Guiding your business

Policies & Procedures

Lifestyles™

Live Better. Every Day.
WELCOME TO LIFESTYLES

Thank you for taking the time to read and understand Lifestyles’ Policies and Procedures manual. This is an important document, as it describes legally binding standards that all Lifestyles’ Distributors must adhere to in order to build and maintain a successful and ethical business.

If you have any questions about the contents of this manual or are unsure if you have the most recent version, please write to Lifestyles at:

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or

www.lifestyles.net
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CODE OF ETHICS

As a Lifestyles Independent Distributor, I understand and agree to adhere strictly to the Company’s Policies & Procedures and Code of Ethics during the operation of my Lifestyles distributorship. Any violation of the Code of Ethics and/or Policies and Procedures may lead to the immediate termination of your independent distributorship.

• I will uphold and observe Lifestyles’ Policies & Procedures at all times
• I will become familiar with all aspects of my business so that I can best serve the needs of Customers and other Lifestyles Distributors
• I will conduct myself with the highest standards of integrity, sincerity and responsibility at all times
• I will operate my business in a manner that does not compromise the opportunity for other Distributors, such as undercutting prices or misrepresenting the opportunity in any way
• I will always be prompt and tactful in attending to the needs of Lifestyles Distributors and my Customers
• I will cooperate with and support the Company’s Management in their efforts to help me advance and develop my distributorship and the Company’s Network
• I will make my best effort to attend Company training programs so that I am better equipped to train Distributors to be successful
• I will never attend, condone, or conduct, closed meetings
• I will always treat my distributorship as the prestigious enterprise that it is and will truthfully and honestly present the Lifestyles Opportunity and products as described in official Company literature
• I will not become involved with any company or program that is in competition with Lifestyles, nor will I induce Lifestyles Distributors to join any other company or program
• I will not use contacts made through my Lifestyles business to participate in any other business activities
• I will not criticize the Company, its Management, other Lifestyles Distributors, or competing companies or products
• I will never take actions that could harm the image of the Company or the MLM industry

SECTION ONE – LEGAL DISCLAIMERS

INTRODUCTION

Lifestyles International Holdings Corporation and its Affiliates, subsidiaries and related companies (herein after called "Lifestyles") is a group of companies marketing health, nutritional, personal care and other products exclusively through a Multi-Level Marketing Business model using a network of Independent Distributors (here in after called "Distributor(s)". The Policies and Procedures in this manual apply to all Distributors of Lifestyles.

These Policies and Procedures and the Lifestyles Independent Distributor Code of Ethics are incorporated into and form a part of the Lifestyles Independent Distributor Application and Agreement. It is the responsibility of each Distributor to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies and Procedures and Code of Ethics.

PURPOSE

The purpose of the Distributor Agreement and Policies and Procedures is:

I. To define the relationship between Lifestyles and the Independent Distributor;
II. To set standards of acceptable business behaviour;
III. To assist Distributors in building and protecting their business.

We know that some Distributors already have a great deal of experience running their own business, and others are taking this step for the first time. Our Policies and Procedures have been carefully designed to protect the legal rights and interests of Lifestyles, and also those of our Distributors.

Our goal is to help you achieve success. Please read this manual carefully so that you understand the rules under which our businesses operate. In addition, please take special note of the helpful hints we have provided in this document. These will not only help you understand the Policies and Procedures, but will also make it easier to achieve your Lifestyles success.

GOVERNING LAW*

1. These rules are reasonably related to the laws of your local Lifestyles office and shall be governed in all respects thereby. (The parties agree that jurisdiction and venue shall lie with the place of acceptance of the Independent Distributor Agreement, deemed to be your local Lifestyles
office. Distributors moving into a jurisdiction different from the one in which they originally signed their application are required to sign an Independent Distributor Agreement for that jurisdiction and agree to follow the laws applicable there.

*Superseded by local laws and regulations

CHANGES
2. Lifestyles expressly reserves the right to alter or amend Prices, Ethics, Rules and Regulations, Policies and Procedures, product availability and the Lifestyles Career and Compensation Plan. Amendments shall be effective upon notification of the changes in official Lifestyles publications distributed to all active Distributors, by mailing to the most recent Distributor address in the records of Lifestyles. Such amendments are automatically incorporated as part of the agreement between Lifestyles and the Distributor. The Distributor Agreement and Policies and Procedures may vary as to the exact wording for specific items depending on local market requirements.

DELAYS
3. Lifestyles shall not be responsible for delays and/or failures in performing its obligations due to circumstances beyond its reasonable control, such as strikes, labor difficulties, riots, war, fire, death, curtailment or interruption of a source of supply, government decrees or orders, “Acts of God”, etc.

ENTIRE AGREEMENT
4. This statement of Policies and Procedures is incorporated into the Independent Distributor Agreement and constitutes the entire agreement of the parties regarding their business relationship.

POLICIES AND PROVISIONS SEVERABLE
5. If any provision of the Distributor Agreement and Policy and Procedure as it currently exists or as may be amended is found to be invalid, illegal, or unenforceable for any reason, only the invalid provision will be severed from the Distributor Agreement and Policy and Procedure; the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, illegal, or unenforceable provision never comprised a part of the Distributor Agreement and Policy and Procedure.

TITLES NOT SUBSTANTIVE
6. The titles and headings to these Policies are for reference purposes only and do not constitute, and shall not be construed as, substantive terms of the Distributor Agreement and Policy and Procedure.

WAIVER
7. Lifestyles never gives up its right to insist on compliance with these rules or with the applicable laws governing the conduct of a business. This is true in all cases, both specifically expressed and implied, unless an officer of Lifestyles who is authorized to bind Lifestyles in contracts or agreements specifies that Lifestyles waives any of these provisions. In addition, any time Lifestyles gives permission for a breach of the rules, that permission is specific to the single occurrence, unless otherwise stated, and does not extend to future breaches. This provision deals with the concept of “waiver”, and the parties agree that Lifestyles does not waive any of its rights under any circumstances short of the written confirmation alluded to above.

CONFIDENTIALITY AND PRIVACY OF INFORMATION
8. The Distributor hereby consents to allow Lifestyles International Holdings Corporation, its Affiliates and any company owned in whole/part or any of their Affiliates ("Lifestyles"), to process and utilize the Distributor Information as submitted in the signed Independent Distributor Application and agreement (or as same may be amended from time to time) for business purposes related to the Lifestyles business. The Distributor has the right of access to their Distributor Information and to request updates and amendments.

The Distributor hereby consents to Lifestyles disclosing, now or in the future, their Distributor Information to Companies who Lifestyles may, from time to time, deal with to deliver information to its Independent Distributors or to improve its marketing and promotional efforts.

The Distributor hereby provides their express consent to being contacted by Lifestyles, its employees and other Independent Lifestyles Distributors, relating to justify the products, services, business opportunities, and events that may be offered by Lifestyles from time to time.

LANGUAGE
9. In the case of a dispute, Policies and Procedures, as published and modified from time to time in English, shall be considered the standard for determining and resolving disputes and issues.
SECTION TWO - OPERATING AS AN INDEPENDENT LIFESTYLES DISTRIBUTOR

A Distributor is one who has completed a Lifestyles application and agreement, who has been accepted by Lifestyles as an Independent Distributor, and who meets the following criteria:

I. Be at least the age of majority in their country or region of residence;
II. Reside in a geographic area where Lifestyles has been approved for business;
III. Read the Lifestyles Agreement and Policy and Procedures and Lifestyles Career and Compensation Plan;
IV. Submit an original signed Distributor Application and Agreement and Application Fee to Lifestyles.

Lifestyles reserves the right to accept or reject any application for any reason.

ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

10. If any member of a Distributor's immediate household engages in any activity, which if performed by the Distributor would violate any provision of the Distributor Agreement, such activity will be deemed a violation by the Distributor.

ADHERENCE TO LAWS AND ORDINANCES

11. Distributors should conduct themselves and must operate their business and distributorship in accordance with all laws and regulations in each of the foreign and local jurisdictions in which they operate their business.

ADHERENCE TO THE LIFESTYLES CAREER AND COMPENSATION PLAN

12. Distributors must adhere to the terms of the Lifestyles Career and Compensation Plan as set forth in official Lifestyles literature. Distributors shall not offer the Lifestyles Opportunity through, or in combination with, any other opportunity or unapproved method of marketing. Distributors shall not require or encourage other current or prospective Customers or Distributors to participate in Lifestyles in any manner that varies from the program as set forth in official Lifestyles literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official Lifestyles agreements and contracts in order to become a Lifestyles Distributor or Preferred Customer. Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the Lifestyles Career and Compensation Plan, other than those purchases or payments identified as recommended or required in official Lifestyles literature. Manipulation of the Lifestyles Career and Compensation Plan in any form is strictly prohibited.

