



Contents

Policies and Procedures

Dated Sept 15, 2021, for Reference Purposes

Section 1 – Introduction.....	2
Section 2 – Purpose of Policies and Procedures and Initial Matters	5
Section 3 – Becoming an IFR	8
Section 4 – Advertising, Promotion, and Communication.....	11
Section 5 – Operating Retailer Businesses.....	15
Section 6 – Retailer T.E.A.M. Matters.....	21
Section 7 – Responsibilities of IFRs	22
Section 8 – Conflict of Interest.....	24
Section 9 – Remedial Actions and Dispute Resolution	27
Section 10 – Inactivity and Cancellation of the Agreement.....	32

Section 1 – Introduction

1.1. Helpful Terms and Definitions.

The following are some of the helpful terms and definitions used in these Policies and Procedures:

Agreement. Collectively the ISD Agreement, these Policies and Procedures, the Company's Leadership Compensation Plan, and any other agreement or agreements between the ISDs and the Company. The Agreement excludes Company guidelines.

Back Office. An online environment provided by the Company for access and use by ISDs to assist ISDs in conducting their Retailer Businesses.

Brick and Mortar Store. An independent Retailer Business selling PN Product at a permanent physical location not as a Pop-Up Boutique, often conducted at commercial locations with permanent signage and posted hours of regular operation like commercial retail stores open to the public.

Business Entity. A duly formed corporation or limited liability company in good standing Company. PN, Inc., d.b.a Pelle Naturale. Sometimes referred to as "we," "us," or "our."

Consumer. A retail customer. A Consumer / retail customer is usually an individual who purchases PN Products from an ISD for their own personal or family use and who is not an ISD. A Consumer / retail customer may also be an entity, other than an individual, that is not an ISD.

Day or Days. Shall mean calendar days, unless specified otherwise.

Downline. The Line or Lines extending below an ISD. A Downline does not include an ISDs Upline. A complete Downline is also known as a Retailer T.E.A.M.

ISDs. Independent Sales Distributor. The persons who enter into an ISD Agreement, establish a Retailer Business, purchase PN Products from the Company and market and sell PN Products to Consumers.

ISD Agreement. The PN Independent Sales Distributor Agreement (sometimes named the PN Independent Sales Distributor Program Application & Agreement)

Law or Laws. All applicable federal, state, local and community laws, rules, ordinances and regulations, including homeowner and community association rules and regulations.

Leadership Compensation. Compensation payments paid pursuant to the Leadership Compensation Plan.

Leadership Compensation Plan. The Leadership Compensation Plan published by the Company that sets forth the manner in which Leadership Compensation is calculated and paid to ISDs for their retail sales of PN Products and the sales of PN Products by ISDs and their Retailer T.E.A.M.s, as amended from time to time.

License. A non-exclusive, royalty-free, non-sublicensable, non-transferable, non-assignable limited sublicense to use the Marks in the Territory as set forth in the Agreement, and more specifically, in the ISD Agreement.

Line. Each ISD Onboarded immediately underneath a Sponsoring ISD and the ISDs Onboarded under them. This represents one Line of a Retailer T.E.A.M.

PN Product or PN Products. All of the Pelle Naturale products made available by the Company for retail sale by ISDs, including skin care & body care products

Onboard, Onboarded or Onboarding. The process of an applicant being accepted by the Company and becoming an ISD.

Online Album Sales. Online sales utilizing photographs or videos of PN Product.

Online Live Sales. Online sales utilizing real time live video of PN Product and ISDs. Typically streamed through live social media video presentations, but may include other streaming sources.

Personally Sponsored. An ISD Onboarded by the Company who is listed as Sponsored directly by you (and, in some contexts, with whom you have a pre-existing personal or business relationship).

Policies and Procedures. These Policies and Procedures, as amended or restated from time to time.

Pop-Up Boutique. A unique, temporary, personal (person to person) selling event that can be conducted almost anywhere, including in homes, at some limited commercial locations, and on Online Live Sales platforms.

Retailer Business. The independent businesses established by ISDs as independent contractors to market and sell PN Products. An ISDs Retailer Business may include a Retailer T.E.A.M.

Retailer T.E.A.M. An ISDs Retailer T.E.A.M. is made up of all ISDs that are personally Sponsored by the ISD and all Onboarded ISDs Sponsored by such personally Sponsored ISDs who are not sponsored by a graduated Leader, as set forth in the Leadership Compensation Plan. A Retailer T.E.A.M. includes all the Lines of an ISD.

Social Retail. Retail and e-commerce practices that incorporate social networks, social media, and social interaction to help facilitate, drive, and direct retail sales.

Sponsor. An ISD who refers an applicant to the Company and assists a new ISD in becoming

Onboarded and is identified in the ISD Agreement as the Sponsor. The act of referring and assisting Sponsored ISDs by the Sponsor is referred to as "Sponsoring."

Territory. The continental United States, Alaska, Hawaii, and such U.S. territories and possessions as are approved in writing by the Company.

Upline. The Line or Lines extending above an ISD from the ISDs sponsor, and including the sponsor. An Upline does not include an ISDs Downline.

1.2. Introduction.

The Company is a wholesale company that designs and produces PN Products and sells them to Independent Sales Distributors (ISDs) who market and sell them to Consumers.

1.3. Sales Policy.

The Company emphasizes person to person sales from the ISD to Consumers. The Company wants to foster a community and connectedness through PN Products. The Company recognizes that personal interaction with Consumers may be made through other sales methods, including Online Live Sales and Online Album Sales. No matter what method of sales you use, you should always seek to establish a personal relationship with Consumers and promote the Pelle Naturale community.

1.4. Pop-Up Boutiques.

Hosted home parties and Online Live Sales are called “Pop-Up Boutiques” in these Restated Policies and Procedures. A Pop-Up Boutique is a unique, temporary, personal (person to person) selling event that can be conducted almost anywhere, including in homes, at some commercial locations, and on Online Live Sales internet media platforms. Pop-Up Boutiques may not be conducted at locations or in a manner that would tend to prejudice or damage the reputation or goodwill of the Company or the Pelle Naturale brand. For instance, they may not be conducted at garage sales, swap meets, flea markets, yard sales, or adult entertainment venues or where any illegal activity takes place.

1.5. Online Album Sales.

The Company understands that Online Album Sales are effective and appropriate when conducted pursuant to the Policies and Procedures and guidelines of the Company, including establishing a personal relationship with Consumers. Online Album Sales may not be conducted in a manner that would, in the sole discretion of the Company, tend to prejudice or damage its reputation or goodwill or the Pelle Naturale brand.

Section 2 – Purpose of Policies and Procedures and Initial Matters

2.1. Purpose.

The Company has developed the Policies and Procedures to help each ISD understand how to develop and promote their own Retailer Business in an ethical, safe, and effective environment and to provide an equal opportunity for each ISD to build a successful Retailer Business.

2.2. Restated Policies and Procedures.

These Policies and Procedures, as amended or restated from time to time, are a living document and may be restated or amended by the Company from time to time to reflect the current policies and procedures of the Company.

The Company reserves the right to restate or amend the Agreement (as defined herein), including these Policies and Procedures, and to adjust pricing and product offering at its sole and absolute discretion. As used herein, the word including may mean including without limitation or including but not limited to, depending on the context. Restatements and amendments shall be effective thirty (30) Days after publication of notice that the Agreement has been modified. These Policies and Procedures may show a date on the first page or elsewhere for reference purposes only and may bear a notation at the bottom of the page (“footer”) showing a date and/or other information. The reference date and footer date, if any, may be different, shall be for internal purposes only, and shall not affect the date of publication. Restatements and amendments shall not apply retroactively to conduct or matters that occurred prior to the effective date of the restatement or amendment but shall apply to conduct or matters continuing or arising after the effective date of the restatement or amendment. The Company may notify ISDs of restatements or amendments by any reasonable method. Publishing and making restatements or amendments available in the Back Office (without further notification) is deemed a reasonable method of notifying ISDs of new restatements or amendments. So, check your Back Office often. Company guidelines may be restated or amended without prior notice.

Once notified, an ISD may accept or reject any restatement or amendment. If an ISD elects to reject the restatement or amendment, the ISD shall notify the Company in writing of such rejection, and their ISD Agreement will be cancelled and they will no longer be eligible to hold themselves out as an ISD, have benefit of the License, receive Leadership Compensation, or purchase PN Products at wholesale prices from the Company. If after notice of any restatement or amendment, an ISD continues to hold themselves out as an ISD, make any use of the License or Company intellectual property, accept Leadership Compensation payments, purchase or sell PN Products, or solicit or sponsor new ISDs, such actions shall be deemed a ratification and acceptance of any restatement or amendment.

