or divorce.
- (b) All Forever Business Owner Applications that contain two signatures, regardless of when signed, shall be treated as creating a Joint Tenancy with Right of Survivorship. If the FBO lives in a community property state, the treatment will be that of Community Property with Right of Survivorship. On the confirmation of death of any one of the two signing FBOs, the Forever Business will automatically be transferred to the survivor of the two. This will be the case regardless of what is stated in a Will of the first FBO to be deceased. In addition, this means that when two persons have signed on the Forever Business

Owner Application the survivor of the two will be the sole FBO after the death of the first. If an FBO does not wish this result, they must contact the Home Office to express their needs and to determine if such needs can be accommodated. Keep in mind that no change in a Forever Business can be made during your lifetime except in the case of a legal separation or divorce.

- (c) If the Distributor application of a legally married person has checked the marital status box as being Married, but the application only contains the signature of one of the married parties, the company will treat the Forever Business as being a Joint Tenancy with Right of Survivorship.
- (d) Forever Business Owner applications that have the marital status box checked as being single and with only one signature will be treated by the company accordingly.
- (e) To transfer a single person's Forever Business on death, such FBO must have a Will or use of a Grantor's Trust.
- (f) The Company recognizes Joint Tenancy with Right of Survivorship and use of Grantor Trusts as legal means of holding a Forever Business and in the event of an FBO's death, a means of transferring the Forever Business to the Survivor or named beneficiary respectively without having to go through probate proceeding to get the property to the intended heir.
- (g) If the Forever Business is held in a Business Entity, the death of the primary shareholder will not remove the Forever Business from the Business Entity so long as the ownership of the Business Entity remains in conformity with Company policies governing ownership of such Business Entity. The transfer will be recognized by the Company when a court order or legal documents addressing the transfer are submitted to and approved by the Company.
- (h) Within six (6) months following the date of the FBO's death, the surviving FBO, trustee or estate representative shall provide notification of such death to his/her Domestic Home Office of FLP. Such notice is to include a certified copy of the death certificate, a certified copy of the Will or Grantor's Trust, or Court Order, authorizing the transfer of the Forever Business to a qualified successor. After six (6) months from the date of death, FLP may remove the deceased FBO from the Forever Business. Giving timely notification and providing the required documentation for a successor's interest, will be required to prevent a suspension and/or termination of the Forever Business. If based on valid reasons, a

request for a reasonable extension of time to provide transfer documents may be submitted to the deceased FBO's FLP Domestic Home Office prior to the end of the six (6) month period. FLP reserves the right to make payments to the joint survivor, beneficiary, trustee or legally authorized personal representative of the estate of a deceased FBO pending the timely submission of appropriate legal documentation.

- (i) The inheritable rights to a Forever Business are limited and restricted as follows:
 - 1) The heir must be a person who can qualify as an FBO.
 - 2) Because the heir must be an adult individual, a trust or guardianship may have to be established for multiple heirs or minor children. In the event a trust is established, a copy must be placed on file with FLP. Its terms must clearly allow the trustee to act as an FBO. A guardian or a trustee of a testamentary trust must be appointed by the court of proper jurisdiction and receive specific approval to be an FBO on behalf of the minors.
 - 3) A trustee or guardian shall retain the FBO status so long as the Forever Business Owner agreement is not violated, until the beneficiaries have attained the age of majority, and an heir accepts the responsibility of operating the Forever Business with prior approval of the court.
 - 4) A trustee, guardian, spouse or other representative-type FBO shall be responsible for the actions of the beneficiary, ward, or his/her spouse for purposes of following the policy terms of the Forever Business Owner agreement. A violation of Company Policies and the Code of Professional Conduct by any of the above individuals may result in termination of the Forever Business.
 - 5) The inheritable Forever Business position within the Company Marketing Plan is limited to recognition at no higher than that of Manager. However, bonuses shall be paid at the same levels and requirements as held by the deceased. All Sponsored Managers belonging to the Forever Business will be reclassified as Inherited Managers, who can subsequently qualify as a Sponsored Manager as outlined in Section 5.04(e). Forever Business positions below Manager shall be inherited at that level.

18.03 **Transfers Due to Divorce.**

- (a) During a pending divorce or negotiation of a property settlement, FLP will continue to disburse payments to the FBO as was done prior to the pending action.
- (b) In the event of divorce or a legal separation, a legally enforceable property settlement agreement may decree the Forever Business be granted to one spouse or the other. The Forever Business cannot, however, be partitioned. Only one adult individual will be entitled to retain the current downline of this Forever Business. The other spouse may choose to establish his/her own Forever Business at the same level of the Marketing Plan as established with the ex-spouse. Such other spouse must use the original sponsor. The other spouse's new Forever Business shall be treated by the sponsor as Inherited until re-qualified.