TERM

13. The term of the Distributor agreement is one year, with an anniversary date of the date the Independent Distributor Application and Agreement was processed in the Lifestyles “Lifelink” System. Renewal is not automatic. Both the Distributor and Lifestyles reserve the right to renew or not renew the contract. The Distributor shall apply to renew the contract annually and renewal will be subject to acceptance by Lifestyles. See Item 29 below for further details on annual renewal of the Independent Distributor Agreement.

CHANGES TO DISTRIBUTOR CONTACT INFORMATION

14. It is the responsibility of the Distributor to provide and update Lifestyles with current and accurate information about their distributorship, including but not limited to, name(s), addresses, email addresses, and telephone/fax number(s). All information changes must be submitted to the local Lifestyles office in writing. Changes that will, impact mailings, royalties, or bonuses should be received at least thirty (30) days in advance to allow sufficient time for processing. Please inform your Lifestyles office if there is any change in your contact information. We want to play an active role in your success. That's why it's vital that we are always up-to-date about you and your business.

VALID IDENTIFICATION

15. Where required, Lifestyles Distributors are to provide their valid Social Security or Federal Tax ID number, or Business Number or the Tax ID Number applicable to their jurisdiction of residence on the Independent Distributor Application and Agreement.

DISTRIBUTOR NUMBER

16. When Lifestyles receives and accepts a Distributor’s original Application and Agreement, Lifestyles will assign a unique Distributor Number to that Distributor. Distributors must use their Distributor Number whenever they call a Lifestyles Distributor Relations Representative to place orders or track commissions and bonuses. Assigning you a unique Distributor Identification Number helps ensure that you will receive the benefits you are entitled to.
Policies and Procedures

DISTRIBUTOR NUMBER CHANGES – CHANGE OF COUNTRY OF PERMANENT RESIDENCE
17. When a Lifestyles distributorship permanently changes their residency from one Lifestyles authorized market to another authorized market, the Distributor must advise their original local office of their intent to move to another market and their change in residence information including the effective date of the change. The Distributor must notify their new local office within ten (10) days of their arrival in the new market and execute a new Distributor Application and Agreement for their new market of residence. The Distributor retains his/her original Distributor Number.

Moving to another country does not mean that your Lifestyles business comes to an end. We operate in many countries around the world, so chances are you can continue your path to better health and better wealth in your new home. Just be sure to follow the advice contained in the paragraph above.

INDEPENDENT DISTRIBUTOR BENEFITS
18. Once Lifestyles accepts a Distributor’s Application and Agreement, the benefits of the Lifestyles Career and Compensation Plan and the Independent Distributor Agreement are available to the new Distributor. These benefits include the right to:

I. Purchase Lifestyles products and services at the Independent Distributor prices;
II. Participate in the Lifestyles Career and Compensation Plan (receive bonuses and wholesale adjustments/overrides, if eligible);
III. Sponsor other individuals as Customers or Distributors into the Lifestyles business and thereby build a down-line organization and progress through the Lifestyles Career and Compensation Plan;
IV. Receive Lifestyles literature and other Lifestyles communications;
V. Participate in Lifestyles-sponsored support, service, training, motivational, and recognition functions upon payment of appropriate charges, if applicable;
VI. Participate in promotional and incentive contests and programs sponsored by Lifestyles for its Distributors;
VII. Retail Lifestyles products or services and profit from these sales.

INDEPENDENT DISTRIBUTOR STATUS
19. Distributors are independent representatives of Lifestyles and are not to be considered purchasers of a franchise or a distributorship. The agreement between Lifestyles and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between Lifestyles and the Distributors. Each Distributor shall hold harmless Lifestyles from any claims, damages or liabilities arising out of the Distributor’s business practices. Lifestyles Distributors have no authority to bind Lifestyles to any obligation. Each Distributor is encouraged to set up his/her own hours and to determine his/her own methods of sale, so long as he/she complies with the Policies and Procedures of Lifestyles.

SPOUSAL STATUS – ONE INDEPENDENT DISTRIBUTOR
20. Lifestyles distributorship consists of the Distributor and spouse.

21. The Lifestyles Distributor expressly agrees and understands that his/her distributorship may be terminated for any actions taken by Distributor or spouse. Once a Distributor resigns or is terminated, his/her spouse is terminated.

22. The act of any participant in a distributorship is attributable to the distributorship and remedies, including termination of the contractual relationship, necessitated by the act may be applied to the distributorship.

Some of the world’s most successful businesses are family businesses. We are happy to help you sponsor a spouse or other family members who can contribute to your Lifestyles success.

CHANGE OF NAME
23. Lifestyles reserves the right to approve or disapprove Distributor’s change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. If Lifestyles approves such a change, the new organization’s name must appear on the Independent Distributor Agreement along with a valid Social Security or Federal Tax ID number, or the Business Number or Tax ID Number applicable to the Distributor’s jurisdiction of residence.

In a fast paced world, we understand the need for business changes from time to time. We offer flexibility and a willingness to help you adapt your distributorship to your changing needs.

CONFIDENTIAL INFORMATION
24. Information concerning a Distributor’s own or another’s down-line organization is proprietary. It shall not be used for anything other than Lifestyles authorized purposes and shall never be disclosed to a third party.
PRIVACY

25. Distributors are responsible for actively protecting the privacy of other individuals and to retain confidentiality of any personal information and any organizational or sales information they encounter. Furthermore, Distributors shall ensure their contact with prospective Customers and Distributors is conducted during reasonable hours, and is made with careful consideration of the contact’s privacy. All requests to cease contact with a prospect must be honoured. Distributors must comply with privacy regulations within their local market and other markets they do business in.

It is the responsibility of the Distributor to advise their local home office in writing of any Distributor or Customers in the organization who have requested not to be contacted so we can update our records accordingly.

Lifestyles is committed to respecting the privacy of our Distributors and Customers. As a Distributor, you must also be careful to protect the privacy of those you deal with.

TELEPHONE REGISTRATION

26. A Distributor applicant may call Lifestyles to receive a temporary Distributor Number and temporary authorization as a new Independent Distributor. The applicant must provide Lifestyles with all the necessary information to complete the Independent Distributor Application and Agreement. The applicant may order a Distributor’s Kit at that time using a valid credit card.

27. The new Distributor’s temporary Distributor Number and authorization will be valid for five (5) business days, pending Lifestyles receipt of the Distributor’s original signed Application and Agreement. Once Lifestyles receives the original Independent Distributor Application and Agreement, Lifestyles will designate the temporary Distributor Number as a permanent Distributor Number and extend the initial Independent Distributor authorization period to one full year.

DISTRIBUTOR’S KIT

28. No person is required to purchase Lifestyles’ products to become a Distributor. However, to familiarize new Distributors with Lifestyles’ products, services, sales techniques, sales aids, and other matters, Lifestyles provides new Distributors with a Distributor’s Kit as a part of their Application Fee, except where prohibited by law. The Distributor’s Kit is unprofitable. This sum is not a service or franchise fee, but rather is strictly to offset costs incurred by Lifestyles for educational and business materials required for a Distributor of Lifestyles. Lifestyles will repurchase any resalable kits from Distributors who terminate their Independent Distributor Agreement. Data processing fees, if any, will be deducted from commissions and bonuses. See items 45 and 48 below for further details.

RENEWAL OF INDEPENDENT DISTRIBUTOR AGREEMENT

29. Lifestyles charges Distributors an annual Independent Distributor renewal fee (may be referred to as a subscription fee in certain markets) that varies by market. A Distributor can agree to allow Lifestyles to automatically deduct the fee from their Commission Check or to charge the fee to the Distributor’s credit card or checking account on file with Lifestyles on the anniversary date of the Distributor’s application. Distributors without a credit card or checking account on file must renew by phone or mail and may use cash or a bank transfer as forms of payment. The annual renewal fee will:

I. Automatically renew your subscription to Lifestyles Career and Compensation Plan;

II. Renew your Distributor Agreement and maintain your line of sponsorship;

III. Allow you to continue to Purchase Lifestyles products at your Distributor discount level, except where governed differently by local regulation;

IV. Allow you to continue to enjoy Lifestyles service support programs;

V. Allow you to continue to participate in company promotions, contests, and recognition; and attend Company events.

30. If a Distributor elects not to renew his/her Distributor agreement, all rights to bonuses, marketing position, and wholesale purchases cease. The non-renewed Distributor’s volumes flow up-line to the next active distributorship.
SECTION THREE - ORGANIZATIONAL INFORMATION

All Lifestyles corporate information (i.e. commission reports, down-line reports, etc.) is the property of Lifestyles and cannot be used, distributed or sold without prior written permission from Lifestyles.

BUSINESS REPORTS AND TOOLS

31. Business Reports, updated on a regular basis, are available to all Distributors on the Essentials and Executive Packages on their Personal Business Center. Any Distributor may sign up for access to a Personal Business Center. Business Reports contain trade secret information which is proprietary to Lifestyles Global Networks. Please refer to section 78 for restrictions on using these reports.