2.3. Policies and Procedures Incorporated Into ISD Agreement.

These Policies and Procedures, in their present form and as may be restated or amended from time to time at the sole discretion of the Company, are incorporated into and form an integral part of, the ISD Agreement. Throughout these Policies and Procedures when the term “Agreement” is used, it collectively refers to the ISD Agreement, these Policies and Procedures, the Leadership Compensation Plan, and any other agreement or agreements between the ISDs

and the Company. When the term “ISD Agreement” is used as opposed to “Agreement,” it is intended to refer specifically to the ISD Agreement and not all of the other full complement of documents. It is the responsibility of each ISD to read, understand, and adhere to these Policies and Procedures as they are now and as they may be revised. It is the ISDs responsibility to be aware of the most current version of these documents. The terms and conditions of the ISD Agreement shall control over any conflicting terms or conditions in these Policies and Procedures, except as to Sections 9.1, 9.2, 9.3, 9.4, and 9.5 hereof, which shall control over any conflicting terms or conditions in the ISD Agreement.

2.4. Term and Renewal of ISD Agreement.

The initial term of the ISD Agreement shall be from the date that the ISD Agreement is accepted by the Company until December 31 of that year, subject to earlier cancellation hereunder. Thus, the initial term of the ISD Agreement likely will be shorter than one (1) calendar year under most circumstances.

When the ISD Agreement renews, it will renew without lapse or interruption under the most current version or amendment of the ISD Agreement then published by the Company and the controlling ISD Agreement between the ISDs and the Company shall be the most currently published ISD Agreement. It is the intent of the Company that upon renewal hereof all ISDs be a party to the most current ISD Agreement. All ISDs will be provided at least thirty (30) Days to accept or reject the renewal of the ISD Agreement. Accordingly, if any event or circumstance should occur so that automatic expiration on December 31 and automatic renewal on January 1 would provide less than thirty (30) Days’ prior notice of the new ISD Agreement, the expiration and renewal date shall be extended so that all ISDs are provided at least thirty (30) Days to accept or reject the new ISD Agreement. Thereafter, the ISD Agreement shall expire on December 31 and automatically renew on January 1 of each subsequent consecutive calendar year without lapse or interruption, subject to earlier cancellation and the terms and conditions of the ISD Agreement. Notwithstanding anything herein or in the ISD Agreement, the Company reserves the right to elect not to renew any ISD Agreement at any time, with or without cause; provided that the Company provide at least thirty (30) Days’ prior notice of its election not to renew an ISD Agreement.

The most current ISD Agreement will be published and made available in the Back Office. ISDs shall read and adhere to the most current ISD Agreement, and, if they are unable to locate the most current ISD Agreement, will request the most current ISD Agreement in writing from the Company.

2.5. Waiver.

The Company never relinquishes its right to insist on strict compliance with the Agreement. Failure of the Company to exercise any right or power under the Agreement or to insist upon strict compliance of any portion of the Agreement shall not constitute a waiver of its right at any time to insist on such compliance. The Company’s waiver of any particular matter or breach shall

not impair or affect its rights in regard to any subsequent matter or breach, nor shall it affect in any way its rights or obligations in relation to any breach by other ISDs. No waiver shall be deemed a continuing waiver and the Company may rescind or modify any waiver at any time with or without notice. A waiver by the Company shall not constitute an amendment of the Agreement (including these Policies and Procedures). ISDs may not rely upon any waiver and acknowledge that a waiver may be rescinded or modified at any time with or without notice. The existence of any claim or cause of action of an ISD against the Company shall not constitute a defense to the Company's enforcement of any term or provision of the Agreement.

2.6. License.

The Company possesses licensable interests in certain trademarks registered and/or pending with the United States Patent and Trademark Office and other trademark offices worldwide pertaining to the Pelle Naturale mark, logos associated with the Pelle Naturale mark, and other trademarks associated with the Pelle Naturale mark (hereinafter collectively referred to as the "Marks"). So long as the ISDs are in good standing and not in default under the Agreement, the Company grants, and the ISDs accept, a non-exclusive, royalty-free, non-sublicensable, non-transferable, non-assignable limited sublicense ("License" as defined herein) to use the Marks in the Territory as set forth in the Agreement, and more specifically, in the ISD Agreement. Upon the occurrence of any event of default as set forth in the Agreement, the Company may terminate the License. Upon termination of the License, ISDs shall immediately cease all use and activities with regard to the Marks, as set forth in the ISD Agreement, these Policies and Procedures, and the guidelines of the Company.

Section 3 – Becoming an ISD

3.1. Requirements to become an ISD.

An individual or a Business Entity may become an ISD by complying with the following, subject to acceptance by the Company:

1. If an individual, be of minimum age of consent (eighteen [18] years of age in most jurisdictions);
2. Have a valid Social Security or Federal Tax ID number;
3. Submit a properly executed ISD Agreement;
4. Read, agree, and adhere to these Policies and Procedures, the ISD Agreement and the guidelines of the Company; and
5. Purchase an initial inventory of PN Products, if any, as specified by the Company, which may be set forth elsewhere, including onboarding guidelines or otherwise.

The Company reserves the right to accept or reject any ISD Agreement and/or any ISD Agreement applicant for any reason or for no reason.

Married couples, domestic partnerships, or common-law couples (collectively referred to herein as “spouses”) must be represented through a single entity or an individual as signatory to the ISD Agreement. See Section 3.3 regarding Business Form and Entities. Spouses or domestic partners, regardless of the signatory to the ISD Agreement, may not own or operate any other Retailer Business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, member, or have any other legal or equitable ownership) in the ownership or management of another Retailer Business in any form. See also, Section 5.8 pertaining to one Retailer Business per ISD per household.

3.2. Ethical Requirements.

Each ISD agrees to adhere to the following:

1. Conduct themselves and their Retailer Business in a legal, moral, honest, and ethical manner at all times.
2. Comply with all applicable Laws.
3. Comply with the Agreement, including these Policies and Procedures.
4. Avoid actions that could result in conflict with other ISDs or Consumers.
5. Accurately present all PN Products.
6. Speak well of the Company, its employees, or representatives, PN Products, the Leadership Compensation Plan, and other ISDs. Do not disparage, demean, or make negative statements, comments, or remarks about the Company, its employees, or representatives, PN Products, the Leadership Compensation Plan, or other ISDs.
7. Focus on building their Retailer Business through relationship building, representing the Pelle Naturale brand well, and providing superior customer service.
8. Avoid any action which may harm the Pelle Naturale brand or the Company in any way.

3.3. Business Form and Entities.

Conduct their Retailer Business in such a way that strengthens the Pelle Naturale brand. Abide by PN Product warranty and return policies, if any.

Follow incentive guidelines for Pop-Up Boutique hosts.

Only individuals and duly organized corporations and limited liability companies in good standing (“Business Entities” as defined herein) may become ISDs. Partnerships and trusts may not become ISDs and no Retailer Business may be conducted as a partnership or by a trust. A duly formed Business Entity may apply to be an ISD by submitting a copy of its organizational documents to the Company along with a properly executed ISD Agreement, a properly completed Business Entity Registration Form, and a properly completed ISD Form W-9. The ISD Agreement must be signed by a duly authorized person of the Business Entity and the Business Entity Registration Form must be signed by all shareholders or members, and identify all directors, officers and managers of the Business Entity.

If a Business Entity is dissolved, ceases to exist, or ceases to conduct business, the Company may rely upon information from the shareholders or members of the Business Entity to assist the Company in determining ownership, transfer, or disposition of the Retailer Business and/or Retailer T.E.A.M., which determination shall be in the sole and absolute discretion of the Company.

If a Business Entity is dissolved, ceases to exist, or ceases to conduct business without intent to sell the Retailer Business and/or Retailer T.E.A.M. (pursuant to Section 5.6 hereof), the Business Entity shall notify the Company in writing regarding the details of such proposed dissolution, cessation, or discontinuation. The Company always reserves the right to approve or disapprove any person or entity desiring to become an IFR upon acquisition of a Retailer Business or Retailer T.E. A.M. from a Business Entity subject to proposed dissolution, cessation, or discontinuation and the Company may require that such person or entity execute an ISD

Agreement if approved. Notwithstanding anything herein, the Company may, in its sole discretion, consider the ISD Agreement of a dissolving or discontinuing Business Entity canceled and null and void and no individual shareholder, member or other person involved with the prior Business Entity shall have any claim to any genealogical ISD Line or Lines or any organization in any Line or Lines or any other ISD rights conferred by the Agreement (including these Restated Policies and Procedures) to the former Business Entity. The Company further reserves the right to make any allocation or disposition of the dissolving or discontinuing Business Entity’s Retailer T.E.A.M., as determined by the Company in its sole discretion without payment or compensation to the dissolving or discontinuing Business Entity.

