

# Vemma Affiliate Agreement

## Terms and Conditions

(Effective June 12, 2015)

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# Vemma Affiliate Agreement

## 1. Why do we ask you to agree to Vemma's Terms and Conditions?

Welcome to Vemma. We provide the products, the opportunity and the tools, you provide the hard work. Your success depends on your own efforts; however, we will be here to help you every step of the way. We want you to succeed. This Agreement (sometimes referred to as the Terms and Conditions) contains the terms and conditions that are part of your toolkit. This provides you the information you need to operate your business properly. They answer questions like:

- How do I join Vemma?
- Can I purchase products?
- How do I earn commissions?
- How do I introduce people to Vemma products?
- How do I advertise my business?
- What other "stuff" do I need to know?

## 2. These don't look like typical terms and conditions; do I need to get the real terms?

No. Even though they are in question and answer format, these are the Terms and Conditions that apply to you and your Vemma affiliate business. If more explanation is needed, we include Endnotes so you can read further details. The Endnotes are also part of the Vemma Terms and Conditions.

## 3. Where can I get more information about Vemma?

Vemma wants you to understand the business before you get involved, so we provide you with a Disclosure Statement, which is incorporated in these Terms and Conditions and are posted on Vemma's website. When you decide to join you click on "I Agree" or you sign a hard copy application stating that you have read and understood the Disclosure Statement.

## 4. How do I become a Vemma Affiliate?

You can become an Affiliate by accepting the Affiliate agreement in the following ways.

- Online at the Vemma-hosted website of the person who introduced you to the business or the Vemma corporate website;
- By calling our Customer Service department at 1-800-577-0777 (you will need to sign the Agreement either online or by sending in a signed hard copy);
- By faxing your signed Agreement to our fax at 1-888-314-9827;
- By mailing your signed Agreement to our office at 1621 West Rio Salado Parkway, Tempe, AZ 85281; or
- By visiting the Vemma Home Office and signing the Agreement in person.

## 5. Do I need to buy Vemma products to become an Affiliate?

No, you do not need to purchase products to become an Affiliate.

## 6. Do I have to give you my tax identification number?

You will only have to give us your tax identification number (and other required forms) if your income during the year is higher than the amount set by your country's tax authorities (for example, in the US this amount is

\$600). We need this because we must report this income to the tax authorities and may need to issue you a tax form. If you do not give us your tax identification number or any other required documents within 12 weeks from the week you met the amount set by your country's tax authorities or by December 1st, whichever occurs first, your account will be considered noncompliant and will be converted to a Customer account. Accounts that are noncompliant are considered never to have been Affiliate accounts and therefore did not earn any commissions and/or bonuses. If you provide us with your tax identification number or any other required documents on or before December 1st, your account will be compliant and you will be eligible to earn commissions and/or bonuses.

## 7. When do I become a Vemma Affiliate?

You become an Affiliate once you have accepted the Affiliate agreement. We will send you an e-mail to tell you have been accepted. If we don't send an e-mail to you within five business days, your application has been rejected.

## 8. Do I pay anything to become an Affiliate?

No, you pay nothing to become a Vemma Affiliate.

## 9. Can I be a Vemma Affiliate using a corporation?

Yes. You need to fill out and sign the Operating Under a Business Name form and mail it to the Compensation Department or e-mail it to [compensation@vemma.com](mailto:compensation@vemma.com). You can find a copy of this form in your Back Office. You will need to send us your corporation's tax identification number. We need this since we must report this income to the tax authorities and may need to issue a tax form.

## 10. Can I become a Vemma Affiliate if I am younger than 18?

No. You must be 18 years of age or older to be a Vemma Affiliate. In some jurisdictions you must be 19 years of age or older to join.<sup>1</sup>

## 11. Can my spouse become a Vemma Affiliate too?

Yes, you and your spouse can join either as a single Affiliate or you each can become a separate Affiliate. If you and your spouse choose to be separate Affiliates, the affiliate businesses must (1) be in the same sales organization; and (2) you each must have the same enroller or one spouse must enroll the other.

## 12. Can I become a Vemma Affiliate with a partner?

Yes, you can join as an Affiliate with up to one other person. If you choose to enroll this way you agree that only the first person on the account will be eligible for recognition and special awards. Special awards include tangible items earned in the Rewards & Recognition program as well as recognition dinners, trips and corporately-hosted trainings and meetings.

## 13. May I change where I am placed in the sales organization?

You may change your placement only in exceptional circumstances (e.g. clerical error). You can change your placement if:

- The change request is made within 5 days of signing up;
- Vemma agrees with the change;
- The \$50 processing fee is paid; and
- When placement changes are made after bonuses are paid out, no recalculation will be done.

## 14. May I change my enroller?

Your enroller may be changed if:

- The change request is made by the current enroller;
- The request is made within 10 days of the entry date with the current enroller; and
- The \$50 processing fee is paid.
- When placement changes are made after bonuses are paid out, no recalculation will be done.