COMMISSION STATEMENTS

32. Commission Statements are printed for all active Distributors receiving a commission payment. They are mailed along with the commission payment or confirmation, and addressed to the name of the registered Distributor based on their unique ID number. Commission Statements are not optional. Lifestyles may deduct an accounting service fee from the commission of who wish to receive their statement by mail rather than through their online Personal Business Center (“PBC”).

As a Lifestyles Distributor, take full advantage of all of the benefits of your Personal Business Center. It is an easy and convenient way to keep track of your commissions and the growth of your organization. To register, go to www.lifestyles.net.

COMMISSION CHECK RULES AND PAYMENT CURRENCY

33. The rules and payment currency for commission payments are as follows:

I. Commission checks are valid for a period of six (6) months from their date of issue. Stale dated cheques will not be replaced;

II. Lost checks within this six (6) month period will be replaced, less an administration fee;

III. Commissions for sales volume and organizational activity in your local market are calculated and paid in your local currency;

IV. Commissions for sales volume and organizational activity in markets other than your local market are calculated and paid in United States Dollar.

SECTION FOUR – PARTNERSHIP & CANCELLATION

PARTNERSHIPS OR CORPORATIONS

34. A partnership or corporation may be a Distributor. However, no individual may participate in more than one (1) distributorship in any form.

I. A distributorship may change status under the same Sponsor from individual to partnership or corporation with proper and complete documentation.

II. To form a new distributorship as a partnership or corporation, or to change status to one of these forms of business, you must request a partnership/corporation form from the corporate home office. This form must detail all partners, stockholders, officers or directors in the partnership or corporation. The partner or officer who submits the form must be authorized to enter into binding contracts on behalf of the partnership or corporation. In addition, by submitting the partnership/corporation form, you certify that no person with an interest in the business has had an interest in a Lifestyles distributorship within six (6) months of the submission of the form (unless it is the continuation of an existing distributorship that is changing its form of doing business and as discussed in item 37 below).

PARTNERSHIP AND CORPORATE GUARANTEE FOR OWNERS

35. Although Lifestyles has offered Distributors the opportunity to conduct their distributorship as corporate or partnership entities, it is agreed that since the distributorship entity is under the control of its owners and principals, the actions of individual owners as they may affect Lifestyles and the distributorship are also critical to Lifestyles business. Therefore, any actions by corporate shareholders, officers, directors, agents or employees and the actions of partnership partners, agents or employees, which conflict with the Lifestyles Distributor agreement and Policies and Procedures will be attributable to the corporate or partnership entity.

CANCELLATION OF INDEPENDENT DISTRIBUTOR AGREEMENT

36. The Independent Distributor Agreement may be cancelled at any time and for any reason by a Distributor by notifying Lifestyles in writing of the election to cancel.
We want every Lifestyles Distributor to be happy and to enjoy building their business. But in the unlikely event that you no longer wish to continue your business, you may simply cancel your Distributor Agreement.

SEPARATION OF A JOINTLY HELD DISTRIBUTORSHIP
37. If Distributors wish to dissolve their jointly held distributorship, they must do so in such a way as to not disturb the income or interests of their up-line and down-line organizations. Distributors should consider the following when deciding whether or not to dissolve a jointly held distributorship:

I. If a jointly held distributorship is dissolved, either of the parties may continue to operate the distributorship, but the other joint owners must relinquish their rights to, and interests in, the distributorship;

II. Lifestyles cannot divide a down-line organization, nor can it split commission or bonus cheques between the joint owners;

III. If a jointly owned distributorship is dissolved, the individual(s) who relinquished their interest in the original distributorship may apply as new Distributors under any sponsor after a six (6) month waiting period. However, they may not purchase or join an existing distributorship.

SUCCESSION
38. If a Distributor dies or becomes incapacitated, his/her rights to commissions, bonuses, and down-line organization, together with all Distributor responsibilities, will pass to his/her successor(s). The following qualifications apply:

I. Upon death or incapacitation, the successor(s) must present the Lifestyles Compliance Committee with proof of death or incapacitation, along with proof of succession, such as a Valid Will, Grant of Probate or an Enduring Power of Attorney, and a properly completed Distributor Application and Agreement;

II. You may inherit another distributorship even though you currently own or operate a distributorship. However, you must then elect which distributorship you will continue to operate, and then sell, dispose of or resign the other distributorship at the time of presentation to the Compliance Committee;

III. In the case of a Distributor who held the title of National Marketing Director or above and whose distributorship was qualified in each of the previous six (6) months, Lifestyles will ensure the Distributor is qualified in the month the Company was notified, as well as for the month immediately following the month in which the Company was notified. Following this, it is the responsibility of the spouse or heir to notify Lifestyles whether they will let the distributorship lapse, or whether it will be taken over by an heir or designee. If the party taking over the distributorship already has an active distributorship, they will be required to resign from it before assuming the deceased’s distributorship.

A successful business should be able to continue thriving, even after its founders are gone. That’s why we’re pleased to help your heirs continue the legacy of your organization.

SALE OR DISPOSITION OF BUSINESS
39. A Distributor may not sell, assign or otherwise transfer his or her distributorship, marketing position or other Distributor rights without written application and approval by Lifestyles. A Distributor who sells his or her distributorship shall not be eligible to re-apply as a Distributor for a period of at least six (6) months after the sale. Lifestyles, reserves the right to review any sale agreement. An individual may not participate in more than one (1) distributorship, in any form. Therefore any existing Distributor who agrees to purchase a distributorship must sell or resign from their current distributorship at the time of purchase of the new distributorship.

Being flexible and respectful of our Distributors is one of the keys to our success. That’s why your business is treated as your own, and in most cases, you have the right to sell it if you so choose.

SECTION FIVE – ORDERS, RETURNS AND TRANSACTIONS

GENERAL ORDER POLICIES
I. Distributors may place orders by telephone, fax, mail, E-mail, Internet, or through the Autoship Program.

II. When ordering by phone — provide all information related to the distributorship such as; ID number, shipping address, phone number, etc. Payments may be made by credit card or electronic bank draft.

III. When ordering by fax or by mail — print information clearly on the order form and use the top copy to fax or mail in. Payment may be made by electronic bank draft, credit card or check.

IV. Keep a copy of the order form for your records.

V. A Distributor may not place an order using any Distributor ID number other than their own.
VI. On phone, fax or mail-in orders with invalid or incorrect payment, Lifestyles will attempt to contact the Distributor by telephone and/or mail to obtain proper payment. If these attempts are unsuccessful after five (5) business days, the order will be returned unprocessed.

VII. No C.O.D. (Cash On Delivery) orders will be accepted.

VIII. Lifestyles maintains no minimum order requirements.

IX. Products and sales aids may be combined.

METHODS OF PAYMENT

40. All forms and authorizations must be accompanied by the Distributor’s signature.

I. Cashier’s Checks, Money Order and Personal Check - Make payable to Lifestyles for the full amount of the order, including applicable sales tax and shipping and handling charges and have the current date.

a) Any check returned unpaid to Lifestyles may result immediately in suspended personnel check payment privileges and a service fee will be charged to the Distributor for the returned check.

b) Failure to promptly resolve the issue may result in termination and may be subject to legal action. Lifestyles may choose to deduct uncollected amounts from future commissions.

II. International Bonus Check – A Distributor may use their International Bonus Check to pay for an order. Any balance not used against a purchase will not be refunded to the Distributor.

III. Credit Cards - Lifestyles accepts a variety of credit cards. Please confirm which cards are accepted for payment in your local office. In the event that the charge is declined, the order will not be accepted. Using someone else’s credit card without their express, written permission is prohibited and may be grounds for cancellation or termination of a distributorship. Lifestyles will attempt to contact the card holder for permission. If contact cannot be made, the order will not be accepted.

IV. Electronic Bank Draft Payment Program (where available) - The Electronic Bank Draft Program authorizes Lifestyles to draft against a Distributor’s or Preferred Customer’s account for the amount of the order. To apply for participation in the Electronic Bank Draft Program, you must be on Autoship. You must also complete the Electronic Bank Draft Program form and submit it to Lifestyles along with a void check.

PURCHASING LIFESTYLES PRODUCTS

41. Each Direct Distributor or above must purchase his/her products directly from Lifestyles in order to receive the sales volume credits associated with that purchase. All orders are applied to the calendar month in which they are received. To be included in a particular month's volume, the order must be received no later than the close of business on the last working day of that month. Non-Direct Distributors must purchase their product from their up-line Direct or above or through appropriate Lifestyles office. All non-Direct orders are considered the volume of their up-line Direct or above.

BACK ORDER POLICY

42. As a general rule, Lifestyles will back-order out-of-stock items that are associated with volume accumulation and ship these items as soon as they are available.