3.4. Business Entity Names.

ISDs may not use the names or words “Pelle Naturale” or “PN” or any Marks of the Company, as defined herein, in any form in a registered Business Entity name. ISDs shall cause their registered Business Entity names to comply with the above Policy. The Company does not waive its exclusive rights to the name or words “Pelle Naturale” or “PN” or any other Marks of the Company, and no period of inaction or delay in enforcement will constitute a waiver or continuing waiver.

3.5. Independent Contractor Status.

It is the intent of the parties that ISDs shall be independent contractors, not employees of the Company, and the ISD Agreement between PN and the ISDs shall not create an employer/employee relationship, agency, partnership, or joint venture between the ISD and the Company. An ISD shall not be treated as an employee for federal, state, or local tax purposes. Subject to the provisions of the Agreement, each ISD is responsible for paying all applicable local, state, and federal taxes due from all income earned as an ISD as well as any business license or any other similar taxes or fees required by any governing agency. ISDs have no authority (express or implied) to bind the Company to any obligation. Each ISD shall establish the ISDs own goals, inventory levels, and working hours.

3.6. Back Office.

The Company may make an online Back Office available to ISDs to assist ISDs in conducting their Retailer Businesses. The Company may change, suspend, or cancel the Back Office at any time. The Back Office provides ISDs access to Confidential Information that may be used solely as determined by the Company. The Company reserves the right to establish guidelines regarding access to and use of Back Office resources.

Section 4 – Advertising, Promotion, and Communication

4.1. Advertising.

All ISDs shall safeguard and promote the good reputation of the Company and its products. The marketing and promotion of PN Products, ISDs Retailer Businesses, and/or soliciting Retailer T.E.A.M. members, including digital marketing and promotion, must avoid all discourteous, deceptive, misleading, unethical, or immoral conduct or practices.

When marketing or promoting PN Products, ISDs Retailer Businesses, and/or soliciting potential Retailer T.E.A.M. members, ISDs should use the sales or promotional aids, business tools, and support materials produced by or provided by the Company.

As set forth herein, the Company grants ISDs a non-exclusive, royalty-free, non-sublicensable, non-transferable, non-assignable limited license to the use its Marks (as defined herein) for general advertising, including online advertising that comports with the Social Media policies set forth in these Policies and Procedures, but not for use in or on television, radio, billboards, and in magazines and print media, and via other Traditional Mass Media Advertisement (as defined at Section 4.3).

Accordingly, ISDs are encouraged to only advertise or promote their Retailer Businesses and the PN Products using approved tools, templates, or images provided by the Company. No approval is necessary to use these approved tools in the manner expressly authorized herein. If ISDs wish to design their own online or offline marketing materials of any kind, including sales tools, promotional materials, advertisements, or other literature, the proposed materials must be in compliance with the provisions set forth in these Policies and Procedures. The Company reserves

the right to disapprove any online or offline marketing materials not provided or otherwise approved by the Company.

No advertisement may be placed or used that would negatively impact the Company, PN Products, or the Pelle Naturale brand. ISDs may not, under any circumstance, advertise in, or associate with, any adult or sexually oriented media or material. Specifically, in no event may any advertisement contain, reference, or be placed on or in any media or material that is determined by the Company, in its sole discretion, to be:

- • Sexually explicit, obscene, or pornographic;
- • Offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- • Graphically violent, including any violent video game images;
- • Solicitous of any unlawful behavior;
- • Personal attacks on any individual, group, or entity; or
- • In violation of any intellectual property rights of the Company or any third party.

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

4.2. Minimum Advertised Price (“MAP”).

The Company reserves the right to establish Minimum Advertised Pricing (“MAP”) guidelines, including MAP enforcement guidelines. While ISDs may sell PN Products at any price determined by them, ISDs may not advertise any PN Product for sale at prices less than the MAP guideline prices, and ISDs may not advertise that they sell PN Products at prices below MAP guideline prices. Any communication designed to attract customers to attend an ISD sale of PN Product or shop with an ISD is considered an advertisement for purposes of MAP. Communications that are exclusively visible to customers that are already present on or at an Online Live Sale or Online Album Sale will not be considered an advertisement for purposes of MAP.

The Company may amend the MAP and discounting advertisement guidelines from time to time in its sole discretion. The Company shall notify ISDs of any such amendments as set forth herein. Notwithstanding anything to the contrary herein, the Company may from time to time temporarily suspend enforcement of MAP guidelines for a specified period of time. Such temporary suspensions shall not be deemed an amendment to the Policies and Procedures and may go into effect at any time upon official notice by the Company for the temporary periods indicated by the Company.

4.3. Television, Radio, Magazine and Other Traditional Mass Media Advertisement.

ISDs may not advertise on television, radio, billboards, in magazines and print media, or via other traditional mass media communication methods (“Traditional Mass Media Advertisement”) without the prior written approval of the Company. Traditional Mass Media Advertisement does not include internet, online or social media advertisement, or search engine optimization (SEO). Traditional Mass Media Advertisement may not, under any circumstance, solicit or seek prospective applicants or new ISDs for Onboarding.

4.4. Public Promotional Events.

ISDs may not conduct or participate in public promotional events such as entertainment events, award ceremonies, movie or film openings, business openings, ceremonial dedications, ground-breaking events, civic events, and public exhibitions, excluding fundraising events as set forth at Section 4.6, without the prior written approval of the Company. The Company reserves the right to determine what event constitutes a Public Promotional Event. ISDs may not, under any circumstances, use Public Promotional Events to solicit or seek prospective applicants or new ISDs for Onboarding.

4.5. Brick and Mortar Stores, Swap Meets, Flea Markets, etc.

Subject to the guidelines of the Company, ISDs may not sell PN Products from or at Brick and Mortar Stores. However, ISDs may, subject to the provisions hereof: (i) display approved business cards and literature in commercial stores, outlets, or locations, including retail or service establishments, so long as such business cards and literature comply with these Policies and Procedures; and (ii) conduct Pop-Up Boutiques so long as the store, location or setting does not, in the sole discretion of the Company, tend to prejudice or damage the Company’s reputation or goodwill or the Pelle Naturale brand and the Pop-Up Boutique activity is conducted in a reasonably separate or segregated area or manner and is not commingled or associated with the retail or public business otherwise conducted at the store, location, or setting. ISDs shall at all times comply with the private rules and requirements of such store, location or setting, and all Laws applicable to the conduct of such Pop-Up Boutiques.

In addition to Brick and Mortar Stores generally, ISDs may not conduct Pop-Up Boutiques or sell PN Products specifically at convenience or apparel stores, consignment stores, thrift shops, or other similar locations. ISDs may not conduct Pop-Up Boutiques or sell PN Products at garage sales, swap meets, flea markets, yard sales, or other venues that might negatively impact the perceived value of the Pelle Naturale brand. ISDs may not, under any circumstance, conduct Pop-Up Boutiques or sell PN Products at any adult entertainment store, location, or setting.

4.6. Fundraising Guidelines.

The Company may, at its discretion, support fundraising events pursuant to separate fundraising guidelines, if any. The Company reserves the right to modify its support at its sole discretion and to modify or cancel any fundraising program at any time.

4.7. Independent Websites and Company Provided Websites.

The online presence of ISDs in conducting Retailer Businesses shall generally be limited to use of digital advertisements, social media, and Social Retail as set forth herein. The Company reserves the right to provide Company developed and approved websites or website templates to ISDs and to require that ISDs use such approved websites or website templates exclusively in lieu of independent websites in accordance with the domain name provisions herein. ISDs may only use platforms provided or approved by the Company for Online Live Sales and Online Album Sales of PN Product, Social Retail, product education, training, and related purposes, subject to the guidelines established by the Company regarding such matters. The Company may establish and revise guidelines regarding the above matters from time to time.

4.8. Domain Names, Email Addresses, and Online Aliases.

ISDs shall not use or register “Pelle Naturale,” “PN,” or any of the Company’s Marks, including trademarks, product names, or any derivative thereof, for any Internet name, including domain names, except as set forth below and in the guidelines established by the Company regarding internet names.