19 Restrictive Covenants

- 19.01 To the extent permitted by law, FLP, its directors, officers, shareholder, employees, assigns and agents (collectively referred to as "Associates") shall not be liable for, and the FBO releases FLP and its Associates from and waives all claims, for any loss of profits, indirect, direct, special or consequential damages, and for any other losses incurred or suffered by the FBO as a result of: (a) FBO's breach of the Forever Business Owner Agreement of FLP Company Policies and the Code of Professional Conduct and Procedures; (b) the promotion or operation of the FBO's Forever Business and FBO's activities related to it; (c) FBO's incorrect or wrong data or information provided to FLP or its Associates; or (d) the FBO's failure to provide any information or data necessary for FLP to operate its business, including without limitation, FBO's enrollment and acceptance into the FLP Marketing Plan and the payment of volume bonuses; or (e) transfers pursuant to death, legal separation or divorce of an FBO.. EACH FBO AGREES THAT THE ENTIRE LIABILITY OF FLP AND ITS ASSOCIATES FOR ANY CLAIM WHATSOEVER RELATED TO THE RELATIONSHIP OF AWARENESS INCLUDING, BUT NOT LIMITED TO, ANY CAUSE OF ACTION SOUNDING IN CONTRACT, TORT, OR EQUITY, SHALL NOT EXCEED, AND SHALL BE LIMITED TO, THE AMOUNT OF PRODUCTS FBO HAS PURCHASED FROM FLP THAT ARE IN RESALABLE CONDITION.

- 19.02 **Limited License to Use Company Marks.**

- (a) The name “Forever Living Products” and symbols of FLP and other names as may be adopted by FLP including FLP Product names are proprietary trade names and trademarks of the Company.
- (b) Each FBO is hereby licensed by FLP to use FLP’s registered trademarks, service marks, and other marks (hereinafter collectively referred to as “Marks”), in conjunction with the performance of the FBO duties and obligations under the Forever Business Owner Agreement and the corresponding policies and procedures. All Marks are and shall remain the exclusive property of “FLP”. The Marks may only be used as authorized by the Forever Business Owner Agreement and FLP’s corresponding policies and procedures. The license granted herein shall be effective only as long as the FBO is in good standing and in full compliance with FLP’s policies and procedures. However, it is prohibited for an FBO to claim any ownership of FLP’s Marks (i.e., registering for a domain name using the name “FLP”, “Forever Living”, or any other FLP Mark in any way, shape or form) unless it has been approved in writing by FLP. These Marks are of great value to FLP and are supplied to each FBO for each FBO's use in an expressly authorized manner only.
- (c) FBOs may not use any written, printed, recorded or any other material in advertising, promoting or describing the product or FLP marketing program, or in any other manner, any material which has not been copyrighted and supplied by FLP, unless such material has been submitted to FLP and approved in writing by FLP before being disseminated, published or displayed.
- (d) FBOs may not alter any packaging, labels, or directions for use for any FLP Products, or recommend that a Product be used in any way other than as indicated by the Company literature.

20 Confidential Information and Nondisclosure Agreement

- 20.01 (a) Downline reports and all other reports and genealogical information, including, but not limited to, downline sales organization information and commission recap statements, are private, proprietary and confidential to FLP.
- (b) Every FBO who is provided with such information must treat it as private and confidential and take care to maintain its secrecy and refrain from making any use thereof for any purpose other than the management of their downline sales organization.
- (c) An FBO may have access to private and Confidential Information which he/she acknowledges to be proprietary, highly sensitive and

valuable to FLP's business and is being made to him/her solely and exclusively for purposes of furthering the sale of FLP products and prospecting, training and sponsorship of third parties who may desire to become FBOs and to further build and promote his/her FLP business.

- (d) "Trade Secret" or "Confidential Information" shall also mean information, including a formula, pattern, compilation, program, device, method, technique or process, that:
 - 1) derives independent economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use; and
 - 2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
- (e) Whenever FLP makes information available to the FBO, it shall be for the sole purpose of conducting FLP business.
- (f) An FBO is prohibited from using, disclosing, duplicating or otherwise making any Trade Secret or Confidential Information available to anyone other than FBOs, without the prior written consent of FLP.
- (g) An FBO is prohibited from, directly or indirectly, using, capitalizing upon or exploiting any Trade Secret or Confidential Information for his/her own benefit, or for the benefit of anyone else, other than for the purpose of conducting his/her FLP business.
- (h) An FBO shall maintain the confidentiality and security of the Trade Secret and Confidential Information in his/her possession and to protect against disclosure, misuse, misappropriation or any other action inconsistent with FLP's rights.
- (i) **Further Restrictive Covenants.** In consideration to FLP for the receipt of Trade Secret or Confidential Information, the FBO inherently agrees that for the term of the Forever Business, the FBO shall not take or encourage any action, the purpose or effect of which would be to circumvent, breach, interfere with or diminish the value or benefit of FLP's contractual relationships with any FBO. Without limiting the generality of the foregoing, for the term of the Forever Business, the FBO agrees not to directly or indirectly, contact, solicit, persuade, enroll, sponsor or accept any FBO, FLP customer or anyone who has been an FBO or Customer for the last twelve (12) months, into, or to encourage any such person in any way to promote, opportunities in marketing programs of any direct sales company other than FLP.