SHIPPING DISCREPANCIES

43. Failure to notify Lifestyles of any shipping discrepancy or damage within seven (7) days of shipment will cancel a Distributor’s right to request a correction. To correct a shipping discrepancy, please use the Distributor Product Exchange or Return Form available at your local Lifestyles office.

PRODUCT GUARANTEES, EXCHANGES RETURNS AND INVENTORY REPURCHASE

PRODUCT EXCHANGE GUARANTEE

44. Lifestyles warrants the quality of its products and shall exchange any defective product. A Distributor returning a damaged or defective product must contact Lifestyles Distributor Relations in their local region within thirty (30) days of receipt of the original product to receive an authorization prior to returning the product(s). The product must then be returned within five (5) business days of receipt of authorization.

RESALABLE CONDITION

45. Resalable Condition means unopened and in a condition that the product can be re-sold without requiring any re-packaging, with the original packaging intact in complete case lots based on the unit of measure in which the product was sold.

THIRTY (30) DAY RETURN POLICY – RETAIL CUSTOMERS

46. Lifestyles obligates its Distributors to honour the Company’s 100%, unconditional, thirty day (30), money-back guarantee to all Retail and Wholesale...
Customers. Distributors shall promptly and courteously investigate any and all customer complaints, and shall take appropriate action to remedy all such complaints. If for any reason a Retail or Wholesale Customer is dissatisfied with any Lifestyles product, he/she may return the product to the Distributor from whom the product was purchased within thirty (30) days from the date of purchase for a replacement, exchange, or full refund of the purchase price. If the Retail Customer requests a refund, the Distributor who sold the product to the Retail Customer must immediately refund the Retail Customer’s purchase price. (Retail and Wholesale Customers must return merchandise to the Distributor who sold it to them; Lifestyles will not accept returned merchandise directly from Retail and Wholesale Customers.) The Distributors, in turn, must contact Lifestyles Distributor Relations in their region to receive an authorization prior to returning the product(s) and return it along with the original sales receipt and returned merchandise to Lifestyles. Lifestyles will then replace the returned merchandise with like product and ship it to the Distributor. All Retail and Wholesale Customers must be provided with a copy of an official Lifestyles sales receipt at the time of the sale.

47. Notwithstanding Lifestyles longer Retail Customer guarantee policy and in jurisdictions where applicable, all retail sales must comply with the Local Trade Commission Cooling Off Rule, which requires statutory language and notice of cancellation on the retail sales receipt. The right of cancellation, where applicable, must be orally explained to the Customer and the Customer must receive a copy of the notice of cancellation form.

The best businesses in the world are the ones that treat their Customers with respect and courtesy. That’s why we ask you to make exceptional customer service a high priority for your Lifestyles business.

RETURN POLICY - DISTRIBUTORS

48. If a Distributor elects to cancel his/her distributorship during the thirty day (30) period immediately following his/her enrollment, Lifestyles will refund 100% of the price of the Distributor’s Kit and all products purchased as part of the Distributor’s initial order (excluding shipping). The cancelling Distributor must return the products in a resalable condition, as described in item 45 and the entire Distributor’s Kit to Lifestyles, shipping prepaid, along with a letter explaining that he/she wishes to terminate his/her distributorship and receive a refund. Please note that this 100% refund (less shipping) does not apply once a Distributor places his/her second product order. If a Distributor returns product after the second order then the terms of item 98 will apply. If a Distributor returns his/her Distributor’s Kit and/or merchandise equal to, or exceeding US$100, for a refund, the return constitutes a Voluntary Cancellation of his/her Distributor Agreement. Moreover, the Company will adjust the appropriate Distributors’ Sales Volume in accordance with the Lifestyles Career and Compensation Plan.

ALL OTHER RETURNS

49. After the initial order, a Distributor may return Lifestyles products, including promotional materials and sales aids, purchased within the past thirty (30) days for a refund of eighty-five percent (85%) of the purchase price (less handling and delivery charges) if the merchandise is in resalable condition, unless otherwise required by law. However, returns that result in refunds in excess of US$100 may result in the termination of the Independent Distributor Agreement. Moreover, Lifestyles may deduct from the amount of the refund any commissions or bonuses the Distributor may have received as a result of the products that he/she is returning.

RETURNS AND REPURCHASES - PROCEDURE

50. To receive a refund, exchange, or replacement on product purchased a Distributor must:

I. Obtain authorization from the Distributor Relations Department. This number must accompany all returned products;

II. Return the product with the original packing slip to Lifestyles;

III. Use proper shipping carton(s) and packaging materials to return the product to Lifestyles. The Distributor is responsible for tracing your return shipment should that be necessary.

IV. If a Distributor returns product from a Retail Customer, he/she must:

a) Send the product to Lifestyles within five (5) days of the Customer’s return;

b) The package must be accompanied by an explanation of why the Customer is dissatisfied, a copy of the original sales receipt, and the unused portion in the original container.

V. Only the Distributor who ordered the product from Lifestyles may return it.

VI. Lifestyles is not responsible for the shipping or handling fees on returned product and will not accept any returns for which shipping and handling has not been pre-paid or billed to the shipper directly.

VII. Lifestyles is not liable for items lost or damaged in transit.
RECORD KEEPING
51. Lifestyles encourages each Distributor to keep accurate sales records. The Lifestyles Career and Compensation Plan is based upon retail sales to the ultimate consumers and personal use product; therefore, all forms of stockpiling or pyramiding are prohibited. Products are offered to Distributors only for personal consumption and for resale to consumers.

REPORTING POLICY VIOLATIONS
52. Distributors should report any observed violations of a policy to Lifestyles to ensure that the integrity and ongoing business operations of Lifestyles are protected.

REPORTING AND RESOLVING PROBLEMS AND ERRORS
53. In the event a Distributor has questions about or believes that any errors have been made regarding commissions, bonuses, down-line Genealogy Reports, orders, or charges, the Distributor must notify Lifestyles within thirty (30) days of the date of the purported error or incident in question. Lifestyles will not be responsible for any error, omission, or problem not reported within thirty (30) days.

54. If you have any questions regarding shipments, orders, commissions and bonuses, or the Lifestyles Career and Compensation Plan, please write or call the Distributor Relations Department.

AUTOSHIP PROGRAM
55. Distributors and Preferred Customers in good standing may participate in the Lifestyles Autoship Program. To enroll in this program, complete the Autoship Agreement (Form #4177), identifying the eligible products you wish Lifestyles to automatically send to you on the same date each month. The credit card or bank account from which you authorize payment will be automatically charged the amount of the order plus applicable shipping and sales tax. Distributors must ensure that they have adequate funds in their account the week prior to placing their Autoship order. Only eligible products may be purchased under the Autoship Program. Lifestyles maintains a minimum order requirement in each market. In order to participate in the Autoship Program, please contact your local Lifestyles office for specific minimum order requirement.

The Autoship program is a convenient way to help ensure that you have adequate inventory for your business at all time.

56. Once initiated, the program will remain in effect until a written cancellation is received at your local Lifestyles Head Office.

I. Any changes or cancellation must be received in writing no later than the Tuesday of the week prior to the Autoship.

II. Participation in the Autoship Program is optional and does not relieve a Distributor from compliance with the retail sales requirement or from compliance with the seventy percent (70%) resale rule.

III. Autoship orders are limited to purchases of commissionable product only; sales aids will not be included in Autoship orders.

IV. To find out the timing of shipment and payment, call Distributor Relations for the monthly recurring date of your Autoship. Credit Cards are billed and bank drafts are deposited seven (7) days in advance of this date.

SECTION SIX – ADVERTISING AND MARKETING ACTIVITIES
To promote your Lifestyles business, you will often want to use our name and logo. This helps increase people’s awareness of the exceptional products and business opportunity that you have to offer.

PLEASE REMEMBER THAT YOU MUST OBTAIN OUR CONSENT TO DO SO.

GENERAL
57. The Distributor, as an independent contractor, is fully responsible for all of his/her verbal and written statements made regarding the marketing of the products and the Lifestyles Business Opportunity which are not expressly contained in writing in the current Distributor agreement, and advertising or promotional materials supplied directly by Lifestyles. The Distributor agrees to indemnify Lifestyles and hold it harmless from any and all liability including, but not limited to, judgments, civil penalties, refund, attorney fees, court costs or lost business incurred by Lifestyles as a result of Distributor’s unauthorized representations.

58. Distributors must avoid all discourteous, deceptive, fraudulent, misleading, illegal, unethical, or immoral statements, conduct or practices in their marketing and promotion of Lifestyles, the Lifestyles Opportunity, income potential, the Lifestyles Career and Compensation Plan, and Lifestyles’ products.