ISDs may only use the word “Pelle Naturale” in a domain name if it appears alongside all or part of the ISDs name consisting of first name, last name, first and last names together, or a personal nickname. An ISD maiden or unmarried name may be used in place of the last name the ISD uses in the ISD Agreement. If an ISD registers with the Company through a Business Entity rather than as an individual, the name of the Business Entity may be used, subject to the other restrictions contained herein and in the License. In addition to the mandatory inclusion of a name, an ISD may optionally use other words, such as “by,” “with,” “the,” “shop,” “store,” “boutique,” “style,” or “fashion.” An ISDs initials (e.g., DS, AB, JTR, etc.) may not be used in place of one of the other name formats stated above. ISDs may not reference geographic locations in their domain names. An ISDs domain name cannot falsely suggest sponsorship or affiliation with the Pelle Naturale Home Office, adversely impact the Company or the Pelle Naturale brand, create the possibility of the domain name being interpreted as something other than an ISDs Retailer Business webpage, or be otherwise misleading. The Company maintains full discretion in determining whether a domain name is impermissible or exceeds the scope of the License.

Examples of permissible domain names: PelleNaturaleJaneDoe.com JaneDoePelleNaturale.com PelleNaturaleWithJane.com ShopPelleNaturaleWithJaneDoe.com

Examples of impermissible domain names: PelleNaturaleJD.com PelleNaturaleCalifornia.com PelleNaturaleDallas.com ThePelleNaturaleStore.com

Email addresses and social media names or aliases that include the word “PelleNaturale” are subject to the same rules as described above for domain names.

4.9. Social Media.

While the Company encourages Pop-Up Boutiques in the form of hosted home parties, the Company recognizes that Social Retail, including the various social media components, has become an important element of many Retailer Businesses. The Company always emphasizes community and person to person selling through social interactions via social media sites and home party based sales experiences. The Company wants to foster a community and connectedness through PN Products and allow ISDs to leverage the power of social media to grow their Retailer Businesses through Social Retail methods. The Company also acknowledges that technology and platforms change in unpredictable manners. Therefore, the Company encourages ISDs to avoid relying on one method of building their Retailer Businesses online. The Company may establish social media guidelines that address social media and Social Retail issues.

Section 5 – Operating Retailer Businesses

5.1. Pricing.

Maintaining the perceived value of PN Products in the marketplace as well as providing a level playing field is beneficial for all ISDs. The Company may establish suggested retail prices and price guidelines in an effort to maintain the value of PN Products in the marketplace as well as to provide the opportunity for healthy retail profits for all ISDs. Selling PN Products at less than the suggested retail prices may damage both of these goals. Notwithstanding, ISDs may sell PN Products at any price determined by the ISD. However, while an ISD may sell PN Products at any price determined by the ISD, in order to protect the value of the Pelle Naturale brand and to protect the retail opportunity for all ISDs, the Company encourages all ISDs to adhere to the retail pricing it has suggested. Notwithstanding the retail price determined by the ISD, ISDs are still subject to MAP guidelines and may not advertise below MAP prices or advertise that the ISD sells PN Products below MAP prices. The Company may amend the pricing guidelines from time to time in its sole discretion.

5.2. State Sales and Use Tax.

So long as any Co-Vendor agreement (“Co-Vendor Agreement”) is in effect with a state applicable to an ISD, such persons who are ISDs shall be considered co-vendors with the Company and shall not be required to obtain a sales tax license, solely by reason of such relationship, as a vendor. ISDs grant authority to the Company (and the Co-Vendor Agreement, along with the Agreement, constitutes requisite authority for Pelle Naturale) to (i) remit sales tax collected from ISDs and Consumers as authorized in any applicable Co-Vendor Agreement, (ii) grant reimbursements to ISDs as authorized in any applicable Co-Vendor Agreement, and (iii) inform applicable ISDs that pursuant to an applicable Co-Vendor Agreement, as co-vendors with the Company in the collection and remittance of the sales tax imposed by an applicable section of state revenue or tax code, including title 39 of the Wyoming Taxation & Revenue Code, they are not required to individually register as a vendor and file returns with the appropriate department of the applicable state with respect to the sales tax imposed on their sales and uses of PN Products pursuant to their Agreement with the Company.

Pursuant to the foregoing, the Company informs applicable ISDs that the Company has entered into Co-Vendor Agreements with several states, including the State of Wyoming for the administration of Wyoming sales and use taxes. Subject to the terms and conditions of the above Co-Vendor Agreement(s) (and the Agreement between the ISDs and the Company), the Company shall be responsible for the collection and remittance of applicable sales and use taxes, including Wyoming sales and use taxes, on behalf of ISDs who are subject to applicable jurisdiction of the subject Co-Vendor Agreement(s), including Wyoming sales and use taxes. The Company will collect the applicable sales tax on the suggested retail price or actual sales price, if known. The Company cannot accept resale certificates from ISDs unless they hold a valid sellers' permit, including a Wyoming sellers' permit, for selling other tangible personal property obtained from appropriate vendors, including Wyoming vendors who are not 34.1-3-116 retailers.

Any Co-Vendor Agreement(s) shall be solely for the purpose of facilitating the administration of the sales taxes imposed under applicable section(s) of state revenue or tax code, including title 39 of the Wyoming Revenue & Taxation Code.

5.3. Territory.

Enrollment as an ISD does not entitle an ISD to any specific geographic territory other than the Territory set forth herein and in the Agreement for operating the ISDs business, nor is any ISD, in good standing, restricted from operating in any geographic area of the United States. Unless expressly permitted otherwise by the Company in writing, an ISD may conduct a Retailer Business only in the United States ("Territory" as defined herein).

5.4. Processing Sales — Technology Systems.

Because of the importance of calculating, collecting, and remitting sales tax, and other legal requirements, ISDs may only use technology systems approved by the Company to order PN Products and to process sales made (or gifts, exchanges, or other transfers provided) to Consumers at the point of sale. When selling PN Products to Consumers, ISDs agree that, to the extent available, reasonable, and practicable, they shall use the prescribed technology or feature of the technology system to enter each item that they sell into the point of sale application approved by the Company. The Company may provide a point of sale system known as WIX for use by ISDs selling PN Products. ISDs may not process or sell products other than PN Products through WIX, unless otherwise approved by the Company in writing. The Company may establish guidelines regarding technology systems, point of sale systems, and WIX

5.5. Return Policy.

5.5.1. Manufacturer's Defects and Damaged Items.

Any items with a manufacturer's flaw or defect or that are damaged may be exchanged by an ISD for a new item of the same product. There is no restocking fee for these returns. The ISD must pay the return shipping costs.

5.5.2. Other Returns.

Except as otherwise set forth herein, or as provided by Law, ISDs may not return products.

5.5.3. Returns on ISD Voluntary Cancellation of the Agreement.

Upon the voluntary cancellation of an ISD Agreement by an ISD, an ISD may, subject to the provisions of these Policies and Procedures and the guidelines of the Company, request the return of PN Products for a refund if the ISD is current in all payments to the Company, not in breach of the Agreement, and otherwise in good standing. The Company shall, in its sole discretion, determine the standing of an ISD. In order to receive a refund from the Company pursuant to this policy, the following requirements must be met:

- The PN Products being returned must have been personally purchased by the ISD from the Company (purchases from other ISDs or third parties are not subject to refund);
- The PN Products must be in Resalable condition (see Definition of "Resalable" below); and
- The PN Products must have been purchased from the Company within one (1) year prior to the date of cancellation of the ISD Agreement.

Upon receipt of Resalable PN Products meeting the above requirements, the ISD will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s), as determined by the Company in its sole discretion. Shipping and handling charges incurred by an ISD when the PN Products were purchased, and return shipping fees, will not be refunded.

PN Products shall be deemed "Resalable" if each of the following elements is satisfied: (i) they are unused, sealed, original packaging, free of marks or damage; (ii) packaging and labelling has not been altered or damaged; (iii) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and (iv) they are returned to the Company within one (1) year from the date of purchase. Any PN Product that is identified at the time of sale as nonreturnable, discontinued, or as a capsule or seasonal item, shall not be Resalable. No refund or exchange will be issued for PN Products that are returned which are not Resalable and such products will not be returned to the ISD.