- (j) The agreements contained in the “Confidential Information” section of these policies shall remain forever and in perpetuity. The agreements contained in the “Further Restrictive Covenants” section of these policies shall remain in full force and effect during the term of the previously executed Forever Business Owner Agreement between FLP and the FBO, and thereafter until the later of one (1) year from the latest receipt of any Confidential Information or twelve (12) months after the expiration and termination of such Forever Business Owner Agreement.

21 Code of Professional Conduct

21.01 Integrity, Respect, Diligence

- (a) We take great pride in not only on what we achieve, but how we achieve it. In fact, much of the Company’s appeal to prospective new Business Owners is its well-deserved legacy of integrity, the respect we show to others and the diligence with which we build successful Forever businesses. As a Business Owner, we invite you to examine more closely your role in maintaining these core values and the underlying standards of conduct in a manner that will add to our legacy and ensure our long term mutual success. Failure to abide by the principles outlined in the Code of Professional Conduct may result in disciplinary action up to and including termination.

21.02 Effort, Sacrifice and Dedication

- (a) Forever Business Owners teach the principles of direct sales and network marketing to their teams, emphasizing that, like any other worthy pursuit, it requires effort and sacrifice to be successful. The flexibility and financial freedom afforded by the Forever Opportunity are earned by those who dedicate themselves to a routine of hard work over an extended period of time.

21.03 FBOs Are Builders

- (a) Forever Business Owners are builders. They build their individual retail businesses, their first line sponsored business and their multi-generational team. There is no place for tearing down, dismantling or discouraging others from building their respective businesses.

21.04 No Medical, Lifestyle or Income Claims

- (a) Forever Business Owners are truthful when prospecting by not making exaggerated claims about the Company, the capabilities of its products or the rewards available within its Marketing Plan whether in

person or via social media. This includes medical claims and income projections of any kind.

21.05 Loyalty

- (a) Forever Business Owners are loyal to the Company, its staff and representatives, and fellow Business Owners at all times, avoiding gossip, criticism and internal ‘politics’.

21.06 Proud Professional Direct Seller

- (a) Forever Business Owners look and act the part of a proud professional direct seller and network marketer.

21.07 Teach Good Networking Principles

- (a) Forever Business Owners teach their Downline Business Owners and teams good principles of networking and personal conduct.

21.08 Positive Attitude

- (a) Forever Business Owners display a positive attitude in both speech and behavior, whether in person or via social media, to all Business Owners, in a spirit of co-operation and teamwork.

21.09 Support Fellow Business Owners

- (a) Forever Business Owners are willing to help their own teams as well as give support to fellow Business Owners and their teams so that all benefit from a successful, vibrant, active local community of Business Owners.

21.10 Compliance With Company Policies, Code of Professional Conduct, DSA Code of Ethics

- (a) Forever Business Owners are aware of and comply with all aspects of the Company Policies, Code of Professional Conduct, and the DSA Code of Ethics.

21.11 Participation in Company Events

- (a) Forever Business Owners at the Manager Level attend a majority of Company events, and promote Company events to their team.

21.12 Lead By Example

- (a) Forever Business Owners lead by example by sponsoring new frontline Business Owners, achieving monthly 4 Case Credits and

striving to qualify as Leadership Managers and to achieve the Earned Incentive, Chairman's Bonus, Eagle Manager Retreat and Global Rally.

21.13 Avoid Excessive Product Purchasing

- (a) Forever Business Owners encourage those they sponsor to carry product inventory appropriate to their needs for personal consumption and direct sales activity and to avoid excessive buying.

21.14 Integrity in Sponsoring

- (a) Forever Business Owners insist that prospective Business Owners are sponsored under the Business Owner who introduced them to the Forever Opportunity; and refrain from sponsoring another Business Owner's prospect.

21.15 Dealing with Challenges, Issues and Problems

- (a) Forever Business Owners deal with challenges, issues and problems personally and do not share them with Business Owners who are not personally involved, nor post them on social media. They use proper lines of communication for seeking answers or expressing concerns, beginning with their sponsor and moving upline or to the Company for further inquiry.

21.16 Refrain from Promoting Non-Forever Product or Service

- (a) Forever Business Owners refrain from promoting and/or selling any non-Forever product or service without prior written approval of the International Home Office.

21.17 Excessive Charges for Meeting Attendance

- (a) Forever Business Owners refrain from promoting or hosting events, seminars, webinars, or meetings, regardless of venue or modality, within the Forever universe of FBOs where the charge for such activity exceeds the reasonable break-even costs of producing/conducting the activity. The purpose for all similar activities is to generate interest in, and income through, the Forever Marketing Plan.

21.18 Meetings in Company Facilities

- (a) Forever Business Owners demonstrate their willingness to help fellow FBOs, regardless of Sponsorship line, by inviting them and their guests to meetings conducted in Company facilities.

21.19 Persuading FBOs to Terminate

- (a) Forever Business Owners refrain from, in any manner, inducing, coercing or persuading any other Business Owner to terminate his or her position, cease doing business or reduce his or her business building activities for any reason.

21.20 Advertisement of Selling Price of Product

- (a) Forever Business Owners refrain from any form of advertising of our products at any price below the Suggested Retail Price. This includes a stated price or any other pricing formula that reduces the price paid for any Forever product to below that of SRP.