59. Only Distributors who have achieved the rank of National Marketing Director or higher may produce,
with express written approval of Lifestyles, individual sales, marketing, and support materials to market or promote Lifestyles, the Lifestyles Opportunity, the Lifestyles Career and Compensation Plan, Lifestyles’ products, or their Lifestyles’ businesses. All other Distributors may only use sales aids and support materials produced or currently approved by Lifestyles. Sales, marketing, and support materials include, but are not limited to, training and recruiting information, business opportunity or product presentations, brochures, flyers, pamphlets, posters, postcards, letters, classified advertisements, etc. promoting Lifestyles’ products and programs, as well as E-mail messages, voice mail message recordings, and Internet home pages used to publicize Lifestyles, its products, services, or the Lifestyles Career and Compensation Plan.

Our goal is to maintain a positive image for Lifestyles, and to produce consistent marketing materials that help you build your business. That’s why we ask you to work with us on your advertising and promotional activities.

60. Any Distributor who has achieved the rank of National Marketing Director or above who desires to create his/her own promotional and marketing materials must submit a copy of the proposed materials to Lifestyles working with their local Lifestyles home office for review and approval before he/she may use the material publicly. Upon receipt of the proposed material, Lifestyles will review it carefully for form and content. Lifestyles will promptly notify the National Marketing Director or higher ranking Distributor in writing regarding the Company’s decision to approve or disapprove the material for use in promoting and supporting his/her Lifestyles business activities. National Marketing Directors and higher ranking Distributors may only use those sales, marketing, and support materials that Lifestyles has expressly approved. All advertising copy, direct mailing, radio, TV, newspaper and display copy must be approved in writing before being disseminated, published or displayed with the exception of blind ads where no reference is made to the Lifestyles Opportunity, Lifestyles name(s) or product name(s). The National Marketing Director and above who received the original approval is responsible for ensuring that any materials distributed in the organization remain unchanged when it is distributed.

61. Distributors must fairly and truthfully explain the Lifestyles’ Products, Opportunity, Lifestyles Career and Compensation Plan, and Policies and Procedures to prospective Distributors. This includes:

I. Being honest and thorough in presenting material from the Lifestyles Career and Compensation Plan to all potential Distributors;

II. Making clear that income from the Lifestyles Career and Compensation Plan is based on product sales and not merely on sponsoring other Distributors;

III. Making use of the Income Disclaimer included in the Card System and other Lifestyles’ materials, verbally in presentations, and in written form on registration forms for meetings;

IV. Making estimates of profit that are based on reasonable predictions for what an average Distributor would achieve in normal circumstances;

V. Representing that past earnings in a given set of circumstances do not necessarily reflect future earnings;

VI. Not misrepresenting the amount of expenditure that an average Distributor might incur in carrying on the business;

VII. Not misrepresenting the amount of time an average Distributor would have to devote to the business to achieve the profit estimated, and not stating that profits or earnings are guaranteed for any individual Distributor;

VIII. Never stating or inferring that you will build a down-line organization for anyone else;

IX. Never stating that profits or earnings are guaranteed for an individual Distributor; and

X. Never stating that any consumer, business, or government agency has approved or endorsed the Lifestyles’ products or the Lifestyles Career and Compensation Plan.

62. Distributors must refer all media inquiries regarding Lifestyles to their local Lifestyles office. This will ensure that accurate and consistent information reaches the general public.

63. National Marketing Directors and above may advertise on television and radio subject to Lifestyles prior express written approval.
ELECTRONIC MEDIA AND INTERNET

64. Distributors are strictly prohibited from using any form of electronic advertising (i.e., Internet) to promote or sell Lifestyles’ products except as set forth in the following.

65. Distributors may use only Lifestyles approved websites when promoting the Company’s products or opportunity over the Internet.

TRADEMARKS AND COPYRIGHTS

66. The name of Lifestyles and other names as may be adopted by Lifestyles are proprietary trade names and trademarks of Lifestyles. A Distributor may not use the Lifestyles trademark or trade names or corporate logo to promote their independent business. Rather, they must use the Lifestyles “Independent Distributor” logo to promote their business. A reproducible copy of the logo can be obtained from Lifestyles through your online Personal Business Center, or by contacting your local office.

I. Lifestyles will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior express written permission.

II. Distributors must describe themselves as a Lifestyles “Independent Distributor” in the business pages of the telephone directory.

III. Distributors should not answer the telephone in any manner that might indicate or suggest that the caller has reached a Lifestyles corporate office.

IV. Distributors may not record or reproduce materials from any Lifestyles corporate function, event, speech, etc.

V. Distributors may not record, reproduce, or copy any presentation or speech by any Lifestyles spokesperson, representative, speaker, officer, director, or other Distributors.

VI. Distributors may not reproduce or copy in whole or in part any recording of a Lifestyles-produced audio tape or videotape presentation.

VII. Distributors may not publish, or cause to be published, in any written or electronic media, the name, photograph or likeness, copyrighted materials, or property of individuals associated with Lifestyles without express written authorization from the individual and/or Lifestyles.

VIII. A Distributor may not produce, use or distribute any information relative to the contents, characteristics or properties of Lifestyles product, which has not been provided directly by Lifestyles. This prohibition includes, but is not limited to; print, audio, Internet or video media.

IX. Distributors may not publish, or cause to be published, in any written form or electronic media, the copyrighted materials or property of Lifestyles, without express written authorization from Lifestyles.

X. Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to Lifestyles and be approved in writing by Lifestyles prior to publication.

XI. Distributors may not use the names of Lifestyles or any of its registered products in their e-mails or website addresses.

As someone who uses Lifestyles products, you know how helpful and effective they are. That’s why there’s no need to exaggerate the facts. Tell people about your own personal experience with the products, and use the official Lifestyles literature to help promote the product’s benefits.

REPRESENTATIONS AND CLAIMS BY DISTRIBUTORS

PRODUCT CLAIMS

67. Lifestyles’ Distributors may not make claims that Lifestyles’ products have therapeutic or curative properties except those contained in official Lifestyles literature. In particular, no Distributor may make any claim that Lifestyles products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only are such claims in violation of the Distributor Agreement and Policy’s and Procedures, but they also violate the laws and regulations of local and international jurisdictions.

INCOME CLAIMS

68. Distributors may not make income projections or claims or disclose their Lifestyles income (including the showing of checks, copies of checks, or bank statements) when presenting or discussing the Lifestyles Opportunity or The Lifestyles Career and Compensation Plan, except as set forth in official Lifestyles literature. Lifestyles believes firmly that the income potential is great enough to be highly attractive, without resorting to artificial and unrealistic projections. Distributors must ensure that they use the Lifestyles official Income Disclaimer which is available from your local office or through your Personal Business Center.
REGULATORY BODIES AND AGENCIES
69. Local, State/Provincial or Federal regulatory agencies rarely approve or endorse direct selling programs. Therefore, Distributors may not represent that any Lifestyles program has been approved or endorsed by any governmental agency. In the event that the country in which you operate your distributorship requires Lifestyles to have an MLM License, you may promote the fact that we have an MLM license and that we are in good standing, as this lends additional credibility to your business.

REPACKAGING AND RE-LABELING PROHIBITED
70. Distributors may not re-label or alter the labels on any Lifestyles’ products, information, materials, or programs in any way. Distributors may not repackage or refill any Lifestyles’ products. Lifestyles’ products must be sold in their original containers only. Such re-labeling or repackaging would violate governing laws, which could result in severe criminal penalties. Civil liability to the Distributor may also result when the persons using the products suffer any type of injury or their property is damaged as a consequence of the repackaging or re-labeling of products.

REPRESENTATION OF STATUS
71. In all cases, any reference the Distributor makes to him/herself must clearly set forth the Distributor’s independent status. For example, if the Distributor has a business telephone, the telephone may not be listed under Lifestyles name or in any other manner which does not disclose the independent contractor status of the Distributor.

RETAIL AND COMMERCIAL OUTLETS
Your success as a Distributor is of paramount importance to Lifestyles. That’s why our products are sold through a personalized MLM model that focuses on helping each person we encounter. To give your business even more exclusivity and value, our products are never sold at retail stores.

72. Distributors may display advertising materials and signs about Lifestyles’ products in commercial outlets where professional services are the primary source of revenue and product sales are secondary.

I. Products may not be displayed and sold in retail establishments where the nature of the business is to make appointments with Customers (such as salons, doctors’ offices, health clubs, where appointments are made for personal training or where classes are scheduled).

II. The sale of Lifestyles’ products within such retail facilities must be conducted in person by a Distributor and must be preceded by a discussion where the Distributor introduces the prospect to the products and opportunity, just as they would if they had met outside of the retail opportunity.

III. Products may not be sold from a shelf or taken from a display for purchase by a Customer.

IV. Products may not be sold in any retail establishment, even by appointment, if competitive products are sold in the establishment.