5.5.4. Return Procedures.

To initiate the return of an PN Product, an ISD must first complete and submit an online request for return authorization form which can be accessed via the Back Office. Among other

information, the request for return authorization form must state the reason for the request. The Company reserves the right to exercise its sole discretion in determining whether to issue a return authorization and return authorization number. Please see the special return processes and provisions at Section 5.5.1. regarding defects and damaged items.

A written return authorization and return authorization number must be issued by the Company, in its sole discretion, before any returns will be accepted by the Company. The return authorization number must be displayed on the outside of the return shipment and a legible copy of the return authorization must be included in the return shipment. The Company may refuse to accept any return shipment that is not accompanied by a valid return authorization number or a legible copy of a valid written return authorization or is otherwise not in conformance with the Policies and Procedures or the applicable guidelines of the Company. If refused, a return shipment may be returned, unopened or otherwise, at the cost of the ISD.

Returned products should be properly packaged to prevent loss or damage in transit and shipped to the addresses and department set forth on the written return authorization. The ISD will be responsible for the costs of shipping all returned items to the Company. All return shipments should be made utilizing a shipping company that can demonstrate proof of the delivery to the Company. The Company will not accept responsibility for any lost shipments unless proof of delivery to and receipt by the Company is provided.

5.5.5. Washington ISDs.

The following provisions shall pertain to ISDs who are residents of the State of Washington, notwithstanding any other provisions in these Restated Policies and Procedures or the Agreement:

- A Washington ISD who voluntarily cancels their ISD Agreement within forty-five (45) days of the date of their enrollment may return their entire initial inventory of PN Products for a full refund and the Company shall pay for any shipping costs associated with such return;
- The Company shall repurchase, at the request of a Washington ISD, all currently marketable inventory of PN Products within 1 (one) year of the date of its purchase from the Company, and the refund shall not be less than ninety percent (90%) of the original net cost, less any consideration received by the Washington ISD when the Washington ISD purchased the PN Products being returned. PN Products shall not be considered currently marketable if returned for repurchase after the commercially reasonable usable or shelf life of the PN Products has passed, or if it has been clearly disclosed to the Washington ISD buyer that the PN Products are seasonal, discontinued, or special promotion items that are not subject to repurchase;
- If the Company determines an PN Product is ineligible for a refund, the Company shall return the PN Product to the Washington ISD at the Washington ISDs request

and pay for any associated shipping costs;

- • Beginning in January 2021, the Company shall not deduct from any refund amount retail sales made by a Washington ISD;
- • The Company shall not deduct from any refund amount compensation paid by the Company to a Washington ISD, unless such compensation was received by a Washington ISD when the Washington ISD bought the PN Products being returned; and
- • Prior to the completion of a purchase of PN Product by a Washington ISD from the Company, for any purchase that involves seasonal, discontinued, special promotion products, or any other PN Product not subject to the Return on Cancellation of Business Policy, the Company shall disclose that the purchase involves PN Products not subject to repurchase and a Washington ISD must acknowledge the disclosure in order to continue with the purchasing process.

5.6. Sale, Transfer, Assignment, or Other Disposition of Retailer Business.

Although a Retailer Business (including a Retailer T.E.A.M. as defined herein) is a privately owned and independently operated business, the sale, transfer, assignment, dissolution, or discontinuance of a Retailer Business is subject to certain limitations to protect the Pelle Naturale brand as set forth in these Policies and Procedures.

An ISD may only offer to sell or sell a Retailer Business to “Eligible Purchasers” as follows:

- • The Company;
- • The direct Sponsor of the selling ISD;
- • Any ISD who is Sponsored by the direct sponsor of the selling ISD; and
- • Any ISD Personally Sponsored by the selling ISD.

If no party purchases the Retailer Business, any ISD who is Personally Sponsored by the selling ISD will be given the option to elect to transfer from the selling ISD as such ISDs Sponsor to another ISD as such ISDs Sponsor provided such new Sponsor:

- • Is the direct Sponsor of the selling ISD; or
- • Is any ISD who was Sponsored by the direct Sponsor of the selling ISD; and
- • Such new Sponsor is in good standing with the Company and consents to the transfer.

As part of the foregoing, the following general criteria must be met in addition to any other specific requirements of the Company:

- The selling ISD must offer the Company the right of first opportunity to purchase the Retailer Business on the same terms as offered by an Eligible Purchaser. The Company shall have fifteen (15) Days from the date of receipt of the written offer from the seller to exercise its right of first opportunity; and

- The selling ISD must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer, or assign a Retailer Business.

Prior to offering a Retailer Business for sale or selling a Retailer Business, the selling ISD must notify the Company in writing pursuant to guidelines established by the Company for such purposes and inform the Company of the intent to sell the ISD Retailer Business, including the purchase price and the terms of any proposed sale. The status of the selling ISD will be changed to “Retailer Business Sale in Process.” If the Company elects not to exercise its right of first opportunity, the Company will notify the Eligible Purchasers of the selling ISDs intent to sell, the purchase price, the terms of any proposed sale, and their right to purchase. The selling IFR must also receive written approval from the Company before proceeding with the sale. All sales, transfers, assignments, or other dispositions of a Retailer Business, including the purchasing party, must be approved by the Company. The first approved Eligible Purchaser to accept the sale in writing, pay the proposed sales price, and comply with the proposed sale terms shall be the permitted purchaser.

The account of the selling ISD will no longer be listed for sale on the records of the Company as “Retailer Business Sale in Process” after a period of thirty (30) Days from the date of notice to the Company, unless the selling ISD informs the Company in writing that the selling ISD is in active negotiation with or the process of selling to an interested Eligible Purchaser, in which case the Company may, in its sole discretion, extend the “Retailer Business Sale in Process” status for up to an additional sixty (60) Days. Upon expiration of the above period or extensions, an IFR still desiring to sell a Retailer Business will have to start the process again as set forth above.

If a successful sale is completed, the Retailer Business, including the Retailer T.E.A.M., shall transfer in its entirety to the purchasing party. If the selling ISD is not able to secure a purchaser, each ISD that is Personally Sponsored by the selling ISD shall be provided an opportunity to select a Sponsor out of the defined eligible group of ISDs. If after ten (10) Days the ISD has not elected a new Sponsor, sponsorship will default to the Sponsor of the selling ISD.

Prior to dissolving or discontinuing a Retailer Business without intent to sell the Retailer Business, the dissolving or discontinuing ISD shall notify the Company in writing regarding the details of such proposed dissolution or discontinuation. The Company shall have the right to make any allocation or disposition of the dissolving or discontinuing ISDs Retailer T.E.A.M., as determined by the Company in its sole discretion without payment or compensation to the dissolving or discontinuing ISD.

The Company reserves the right to establish guidelines regarding the sale, transfer, assignment, dissolution, discontinuance, abandonment, or other disposition of a Retailer Business and/or Retailer T.E.A.M.

5.7. Succession.

Upon the death or incapacitation of an ISD conducting business as an individual or sole proprietor, the Retailer Business of such ISD may be passed to the heirs of the ISD. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. The Company may establish guidelines regarding such matters.

5.8. One Retailer Business Per ISD and Per Household.

An ISD may operate or have an ownership interest, legal or equitable, as a sole proprietorship, member, or shareholder, in only one Retailer Business. No individual or Business Entity may have, operate, or receive compensation from more than one Retailer Business. Individuals of the same Household may not enter into or have an interest in more than one Retailer Business. A "Household" is defined as all individuals who are living at or doing business at the same address or physical location, and who are biologically related or related by marriage, domestic partnership, or adoption, or who are living together as a family unit or in a family-like setting. The Company reserves the right to waive this policy on a case-by-case basis.

Section 6 – Retailer T.E.A.M. Matters

6.1. Providing Documentation to Applicants.

Only the Company may provide copies of the Agreement, including the ISD Agreement, these Policies and Procedures, the guidelines of the Company, and other Company documents, to ISD applicants. Sponsoring ISDs should direct ISD applicants to the Company website where ISD applicants may register and obtain the most current version of the Agreement, including the ISD Agreement, these Policies and Procedures, the guidelines of the Company, and other Company documents. ISDs are not an agent or representative of the Company and may not provide the foregoing to ISD applicants. Notwithstanding the foregoing, Sponsoring ISDs should ensure that ISD applicants have read and are familiar with the Agreement, including the ISD Agreement, these Policies and Procedures, the guidelines of the Company, and other Company documents.

6.2. Leadership Compensation Plan.

ISDs derive their income primarily through retail sales of PN Products. A second source of income may be derived through Leadership Compensation based on the retail sales made by the ISD and the ISDs Retailer T.E.A.M.