## 15. What are the benefits of being a Vemma Affiliate?

Active Affiliates in good standing can:

- Use your free Vemma Affiliate website and Vemma Smart Phone App to advertise for customers and your Back Office to manage your business<sup>2</sup>
- Retail Vemma products for a profit
- Earn commissions, bonuses, and awards
- Introduce others to your sales organization
- Get product liability insurance (insurance in case someone claims the product injured them<sup>3</sup>)

## 16. Can I have more than one Vemma Affiliate business?

Generally, no, you can only have one Affiliate business; however there are a few exceptions if:

- You were an original founding Affiliate in Vemma
- Your New Vision business was "grandfathered" on January 1, 2011
- You acquire another Affiliate business through succession<sup>4</sup>
- You are the spouse of an Affiliate

## 17. Am I an employee of Vemma?

No. You are not an employee or a distributor of Vemma, you are an independent contractor. This means that you:

- Cannot enter into contracts in Vemma's name
- Pay your own income taxes and social security tax and are not considered an employee for the purposes of the Federal Insurance Contribution Act or federal or state tax.
- Set your own hours
- Supply your own equipment
- Decide how to sell Vemma products as long as you abide by these Terms and Conditions and applicable laws.

## 18. Can I sell or give away my Vemma Affiliate business?

Yes. If approved by Vemma, you can sell your Vemma Affiliate business if you are being paid as an Executive. The sale is also subject to balanced building requirements. Vemma may require other conditions to be met in its sole discretion.<sup>5</sup> Please contact the Compliance Department for details on the sale requirements at [compliance@vemma.com](mailto:compliance@vemma.com)

## 19. How do I cancel my Vemma Affiliate business?

You can cancel your Affiliate business at any time. This can be done in writing, by telephone, or e-mail sent to Vemma Customer Service. You will not be paid any commissions or bonuses for the volume period in which you cancel your Affiliate business.

**20. Can I re-apply to Vemma after I cancel?**

If you cancel your Affiliate business, you can re-apply at any time under the Affiliate who introduced you to Vemma. If you want to re-apply under someone else, you must wait 24 weeks. When you re-apply you will be placed at the bottom of the Affiliate organization.

**21. Can Vemma cancel my Affiliate business?**

Vemma may suspend or terminate your Affiliate business, or take other disciplinary action if you violate these Terms and Conditions; violate the law, or have no activity on your account for 24 consecutive weeks.

**22. What happens if I am disciplined, suspended or terminated by Vemma?**

- You will be notified in writing of the disciplinary action, suspension or termination.
- You will have an opportunity to appeal the disciplinary action, suspension or termination, in writing.
- We will review your appeal and take action depending on the violation.
- If you are suspended or terminated, you must stop all Affiliate activities. This includes activities by your family members who are in the Vemma business with you or living in your household.
- If you are suspended or terminated, your commission payments will stop, starting on the date in which the suspension or termination occurred.
- If you were paid anything after the date of suspension or termination, we can ask for this money back.
- You cannot re-apply to be an Affiliate if you are terminated, unless approved by Vemma.

**23. May I purchase Vemma products?**

Yes. You can order on Vemma.com, 24 hours a day, 7 days a week. You can also order by telephone. Orders are placed in the volume week at the time we receive them. The volume week runs from 12:00 AM (AZ time in North America) on Friday to 11:59 PM on Thursday.

**24. Can someone else pay for my Vemma order?**

Yes, but we will not accept payments from non-Affiliates.

**25. What happens if payment for my Vemma products is returned unpaid?**

If your check or bank draft payment is returned as unpaid by your bank, you will be charged \$15. If we receive a charge back on your credit card purchase, your account will be terminated if the charge back is not resolved. If a payment is rejected or otherwise unpaid by your financial institution, we may put you on payment restrictions.

**26. Do I pay sales tax on my Vemma order?**

Yes. Vemma charges tax on taxable products and pays the taxes to the appropriate taxing authorities. Some people may be eligible to use a tax exempt certificate. Contact Customer Service if you have a tax exemption certificate.

**27. Do I have to purchase product in order to set up a Vemma account?**

No. You can call Vemma's Customer Service Department and an agent will be glad to create an account for you.

**28. Do I need to have an inventory of Vemma product?**

No. Since Vemma ships products directly to your customers, there is no need to have an inventory of products.

You may want to keep a few products on hand if you provide samples to potential customers.

**29. Should I keep Vemma product inventory on hand other than for samples?**

You must not buy product inventories to qualify for commissions and bonuses ("Inventory Loading") or encourage others to do this. This practice is strictly prohibited by Vemma. In an effort to stop Inventory Loading, we call on random orders to verify that the products have been sold or consumed. Placing a new order is your certification that 70% of the products previously purchased have been sold to or consumed by end consumers. Vemma relies on this certification in paying your commissions and bonuses, and will recover commissions and bonuses paid to your upline based upon purchases considered to be Inventory Loading. We will not issue a refund for products certified as consumed by end consumers.