STATIONERY AND BUSINESS CARDS
73. Any printed materials, including business cards and stationery, must be approved by Lifestyles in advance of producing these materials. Criteria for approving these materials will include a judgment regarding the quality of the materials as well as properly setting forth the independent status of the Distributor. Information relating to the guidelines and samples for creating business cards and stationery can be found in the Personal Business Center and your Distributor Kit.

TELEPHONE & E-MAIL SOLICITATION
74. The use of Lifestyles name or copyrighted materials with automatic calling devices or "boiler room" operations to market the Lifestyles Opportunity, solicit Distributors or Retail Customers is strictly prohibited. Distributors are also forbidden from sending unsolicited E-mail messages or "spamming" to sell products, market the Lifestyles Opportunity or recruit Distributors or Retail Customers. However, the use of these methods in ways that are legal and are the equivalent of the “blind ads” alluded to in item 80 below cannot be regulated by Lifestyles.

TERRITORIES
75. There are no exclusive territories for marketing Lifestyles’ products or services, nor shall any Distributor imply or state that he/she has an exclusive territory to market Lifestyles’ products or services.

Lifestyles is truly a global opportunity! Your business can grow as big as you want it to. We recognize and protect your freedom to expand your business beyond your home city and even your home country.

TRADE SHOWS
76. Prior express written approval must be obtained from Lifestyles for a Distributor to register for or participate in a Trade Show, including the purpose
of attending, layout and all literature pertaining to the activities that will take place at or during the event. Lifestyles produced marketing materials and products may be displayed in a separate sectioned area in the trade show booth. All literature displayed at the event must be official Lifestyles literature and must clearly identify the individual(s) as Independent Distributors. An income disclaimer must also be used on any materials that contain information relating to the earnings potential of existing, potential or new Distributors. Distributors may not sell or promote Lifestyles’ products or business opportunity at farmers’ markets, flea markets, swap meets or garage sales.

UNAUTHORIZED RECRUITING & DISSEMINATION OF INFORMATION
77. A Distributor or Preferred Customer shall not sell or in any way promote non-Lifestyles products to other Lifestyles’ Distributors, or in any way promote the opportunities or marketing programs of other companies to Lifestyles’ Distributors.

78. On a periodic basis, Lifestyles will supply reports to the Distributor verbally, in hard-copy and/or electronically, which will provide information to the Distributor concerning the Distributor’s down-line sales organization, product purchases and product mix. The Distributor agrees that such information is proprietary and confidential, and may contain proprietary business trade secrets of Lifestyles, which are transmitted to the Distributor in confidence. The Distributor agrees that he or she will not disclose such information to any third party directly or indirectly, nor use the information to compete with Lifestyles directly or indirectly. The Distributor and Lifestyles agree that, but for this agreement of confidentiality and non-disclosure, Lifestyles would not provide the above confidential information to Distributors.

VENDOR CONFIDENTIALITY
79. Lifestyles business relationship with its vendors, manufacturers and suppliers is confidential. A Distributor shall not contact, directly or indirectly, or speak to or communicate with any representative of any supplier or manufacturer of Lifestyles except at a Lifestyles sponsored event at which the representative is present at the request of Lifestyles. Violation of this regulation may result in termination and possible claims for damages if the vendor/manufacturer’s association is compromised by the Distributor contact.

WEBSITE AND INTERNET POLICY
80. A Distributor may not independently design a website that uses the names, logos, or product descriptions of Lifestyles, nor may a Distributor use “blind” ads on the Internet making product or income claims which are ultimately associated with Lifestyles’ products or the Lifestyles Career and Compensation Plan. Any person is prohibited from using Lifestyles’ names, logos, trademarks, etc. on the Internet or any other advertising medium, except as permitted by Lifestyles Rules and Regulations and taking items 59 and 60 into account.

81. A Distributor may not offer the Lifestyles opportunity or any of its products for sale over the Internet or through any other electronic medium other than through their Lifestyles Personal Business Center.

BUSINESS RULES AND PRACTICES
All of us share the Lifestyles name when operating our businesses. Lifestyles has earned a reputation for excellent products that help people achieve personal wellness, along with an exceptional business model that helps motivated individuals reach their personal financial goals and dreams.

That’s why it’s so important that we work together to protect the good name and positive image of Lifestyles. The following guidelines are meant to ensure the highest business ethics, standards and practices.

SECTION SEVEN – MISCONDUCT AND TERMINATION CONDUCT
CONDUCT
82. In the conduct of his/her business, the Distributor shall safeguard and promote the reputation of the products of Lifestyles and the Lifestyles Corporation and shall refrain from all conduct which might be harmful to such reputation of Lifestyles or to the marketing of such products inconsistent with the public interest, and shall avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. The Distributor agrees to comply with the Lifestyles Distributor Code of Ethics in conducting their business as outlined in the beginning of this document.

CUMULATIVE PURCHASES IN CERTAIN JURISDICTIONS
83. Certain jurisdictions may restrict cumulative purchases during the first six (6) months of being a Distributor. See specific addenda to Independent Distributor Agreement for your local market as to statutory purchasing limitations, buyback rules and other restrictions, disclosures and additional Distributor rights and responsibilities.
DISCIPLINARY ACTIONS AND TERMINATION
The fairest way to operate a company is to have reasonable rules that everybody adheres to. At Lifestyles, we promise to maintain a scrupulous regard for our Policies and Procedures, and we do our utmost to ensure that every Distributor operates according to the same set of rules.

DISCIPLINARY ACTIONS
84. A Distributor who is in breach of any item under the Distributor Agreement and Policy and Procedures and is under Compliance review will have their cheques and reports suspended immediately until the investigation under the Distributor Agreement and Policy and Procedures is complete. A Distributor’s violation of any Policies and Procedures, the agreement, terms and conditions or any illegal, fraudulent, deceptive, or unethical business conduct may result, at Lifestyles discretion, in one or more of the following disciplinary actions:

I. Issuance of a written warning or admonition;
II. Suspension, which may result in termination or reinstatement with a fine and/or with certain conditions and restrictions;
III. Termination of the distributorship;
IV. All actions relating to Distributors with the rank of National Marketing Director and above are handled directly through the Compliance Committee which sits at the Lifestyles Global Office in Toronto.

INVOLUNTARY TERMINATION
85. Lifestyles reserves the right to terminate, at its sole discretion, any distributorship at any time for cause when it is determined that the Distributor has violated the provisions of these Policies and Procedures and Distributor Agreement as they may be amended or the provisions of applicable laws and standards of fair dealing. Such involuntary termination shall be made by Lifestyles at its sole discretion. Upon an involuntary termination, Lifestyles shall notify the Distributor by mail at the latest address listed with Lifestyles for the Distributor. In the event of a termination, the terminated Distributor agrees to immediately cease representing him/herself as a Lifestyles Distributor.

TERMINATION PROCESS AND RESPONSE*
86. DECISION TO TERMINATE:
I. When a decision is made to terminate a distributorship, Lifestyles will inform the Distributor in writing that the distributorship is terminated effective as of the date of the written notification. The termination notice will be sent by certified mail to the Distributor’s address on file with Lifestyles.
II. The Distributor will have fifteen (15) days from the date of mailing of the certified letter in which to appeal the termination in writing. The Distributor’s appeal correspondence must be received by Lifestyles within thirty (30) days of Lifestyles termination letter. If the appeal is not received within the thirty day (30) period, the termination will be deemed final.
III. If a Distributor files a timely appeal of termination, Lifestyles will review and reconsider the termination, consider any other appropriate action, and notify the Distributor of its decision. The decision of Lifestyles will be final and subject to no further review. In the event the termination is not rescinded, the termination will be effective as of the date of Lifestyles original termination notice.

*For local regulations, please contact your local Lifestyles office.

DISPUTES BETWEEN DISTRIBUTORS
GRIEVANCES AND COMPLAINTS
87. When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct related to their respective Lifestyles businesses, the complaining Distributor should first discuss the problem with the other Distributor. If this does not resolve the problem, the complaining Distributor should report the problem to his/her up-line to resolve the issue at a local level. If the matter still cannot be resolved, it must be reported in writing to the local Lifestyles office. For matters that involve a National Marketing Director or above, the local office will contact the Compliance Committee at Lifestyles Global Office. The local management will review the complaint and make a final decision where the matter does not involve a National Marketing Director or above. The complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates and location(s) the event(s) took place, and all persons who have first-hand knowledge of the improper conduct. All grievances and complaints must be submitted in writing. All information submitted is handled on a confidential basis.

COMPLIANCE COMMITTEE REVIEW
88. Upon receipt of a written complaint relating to a National Marketing Director or above, the Lifestyles Compliance Committee will review all the
Policies and Procedures

documentation provided by local Lifestyles office. The Compliance Committee may also issue disciplinary sanctions consistent with the provisions of Section 84.