An ISDs account must be current and in good standing with the Company and the ISD must be in compliance with the Agreement, including the Leadership Compensation Plan, and otherwise be in good standing with the Company, to qualify for Leadership Compensation. The Company reserves the right to offset any Leadership Compensation with or against any amounts owed to the Company. So long as an ISD remains active and in good standing and complies with the terms

of the Agreement, the Company shall pay Leadership Compensation to such ISDs in accordance with the Leadership Compensation Plan.

The minimum amount for which the Company will issue a Leadership Compensation Payment is \$25.00. If an ISDs Leadership Compensation payment does not equal or exceed \$25.00, the Company may accrue the Leadership Compensation payments until the payment total is \$25.00 or more, at which time payment will be issued in the next payment cycle without interest.

6.3. No Change of Sponsor.

The Sponsor of an ISD may not be changed, except as set forth herein. The Sponsor of an ISD may generally only change under certain limited circumstances: (i) the sale of a Retailer Business causing a change of Sponsor (as set forth at Section 5.6 herein); (ii) the inactivity or failure of an ISD to meet qualification requirements causing a change of Sponsor (as set forth at Section 10.2 herein); (iii) an ISD voluntarily cancels the ISDs ISD Agreement and remains inactive (i.e., no purchases of PN Products, no sales of PN Products, no Sponsoring, no attendance at any Company functions, no participation in any other form of IFR activity, no participation in any other Retailer Business, and no income from the Retailer Business) for six (6) full consecutive calendar months; or (iv) as may be set forth herein, in the guidelines of the Company, or as otherwise determined by the Company. The former IFRs Retailer T.E.A.M., if any, will be processed as set forth herein. Following the six (6) month period of inactivity, the former ISD may reapply under a new Sponsor.

Section 7 – Responsibilities of ISDs

7.1. Assistance, Support, and Training of New ISDs.

ISDs who Sponsor new ISDs should perform bona fide assistance, support, and training for such new ISDs to ensure that such new ISDs are in compliance with the Agreement, including these Policies and Procedures. There should be ongoing communication through newsletters, social media, email, telephone calls, conference calls, in-person meetings and training and other methods of training, and encouraging and supporting the new ISD. The knowledge and experience of the Sponsor ISD should be shared with the new ISDs, including product knowledge, effective sales techniques, customer service, and compliance with the Policies and Procedures. The Company may establish guidelines pertaining to the responsibilities of ISDs to assist, support, and train new ISDs.

7.2. Trademarks and Copyrights.

The Marks are of great value to the Company and are supplied to ISDs for their use only pursuant to the License discussed herein. ISDs may only use the Marks pursuant to the License during the term of an ISD Agreement and in connection with the conduct of a Retailer Business. ISDs may not use the Marks for any other purpose and in any other manner. Nothing in the Agreement

shall be deemed in any way to constitute a transfer or assignment by the Company to ISDs of ownership of or title to any of the Marks.

The art, designs, and graphics of the PN Products, the sales aids and promotional material provided by the Company, the literature and communications of the Company, and the content of all Company-sponsored events is and are copyrighted material. ISDs may not produce for sale or distribution any intellectual property of the Company, including recorded Company events and speeches, without written permission from the Company, nor may ISDs reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

ISDs shall not use the words or names “Pelle Naturale” or “PN” or any Mark, including any of the Marks or derivatives thereof, in any form in a Retailer Business name or a Retailer T.E.A.M. name, a domain name, a tagline, a website name, a personal website address or extension, in an e-mail address, as a personal name, as a nickname, or otherwise, except as provided in the License and these Restated Policies and Procedures or authorized in writing by the Company. ISDs will immediately fully cooperate with the Company necessary in order to cease, take down, deactivate, and/or assign, at the Company’s sole discretion and at no cost to the Company, instances of any unauthorized uses of the Marks or copyright material.

7.3. Non-Disparagement.

While the Company welcomes constructive input, negative statements, comments, or remarks made by ISDs about the Company, its employees or representatives, PN Products, the Leadership Compensation Plan, or other ISDs, harm the Pelle Naturale brand and the Company. ISDs may not disparage, demean, or make negative statements, comments, or remarks about the Company, its employees or representatives, PN Products, the Leadership Compensation Plan, or other ISDs.

During the term of their ISD Agreement, and for a period of twelve (12) calendar months thereafter, ISDs may not disparage, demean, or make negative statements, comments, or remarks about the Company, its employees or representatives, PN Products, the Leadership Compensation Plan, or other ISDs.

7.4. Income Claims and Compensation Disclosures.

ISDs may not, unless expressly authorized by the Company, make income projections, income claims, or disclose the Leadership Compensation of the ISDs or other ISDs, including the showing of checks, copies of checks, bank statements, or tax records which relate to Retailer Business income or Leadership Compensation to demonstrate the earning potential of ISDs or otherwise.

Additionally, when presenting or discussing the Retailer Business or the Leadership Compensation Plan, or any other matter pertaining to the foregoing, ISDs must provide the disclosures contained in the most current Company Income Disclosure Statement, if any, and any

other disclosure provided or required by the Company for such purposes. The Company does not pay any compensation, bonus, or commission for soliciting or referring potential ISDs.

7.5. Company Income Disclosure Statement.

The Company may, from time to time, but shall not be obligated to, publish or make available an Income Disclosure Statement. ISDs may, and are encouraged to, refer prospective ISDs or applicants, members of the media, and anyone else, to the current published Income Disclosure Statement, if any, and refrain from making any claims or assertions not contained in such Income Disclosure Statement, if any. Specifically, and subject to the provisions of these Policies and Procedures and all other agreements between the Company and ISDs, ISDs shall not make any claims or assertions that are inconsistent with such Income Disclosure Statement, if any, or that otherwise contradict the information contained in such Income Disclosure Statement, if any.

7.6. Accurate Records; Timely Payment.

Each ISD shall maintain true, correct, and accurate records regarding their Retailer Business, including records of PN Product orders, receipt of shipments, missing items, returns, sales, and requests for refunds and/or credits. Inaccurately reporting missing items or incorrectly requesting refunds or credits more than three (3) instances in any calendar year shall be grounds for remedial or corrective actions by the Company. ISDs shall make full and timely payment for all PN Product ordered and shipped. Wrongfully stopping payment to the Company, or otherwise obtaining PN Product without payment, shall be immediate grounds for remedial or corrective actions by the Company, including possible cancellation of the ISD Agreement.

Section 8 – Conflict of Interest

8.1. Participation in Non-Competing Businesses.

ISDs may conduct or participate in businesses selling or promoting non-PN Products, but they may not conduct or participate in businesses selling items competing with the PN Products, which shall include skincare, bodycare, and all other items similar to or competing with PN Products sold by the Company at wholesale, now or in the future, which are subject to the Leadership Compensation Plan.

To the extent that ISDs may sell or promote non-PN Products, ISDs may not, except as permitted by the Company in writing: (i) hold non-PN Products out as PN Products; (ii) sell or promote non-PN Products as sponsored or endorsed by the Company; (iii) state or imply that non-PN Products are covered under the Pelle Naturale Policy, Limited Warranty, or any other similar program of the Company; or (iv) sell non-PN Products through or in any way using WIX or any other sales or technology system provided by the Company.

Subject to the foregoing, ISDs may style non-competing non-PN Products together with PN Products.

ISDs shall be solely responsible for the conduct of any business selling or promoting non-PN Products and the Company shall not be responsible or liable with regard to any such business or activity. The indemnification set forth in these Policies and Procedures and the Agreement shall include claims regarding other businesses and non-PN Products.

During the term of the Agreement, and for a period of not less than twelve (12) calendar months thereafter, ISDs may not sell, offer to sell, or promote any competing non-PN Products to any ISDs, and shall not use any Marks or intellectual property of the Company for such purposes. This provision shall survive the cancellation or expiration of the Agreement as set forth therein.

8.2. Non-Solicitation.

During the term of their ISD Agreement, ISDs may not directly or indirectly recruit or solicit any ISDs, other than ISDs who are Personally Sponsored by the soliciting ISD, to join any other business or business program, and shall not use any Marks or intellectual property of the Company for such purposes.

Following the cancellation of an ISDs ISD Agreement, and for a period of not less than twelve (12) calendar months thereafter, a former ISD may not recruit or solicit any ISD, other than ISDs who were Personally Sponsored by the former ISD, to join any other business or business program, and shall not use any Marks or intellectual property of the Company for such purposes.

ISDs and the Company recognize that because ISDs are independent contractors dispersed across the entire Territory (i.e., the United States), and Retailer Businesses are commonly conducted as Social Retail via the internet which has an international reach, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, ISDs and the Company agree that this non-solicitation provision shall apply to the entire United States and to all international markets, if any, in which ISDs are located or conduct Retailer Businesses. This provision shall survive the cancellation or expiration of the Agreement as set forth therein.

8.3. Confidential Information.

ISDs acknowledge that ISDs will have access to information that is not generally known to the public, treated as confidential and proprietary by the Company, and reasonably protected by the Company from disclosure, including the Agreement (as defined herein), the guidelines of the Company, samples, pre-production units, prototypes, descriptions, sketches, art, graphics, concepts, and/or plans with respect to existing and proposed PN Products, wholesale pricing, minimum advertised Pricing, sourcing, Company operations and strategies, Company marketing, Company plans, Company practices, Company financial matters, and Company modeling, projections, and forecasts ("Confidential Information"). Confidential Information shall also include ISD genealogy reports, the identities of Retailer T.E.A.M.s, and Lines, but shall exclude the identities of Personally Sponsored ISDs, which shall not constitute Confidential Information. Confidential Information is subject to the further exceptions below.

Confidential Information shall not include any information which: (i) was publicly known and made generally available in the public domain prior to the time of disclosure by the Company to the ISD; (ii) becomes publicly known and made generally available after disclosure by the Company to the ISD through no action or inaction of the ISD; (iii) is already legally in the possession of the ISD at the time of disclosure by the Company as shown by the ISDs files and records prior to the time of disclosure; (iv) is obtained by the ISD from a third party without a breach of such third party's obligations of confidentiality; or (v) is independently developed by the ISD without use of or reference to the Company's Confidential Information.

Confidential Information is, or may be available, to ISDs in their respective Back Offices or otherwise. Confidential Information constitutes proprietary information and business trade secrets belonging to the Company. Such Confidential Information is provided to ISDs in strictest confidence. ISDs may not use any Confidential Information for any purpose other than for the conduct and operation of their Retailer Businesses, compliance with the Agreement (including the Policies and Procedures and the License), or as expressly permitted by the Company in writing ("Purpose"). Notwithstanding, an ISD may not disclose the Confidential Information to any third party, including any other ISDs, unless reasonably required to accomplish or carry out the Purpose. All ISDs receiving the Confidential Information are subject to the confidentiality provisions of the Agreement, including these Policies and Procedures.

The obligation of an ISD to not disclose any Confidential Information hereunder shall survive for a period of two (2) years after the cancellation or expiration of the ISD Agreement.

8.4. Indemnification.

Each ISD is fully responsible for any and all acts or omissions in the operation of the ISDs Retailer Business or otherwise. This includes claims, assertions, representations, and statements made through all sources of communication media, whether person to person, in meetings, online, through social media, in print, or any other means of communication. ISDs agree to, and shall, indemnify, defend, save, and hold harmless the Company, the Company's shareholders, members, managers, directors, officers, employees, partners, representatives, attorneys, affiliates, and agents, from all liability, loss, damage, claims, settlements, and judgments including civil penalties, loss of profits, punitive damages, consequential damages, refunds, attorney fees, court costs, or lost business incurred by the Company or any of the above persons as a result of the acts or omissions of the ISDs. This provision shall survive the cancellation of the ISD Agreement.

Section 9 – Remedial Actions and Dispute Resolution

9.1. Remedial Actions.

Violation of the Agreement, including the ISD Agreement, the Policies and Procedures, the guidelines of the Company, or any applicable Law or duty, including any applicable duty of loyalty, any illegal, fraudulent, deceptive, or unethical business conduct, or any act or omission

by an ISD that, in the sole discretion of the Company, may damage the Pelle Naturale brand, or the reputation or goodwill of the Company, may result in remedial or corrective actions by the Company which may include:

- • Imposition of a fine, which may be withheld from Leadership Compensation payments;
- • Loss of rights to one or more Leadership Compensation payments;
- • Withholding all or part of any Leadership Compensation. If a Retailer Business is canceled for disciplinary reasons, the ISD will not be entitled to recover any Leadership Compensation withheld;
- • Suspension of an ISD Agreement;
- • Permanent or temporary loss of, or reduction in, the current and/or lifetime genealogy rank of an ISD;
- • Transfer or removal of some or all of the ISDs from the Line or Lines of an ISDs Retailer T.E.A.M.;
- • Involuntary cancellation of an ISD Agreement;
- • Suspension and/or cancellation of the offending ISDs Back Office or Back Office access;
or
- • Any other measure expressly allowed within any provision of the Agreement or which the Company deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the ISDs conduct or breach.

The above remedial actions are cumulative and in addition to the parties' right to institute proceedings in accordance with Section 9 hereof.

9.2. Governing Law/Mediation.

The Laws of the State of Wyoming, without reference to or application of conflict of laws principles, shall govern such matters relating to or arising from the Agreement and all related documents, including these Policies and Procedures, as set forth herein. Jurisdiction and venue shall reside exclusively in Cheyenne, Wyoming, or other stipulated JAMS location.

The parties consent to the limited jurisdiction of the Wyoming Supreme Court as set forth herein, and agree that any action or proceeding between the parties related to the Agreement shall be brought in, and only in, the Wyoming Supreme Court in Cheyenne County but shall be limited to matters contesting arbitrability, or pertaining to interim relief or enforcement of arbitration awards. Each party irrevocably submits to such limited exclusive personal jurisdiction and venue and waives any objection based on improper venue or forum non conveniens.

Prior to instituting an arbitration as provided herein, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediation shall conclude within sixty (60) Days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its

portion of the anticipated shared fees and costs at least ten (10) Days in advance of the mediation. Each party shall pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Cheyenne County, Wyoming, and shall last no more than two (2) consecutive business days.

The parties waive any right to join, participate in, or consolidate claims in mediation with others or to make claims in mediation as a representative or as a member of a class or collective action, unless such procedures are agreed to by the parties or are otherwise required by Law. The mediator shall have no authority or jurisdiction to make a mediation determination or otherwise suggest relief on a class, collective, or representative basis. No mediation proceeding will be combined with another without the prior written consent of the parties to all affected proceedings. If any portion of this class action waiver is deemed unenforceable, then that portion will be severed with the remainder remaining in full force and effect.

9.3. Arbitration.

If mediation is unsuccessful, any controversy or claim between the parties, including claims arising out of or relating to the Agreement, or the breach thereof, shall be determined by individual (not class) arbitration before a single arbitrator. The arbitration shall be filed with, and administered by, JAMS pursuant to its Streamlined Arbitration Rules and Procedures and the Federal Arbitration Act shall govern the enforceability of the arbitration.

All claims and disputes subject or related to the Agreement must be arbitrated as individual claims. The parties waive any right to join, participate in, or consolidate claims in arbitration with others or to make claims in arbitration as a representative or as a member of a class or collective action, unless such procedures are required by Law. The arbitrator shall have no authority or jurisdiction to enter an award or otherwise provide relief on a class, collective, or representative basis. No proceeding will be combined with another proceeding without the prior written consent of the parties to all affected proceedings. If any portion of this class action waiver is deemed unenforceable, then that portion will be severed with the remainder remaining in full force and effect.

Notwithstanding the Streamlined Arbitration Rules and Procedures of JAMS, the following shall apply to all arbitration actions:

- The Wyoming Rules of Evidence shall apply in all cases, subject to the time limits set forth herein;
- The parties shall be entitled to all discovery rights permitted by the Wyoming Rules of Civil Procedure, subject to the time limits set forth herein;
- The arbitration hearing shall commence within six (6) months from the date on which the arbitrator is appointed and the arbitration hearing shall be fully and finally completed in no more than a total of six (6) business days over a period of no more than two (2) consecutive weeks from the date of commencement of the hearing, unless the parties

agree or stipulate otherwise, and notwithstanding the governing Arbitration Rules and Procedures;

- • The parties shall be allotted equal time to present and close their respective cases, including cross-examinations;
- • No arbitration, action, or claim shall be consolidated or combined with any other arbitration, action, or claim, for any purpose, even where such arbitrations, actions, or claims may contain common questions of law or fact;
- • As a part of the agreement to arbitrate, the parties will forego any right they may have to a jury trial;
- • The parties do not waive and specifically retain the right to challenge in a court of competent jurisdiction any determination or award of an arbitrator made in contravention of the above class waiver, including a determination that: (i) a claim may proceed as a class, collective, or representative action; or (ii) awards relief on a class, collective, or representative basis; and
- • Notwithstanding anything herein, the mediation, arbitration, and dispute resolution provisions applicable to the Company hereunder shall also be applicable to, and be enforceable by, the Company's members, managers, directors, officers, employees, representatives, licensors, affiliates, and agents, including Pelle Naturale, PN and Pelle Naturale LLC.