DISPUTES BETWEEN LIFESTYLES AND DISTRIBUTORS

ARBITRATION

89. All disputes and claims relating to Lifestyles, the Lifestyles Career and Compensation Plan, its products, the rights and obligations of its Distributors and Lifestyles, or any other claim or cause of action relating to product purchase(s) or performance, either of a Distributor or of Lifestyles under the Distributor Agreement, shall be settled totally and finally by arbitration in the jurisdiction of Lifestyles International Holdings Corporation unless the laws of the region, state or province in which the Distributor resides expressly require otherwise. There shall be one arbitrator, an attorney at law, with expertise in transactional law (there being a strong preference for an attorney knowledgeable in the direct selling industry), selected from the panel provided by the Arbitration Panel in the jurisdiction of Lifestyles International Holdings Corporation unless the laws of the region, state or province in which the Distributor resides expressly require otherwise. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. If a Distributor files a claim or counterclaim against Lifestyles, the Distributor may only do so on an individual basis and not with any other Distributor or as part of a class action. The decision of the arbitrator shall be final and binding upon the parties and may, if need be, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any cancellation or expiration of the Independent Distributor Agreement.

90. Nothing in these Policies and Procedures shall prevent Lifestyles from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction, permanent injunction, or other available relief to safeguard and protect Lifestyles interest prior to, during, or following the filing of any arbitration or other proceeding, or pending the rendering of a decision or award in connection with any arbitration or other proceeding.

91. The existence of any Distributor claim or cause of action against Lifestyles does not preclude Lifestyles from enforcing the Distributor’s covenants and agreements contained in the Distributor Agreement.

JURISDICTION, VENUE, AND CHOICE OF LAW

92. Jurisdiction and venue of any matter not subject to arbitration shall reside in the jurisdiction of Lifestyles International Holdings Corporation unless the laws of the region, province or state in which the Distributor resides expressly require otherwise. By signing the Independent Distributor Application Agreement, all Distributors consent to jurisdiction within these two forums. The law of the jurisdiction of Lifestyles International Holdings Corporation shall govern disputes involving the Distributor Agreement.

SECTION EIGHT – RESPONSIBILITIES AND OBLIGATIONS

DOWN-LINE ONGOING SUPPORT, TRAINING

93. Any Distributor who sponsors other Distributors must fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale or delivery of product to the ultimate consumer and in the training of those sponsored. Consumers must have ongoing contact, communication and management supervision with his or her sales organization. Examples of such supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, coaching, voice mail, electronic mail, training sessions, accompanying individuals to Lifestyles meetings, training, sharing genealogy information with those sponsored. Distributors should be able to provide evidence to Lifestyles semi-annually of ongoing fulfillment of Sponsor responsibilities.

Getting advice from a mentor is one of the most valuable assets a business can enjoy. That’s why Lifestyles sets high standards of behaviour and support for Sponsors. Remember, the best Sponsors grow the best Lifestyles businesses!

INSURANCE - BUSINESS PURSUITS COVERAGE

94. Distributors may obtain private insurance coverage for their business activities.

INTERNATIONAL

95. Distributors may sell and promote Lifestyles’ products, opportunity, and services as well as recruit and enroll any potential Distributor or Customer only in countries in which Lifestyles is approved for business. The markets are as announced in official Lifestyles communications or as approved by Lifestyles in writing. If a
Distributor desires to conduct business in an authorized country other than the one in which they are registered, he/she must comply with all applicable laws and regulations for that country.

96. Products are formulated and labeled for individual countries to assure compliance with all legal and regulatory requirements specific to that particular country. Therefore Lifestyles’ products may only be purchased or sold in the country in which Lifestyles maintains an office. The transportation of Lifestyles’ products from one sanctioned country to another sanctioned country by a Distributor is strictly prohibited. The transportation of Lifestyles’ products from a sanctioned country to one in which Lifestyles does not officially do business, and where the products are not available through a local office, requires prior written authorization from Lifestyles International Management for each shipment. Contact your local office for details on any particular country.

HOLDING APPLICATIONS OR ORDERS

97. All Distributors must forward to Lifestyles any forms and applications they receive from other Distributors or applicant Distributors, or Customers, on the next business day after which the forms or applications are signed. See item 110 for further information relating to sponsorship.

INVENTORY

98. If a Distributor voluntarily surrenders or terminates his/her Independent Distributor Agreement and has purchased products for inventory purposes or sales aids while the Distributor Agreement was in effect, all unencumbered products in a usable condition when in possession of the Independent Distributor, which have been purchased within thirty (30) days, unless local laws dictate a different period, of cancellation and which are in compliance with the seventy percent (70%) rule, shall be re-purchased. The re-purchase shall be at a price of not less than eighty-five percent (85%) of the original net cost to the participant returning such goods, taking into account any sales made by or through such participant prior to notification to Lifestyles of the election to cancel. In addition, Lifestyles will honour statutory mandated buyback requirements of every jurisdiction. Lifestyles is entitled to recover all bonuses and commissions already paid on the inventory being returned as indicated in item 49.

NON-DISPARAGEMENT

99. In setting the proper example for their down-line, Distributors must not disparage other Lifestyles Distributors, Lifestyles products, the Lifestyles Career and Compensation Plan, or the Company’s employees. Such disparagement constitutes a material breach of these Policies and Procedures.

PERSONAL PRODUCT USE

100. The company’s program is built upon both retail and wholesale sales to the ultimate consumer. The company also recognizes that Distributors may wish to purchase product in reasonable amounts for their own personal or family use. For this reason, a retail sale for bonus purposes shall include sales to non-participants as well as sales to Distributors for personal or family use, which are not made for purposes of qualification or advancement. It is company policy, however, to strictly prohibit the purchase of product or large quantities of inventory in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program. Distributors may not inventory load nor encourage others in the program to load up on inventory. Distributors must fulfill published personal and down-line sales requirements, including requisite retail sales to non-participants as outlined in item 101 of the Distributor Agreement and Policy and Procedures, as well as supervisory responsibilities outlined under the section ‘Down-line Ongoing Support, Training’ item 93 to qualify for bonuses, overrides or advancements.

RETAIL / 70 PERCENT POLICY

101. Lifestyles sales and marketing program is based upon retail and wholesale sales to the ultimate consumer. This is reinforced through Lifestyles Preferred Customer Program. Every aspect of the Lifestyles Career and Compensation Plan is designed to assist our Distributors in the marketing of fine products and services to the general consuming public. As a dual consumer safeguard, it is an important policy of Lifestyles that Distributors purchase products in commercially reasonable quantities only, and under no circumstances may Distributors cause others to purchase products in amounts that are not reasonably expected to be sold to the consuming public or in unreasonable amounts for personal or family use. In furtherance of these Policies, Lifestyles has adopted specific rules on retail sales and retailing referenced as Lifestyles Retail/seventy percent (70%) Rule. In the interest of protecting the consumer and the opportunity of its Distributors, Lifestyles enforces this rule through a verification program.
LIFESTYLES RETAIL RULE

I. Sales to non-participant Retail Customers - Although the primary function of Lifestyles is to sell products to the general consuming public, Lifestyles realizes that its Distributors may purchase products for personal or family use in reasonable amounts. For this reason, Lifestyles defines a retail sale to include sales to non-participants, as well as purchases for personal or family use in reasonable amounts, which are not made solely for purposes of qualification or advancement. This is a standard followed by leading direct selling companies. Notwithstanding this policy, Lifestyles, in order to specifically further retail selling, has adopted a policy that encourages Distributors to make at least five (5) sales per month to non-participant Retail Customers.

II. Seventy Percent (70%) Rule - As with other leading direct selling companies, Lifestyles has adopted a seventy percent (70%) rule. Under this rule, Lifestyles’ Distributors may not order additional product unless they have sold or used for personal or family use at least seventy percent (70%) of previously purchased inventory-type product. This affirmation by the Distributor is required on each individual purchase by each Distributor.

III. Retail/seventy Percent (70%) Rule Audit Verification Program - In its effort to support and enforce the retail/seventy Percent (70%) rule, Lifestyles will conduct random audit verification follow-ups on a quarterly basis. Representatives of Lifestyles will contact Distributors to further verify compliance with the retail/seventy Percent (70%) rule. Distributors should maintain records and be prepared to assist Lifestyles representatives in their task.

TAXES – INCOME TAXES

102. Lifestyles will provide an income and earnings summary (Non-employee Compensation) to each Distributor as applicable in their local jurisdiction. Where an income and earnings summary is not required within a local jurisdiction the income and earnings summary will only be provided through the Personal Business Center.

103. Each Distributor is responsible for paying federal, local, state, provincial, and territorial taxes on any income generated as an Independent Distributor. Lifestyles will withhold and remit the appropriate level of income tax and will provide Distributors with written confirmation of taxes withheld or income earned as and where required by local law.

Every small business has to deal with taxation issues. However, at Lifestyles, we try to alleviate the burden wherever possible by deducting the applicable income taxes for you.

TAXES - SALES TAX (HST, GST, PST OR VAT IN DIFFERENT JURISDICTIONS AS APPLICABLE)

104. Lifestyles will collect and remit sales taxes on behalf of Distributors at the invoiced price according to applicable tax rates to which the shipment is destined. In the event a Distributor has submitted, where applicable under local law, and Lifestyles has accepted, a Sales Tax Exemption Certificate with a photocopy of the Sales Tax Registration License, sales taxes will not be added to the invoice; the responsibility of collecting and remitting sales taxes to the appropriate authorities will be upon the Distributor (not applicable in Canada or the states of Massachusetts and Texas). Exemption from the payment of sales tax is applicable only to orders which are shipped to a jurisdiction for which the proper tax exemption papers have been filed and accepted. Sales taxes will be charged on orders that are drop-shipped to another jurisdiction, based on the sales tax laws of the destination. Any sales tax exemption accepted by Lifestyles is not retroactive.

105. Lifestyles has entered into the Alternate Collection Method (ACM), an agreement with the Canadian Government whereby the Company is required to charge GST and PST, where applicable, at the retail price level of products sold to Distributors. Because of the ACM, the Company is not required to charge the taxes on Distributor commissions and bonuses. Distributors who have not elected to be Distributors in Canada will not be under the ACM and will need to register for GST if annual commission payments exceed $30,000CAD. They will also be charged GST on sales aids and freight that are non-taxable to Distributors under ACM.

LIFESTYLES CAREER AND COMPENSATION PLAN

At Lifestyles we have detailed systems to track all of your business activities in order to provide you with the best and most up-to-date analysis of how your business is doing. This also helps us to pay you promptly and accurately.

106. Royalty overrides and other bonuses, as well as all other monies paid by the Company to the Distributor, are based on the calendar month. Orders must be received at the Company's order department by the last working day (non-holiday weekday) of the month so as to be credited to that month.
Lifestyles computer system tracks your volume and that of your entire down-line, worldwide, and once a month, on or before the twentieth (20th) of the following month, sends all invoices, royalty and bonus payments, and organizational reports to you. Please allow approximately ten (10) working days for delivery. In the event that you have not received your payment after ten (10) working days, notify your local office. Replacement payments will be issued after the required banking procedures are implemented. Payments left unredeemed for more than one hundred and eighty (180) days will not be honored. An additional processing fee will be charged for issuing a replacement for lost checks within this period.

In the event that a Distributor resigns or is terminated, Lifestyles maintains the right to hold any forthcoming royalty, bonus or other payments for up to sixty (60) days, or until the matter is resolved to Lifestyles satisfaction.

107. As with other leading direct selling companies, Lifestyles has adopted minimum personal and group sales volume requirements in order for a Distributor to qualify for bonus payments. With respect to tangible products, which may be offered for purchase for resale, minimum sales volume requirements may also be fulfilled by taking orders from Retail Customers which will be fulfilled or drop-shipped by Lifestyles directly to the Retail Customer.

108. To be eligible for monthly override commissions and bonuses, the Distributor must comply with:

I. Supervisory responsibility requirements as outlined herein, under item 93;

II. The Lifestyles Career and Compensation Plan requirements;

III. Seventy percent (70%) rule on resale of wholesale product ordered, and Lifestyles Retail sales rule;

IV. The requirement that his/her down-line has retailed product which has been purchased at wholesale.

SPONSORSHIP

109. All Distributors have the right to sponsor others. In addition, every person has the ultimate right to choose his/her own Sponsor. If two Distributors claim to be the Sponsors of the same new Distributor, Lifestyles shall regard the first application received by the Local Lifestyles home office as controlling.

I. As a general rule, it is good practice to regard the first Distributor to meaningfully work with a prospective Distributor as having first claim to sponsorship, but this is not necessarily controlling. Common sense should govern this judgement.

II. As a convenience to its Distributors, Lifestyles may provide various methods of registering or informing Lifestyles of newly sponsored Distributors, including telephone registration and online registration. Until such time as the original documents or the facsimile thereof, containing all appropriate information, as well as the signature of the proposed new Distributor, are received, which must be received within five (5) business days of the telephone or online registration date, Lifestyles will only consider the incomplete telephone or online registration in the category of "intended registration". Thus, although Lifestyles is attempting to create convenience for its sponsoring Distributors, it is the responsibility of the sponsoring Distributor to deliver a completed and signed Independent Distributor Agreement to Lifestyles if the sponsor wishes to be recognized as the official sponsoring Distributor.

III. There is no "magic" involved in Lifestyles or in any business. Those who sponsor widely but do not help new Distributors develop their business meet with limited success. Therefore, a responsibility of sponsorship is to work with new Distributors, helping them learn the business and encouraging them during the critical early months.

IV. Sponsors are not required to carry inventory of products or sales aids for new Distributors. Distributors who do so, however, find building a major sales organization much easier because of the decreased response time in meeting a new Distributor’s needs.

If you want to sponsor people and have them grow your organization successfully, it is important to make sure they are registered with your Lifestyles office promptly. We recommend that you provide them with your full support, especially during their critical early months in business.

TRANSFER OF SPONSORSHIP

110. Transfer is rarely permitted and is actively discouraged. Maintaining integrity is absolutely mandatory for the success of the overall organization. In the case of unethical sponsoring, the individual may be transferred with their down-line intact. In all other events, the individual alone is transferred without any down-line Distributors being removed from the original line of sponsorship. In all cases relating to the transfer of sponsorship, Lifestyles will be the final authority.
TRANSFERS WILL GENERALLY BE CONSIDERED IN FIVE (5) CIRCUMSTANCES ONLY:

I. In the case of unethical sponsoring by the original Sponsor;

II. Two previously unrelated individual Distributors become spouses and where there is either no existing down-line in one of the distributorships or the request for transfer does not include the down-line organization of the transferee;

III. Resigning from Lifestyles entirely and waiting six (6) months to reapply under the new Sponsor;

IV. Where a request for a change is made within ten (10) days of enrollment. If you make such a request, you must also submit the written consent of your Sponsor and that person’s Sponsor. If at the time of the request you have any down-line organization in place, no change will be permitted in the line of sponsorship;

V. If you have been “inactive” (i.e., no purchases or sales of Lifestyles products or participation in any other form as a Distributor) for a period of nine (9) successive months, you may terminate your distributorship in writing and rejoin immediately under the Sponsor of your choice.

CROSS-LINE RAIDING OR SPONSORSHIP

111. Cross-line raiding is strictly prohibited. “Cross-line raiding” is defined as the enrollment of an individual or entity that already has a current Independent Distributor Agreement on file with Lifestyles, or who has had such an agreement within the preceding six (6) calendar months within a different line of sponsorship. The use of trade names, assumed names, corporations, partnerships, trusts, social insurance numbers, tax ID numbers, social security numbers, or fictitious ID numbers to circumvent this policy is prohibited. Distributors may not demean, discredit, or invalidate other Lifestyles Distributors in an attempt to entice another Distributor to become part of the first Distributor’s down-line organization.

Lifestyles wants to protect your business, and that is why we do not allow cross-sponsoring by anyone. If you are aware of any activity of this nature, please contact your local Lifestyles office.

DOWN-LINE RAIDING

112. Down-line raiding is strictly prohibited. “Down-line Raiding” is defined as the solicitation of an individual or entity that already has a current Independent Distributor Agreement or Preferred Customer Agreement on file with Lifestyles, or who has had such an agreement within the preceding six (6) calendar months, into another Company outside of Lifestyles.

‘PHANTOM’ OR ‘GHOST’ DISTRIBUTORS

113. The practice of signing ‘Phantom’ or ‘Ghost’ Distributors is strictly prohibited. Any instances of this practice will result in immediate termination of the distributorship(s) involved. ‘Phantom’ or ‘Ghost’ Distributors are individuals or entities that are not aware of or have not given their express agreement by knowingly signing a Lifestyles Independent Distributor Application and Agreement or Lifestyles Preferred Customer Application for their enrollment into Lifestyles as an Independent Distributor or Preferred Customer. In the case where there is no evidence or means to verify that the information on a Lifestyles Independent Distributor Application and Agreement or Lifestyles Preferred Customer Application is valid the application will be deemed to be a ‘Phantom’ or ‘Ghost’ Distributor.

The information in this Policies and Procedures manual exists for one reason: to support the success, ethics, longevity, and positive image of Lifestyles and its Distributors. If any part of this manual is unclear to you, please contact your local Lifestyles office for clarification. Thank you and good luck in your business!
Lifestyles is a leading global network marketing company providing health and wellness solutions to help people live better every day. Lifestyles develops and manufactures premium quality, natural source nutritional supplements, healthy eating and weight loss formulations, beauty and personal care products, sold through an Independent Distributor network throughout North America, Asia, and Europe.

www.lifestyles.net