Except as provided below for Louisiana residents, all arbitration proceedings shall be held in Cheyenne County, Wyoming, unless the parties agree or stipulate otherwise. There shall be one arbitrator selected from the panel that JAMS provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees, subject to applicable Law. The decision of the arbitrator shall be final and binding on the parties except as otherwise set forth herein, and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive the termination, cancellation, or expiration of the Agreement.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent any party from applying to and obtaining provisional relief from any court having jurisdiction, including writs of attachment, temporary injunctions, and/or preliminary injunctions.

9.4. Confidentiality of Mediation and Arbitration.

The parties, the mediator, the arbitrator, the arbitration administrator, JAMS, and all related persons and entities shall maintain the confidentiality of the entire mediation and arbitration process and shall not disclose to any person not directly involved in the mediation or arbitration process, and shall not verbally or in writing, discuss, publish, or otherwise disseminate, including disclosure on the internet or on any social media or blogging platform, prior to, during, or after the arbitration proceedings, any of the following:

- • The substance of, or basis for, the controversy, dispute, or claim;

- • The content of any pleadings, testimony, or other evidence presented at a mediation or arbitration hearing or obtained through discovery in arbitration;
- • The terms or amount of any mediation results or arbitration award; or
- • The findings of a mediator or the rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, the parties and their counsel shall be free to interview potential witnesses and to otherwise reasonably investigate their claims and defenses and to disclose such information concerning the parties' dispute as is necessary for such purpose.

9.5. Time Limitation.

If an ISD desires to bring an action against the Company for any act or omission relating to or arising from the Agreement, such action must be brought within one (1) year from the date of the alleged conduct giving rise to the cause of action, or the shortest time permissible under state law. Failure to bring such action within such time shall bar all claims against the Company for such act or omission.

9.6. Louisiana Residents.

Notwithstanding the foregoing, any mediation or arbitration proceeding between the Company and a Louisiana resident ISD shall be held in Baton Rouge, Louisiana, and shall be governed by Louisiana law.

9.7. Louisiana, Massachusetts, and Wyoming Residents.

Should a resident of Louisiana, Massachusetts or Wyoming cancel the Agreement, the Company will refund ninety percent (90%) of any administrative fees incurred by such ISD during the current year upon receipt of written request for the same.

9.8. Maryland Residents.

Should a resident of Maryland cancel the Agreement for any reason within three (3) months after the date of receipt of goods or services first ordered, upon cancellation the Company will repurchase the goods and the repurchase price shall be at least ninety percent (90%) of the original price paid by the participant.

9.9. Montana Residents.

A Montana resident may cancel the Agreement within fifteen (15) Days from the Effective Date, and may return their initial order for a full refund.

9.10. Puerto Rico Residents.

A resident of Puerto Rico may cancel the Agreement at any time within ninety (90) Days from the Effective Date, or at any time upon showing the Company's noncompliance with any of the essential obligations of the Agreement or any act or omission by the Company adversely affecting the interests of the ISD in development of the market of the of the PN Products or services. Such cancellation must be sent to the Company in writing and sent via registered mail. If an ISD cancels under these conditions, the Company shall: (i) reacquire the total of the PN Products that the ISD purchased from the Company which are in the ISDs possession and in good condition at a price of not less than ninety percent (90%) of their original net cost; (ii) return to such ISD not less than ninety percent (90%) of the original net cost of any services that the ISD acquired from the Company; (iii) return ninety percent (90%) of any sum paid by such ISD for the purpose of participating in the business.

9.11. Washington Residents. Please see Section 5.5.5, above.

Section 10 – Inactivity and Cancellation of the Agreement

10.1. Effect of Cancellation.

Following the non-renewal or cancellation, whether voluntary or involuntary, of an ISD Agreement, the former ISD shall have no right, title, claim or interest to the Retailer T.E.A.M. or Retailer Business which the former ISD operated or any Leadership Compensation, and such ISD may no longer use the Marks or intellectual property of the Company. An ISD whose ISD Agreement is not renewed or is cancelled will lose all rights as an ISD. This includes the right to purchase PN Products at wholesale for retail resale, the right to receive future Leadership Compensation, and permission to use the Marks or intellectual property of the Company. In the event of non-renewal or cancellation, ISDs agree to waive all rights they may have, including property rights, to their former Retailer T.E.A.M. or Lines, to their Retailer Businesses, and to any Leadership Compensation.

Following non-renewal or cancellation of an ISD Agreement, the former ISD shall not hold the former ISD out as an ISD. An ISD whose ISD Agreement is canceled shall receive Leadership Compensation only for the last full payment period the ISD was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

10.2. Inactivity and Qualification.

Apart from any other requirements specified in the Agreement, including the PN Leadership Compensation Plan, Inactivity as set forth herein ("Inactive" or "Inactivity") may determine whether an ISD maintains the ISDs then current position in any applicable Retailer T.E.A.M. and any Downline below the ISD.

An ISD may be deemed Inactive in any month that the ISD does not produce minimum retail sales of one (1) unit of PN Product. ISDs that do not produce retail sales totaling at least three (3) units of PN Product in a period of three (3) consecutive months may be deemed Inactive for that

three (3) month period. Inactivity for two (2) consecutive periods of three (3) months each may result in the ISD being designated as Inactive. While designated as Inactive, an ISD may be restricted from placing new wholesale orders and any members of their Downline may be compressed or rolled up to the Inactive ISDs Sponsor. The ISD will, however, retain the ability to sell PN Products to Consumers through technology systems approved by the Company.

In the event an ISD is designated Inactive, the Company may waive the six (6) month cancellation and waiting period set forth in Section 6.3, above. The effect of this waiver is to give the Inactive ISD an option to re-activate in a position under their original Sponsor or to re-enroll under a different Sponsor.

In the event an ISD remains Inactive, the ISD's ISD Agreement may be cancelled on the anniversary of the last wholesale order placed on the account.

The Company, in its sole discretion, reserves the right to waive the above activity requirements, including in cases of maternity, adoption, and military service.

Additionally, the Downline of any ISD at the rank of Sponsor or above who fails to qualify at the rank of Sponsor (as set forth in the Leadership Compensation Plan) at least once within a period of six (6) consecutive months will be compressed or rolled up to the Retailer T.E.A.M. of the nearest active Upline ISD. The ISD failing to so qualify shall have no claim to compensation regarding such former Downline.

10.3. Involuntary Cancellation.

Violation by an ISD of any of the terms of the Agreement, as amended or restated, may result in any of the remedial actions listed herein, including the involuntary cancellation of the ISD Agreement.

Notwithstanding anything in the Agreement, upon any breach by an ISD of the Agreement or any other agreement between an ISD and the Company, the Company reserves the right, in addition to any right, remedy, or action, to cancel the ISD Agreement upon thirty (30) Days' prior written notice to the ISD. Should an ISD be unable to reasonably cure any such breach within the thirty (30) Day notice period, the ISD Agreement shall then be automatically canceled upon the expiration of such notice period. Further notwithstanding anything in the Agreement, the Company reserves the right to immediately cancel the ISD Agreement without notice in the event that the ISD misrepresents the Company or PN Products, or the acts of the ISD cause a negative impact on the Pelle Naturale brand, the business or reputation of the Company, or are otherwise actionable hereunder.

Involuntary cancellation shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the ISD's last known address, email address, or fax number, or to the ISD's authorized representative, or when the ISD receives actual notice of cancellation, whichever occurs first.

10.4. Voluntary Cancellation.

All ISDs have the right to voluntarily cancel the ISD Agreement and their participation as an ISD at any time, regardless of reason. Cancellation must be submitted online to the Company pursuant to the online processes established by the Company or in writing to the Company at its principal business address. The written notice must include the ISDs signature, printed name, address, and ISD I.D. Number.

Voluntary cancellation shall be effective on the date on which the Company receives actual online or written notice of cancellation.

10.5. Conclusion.

Welcome to the Pelle Naturale ISD community. We look forward to the success of your Retailer Business. We hope you find these Policies and Procedures helpful. We are always here to provide assistance if you have any questions regarding Pelle Naturale, PN Products, the Agreement, or these Policies and Procedures.