**30. Can I order large quantities of Vemma products?**

You can purchase some Vemma products in 40-Packs (Bulk Packs) if you meet certain criteria.<sup>6</sup> For more information on the 40-Packs, contact Customer Service at info@vemmagroup.com.

**31. Can I pick up my Vemma order?**

Yes, but only if your country office allows product pickup. If your will call order is not picked up within 2 weeks, we will ship the product and charge your credit card on file for standard shipping.

**32. Can my customers and I set up a Vemma order that we get every month?**

Yes. If you wish, you and your customer can design your own product order that will come to you every month. A verification e-mail is sent when the automatic monthly order is first set up. Payment will be automatically charged to a credit card on the date chosen. We may process an order a few days in advance of the chosen date due to holidays or corporate events.

**33. How do I or my customers change or cancel an automatic monthly order from Vemma?**

You can change or cancel your automatic monthly order online in your Back Office or by calling Customer Service. Your customer should call Customer Service to cancel his or her automatic monthly order. The monthly orders must be cancelled at least 3 days before the billing date. If the request is received after that date, it may not be processed in time to make the change or cancel the order for the current month.

**34. Can my customers and I return Vemma product for a refund?**

Yes. If you or your customers are not completely satisfied with the Vemma products, they can return the product, or any unused portion, to Vemma within 30 days of the purchase. Shipping and handling fees are non-refundable. If your customers return the product to you, you need to provide them with the refund and send the returned product to Vemma for replacement, refund, or credit to your account. You will need to contact Customer Service to obtain a Return Merchandise Authorization Number before shipping the returned product. The returned product must be shipped pre-paid. Keep in mind that the Vemma return policy was created to allow customers to try Vemma products. So if they get a case of product, they can try up to 3 cans or one bottle and return the empty cans or bottles and the rest of the unused case for a refund. They cannot drink the entire

case and then decide to return all the empty cans or bottles.

**35. Can I return Vemma products for a refund?**

Yes. If you purchased products for personal consumption you enjoy the same return policy as your customers.

**36. Where do we send the return Vemma products?**

You send the returned product to the Vemma Returns Centers listed in the Endnotes.<sup>7</sup>

**37. What happens to the commissions and bonuses earned on returned Vemma products?**

All commissions, bonuses, advancements or awards earned upon the sale of the returned products will be reversed.

**38. Can I return Vemma products if I cancel my Affiliate business?**

Yes. If you cancel your Affiliate business, you can return marketable product that you purchased within 1 year of your cancellation for a 100% refund, less shipping and handling. Products are not marketable if they are unusable (shelf life has passed or product is opened or damaged), or they were sold as seasonal, discontinued, or special promotion products. You must follow the same procedure for other returns, including calling Customer Service for a Return Merchandise Authorization Number before shipping the returned products.

**39. How do I earn commissions from Vemma?**

You earn commissions on purchases by the customers you introduce to Vemma. You can participate in Vemma's Compensation Plan, and you can also retail products for a profit as discussed below. The Compensation Plan is part of these Terms and Conditions and you agree to operate your business according to the terms of the Compensation Plan. For more details on the Plan, please see Endnotes.<sup>8</sup>

**40. Do I have to purchase products to earn commissions?**

No. As long as your Personal Volume ("PV") point requirement has been met you do not have to purchase products. Your QV point requirement can be met by your Customer's volume.

**41. Do I need to be on auto-delivery to earn commissions?**

No, you do not need to be on auto-delivery.

**42. What are the requirements to earn commissions and bonuses?**

To earn commission and bonuses you must:

- Be Qualified, which means you have at least 120 PV points. (Each product has volume attached to it)<sup>9</sup>; and
- Have 2 Active Customers or Affiliates, one on the Left Team and one on the Right Team in your sales organization. Active means they have at least 60 QV every month.

**43. How long do I stay Active in the Compensation Plan?**

You are active as long as you have you have 60 PV every month.

**44. How are my Vemma earnings calculated?**

The Compensation Plan pays out 50% of your Commissionable Volume ("CV"). Qualifying Volume and CV are equal in the Vemma Compensation plan. You can get details on the Compensation Plan found in the Endnotes.<sup>8</sup>

**45. How much money can I make?**

We don't know how much you are going to make, if anything, since it depends on your effort, skill and commitment. Please review the Vemma Disclosure Statement in the Opportunity section of vemma.com.

**46. What happens if I do not cash my Vemma check?**

If you do not cash your check within 90 days of the date we issued it, the earnings become null and void.

**47. Can I retail Vemma products?**

Yes. You must sell products to end consumers. It is an essential part of any Vemma business. If you do, you must give your customer a Retail Receipt. A copy of the Retail Receipt form can be found in the Back Office.

**48. Can I sell Vemma products in a retail environment?**

In addition to selling person-to-person and online using your Vemma website, you can sell Vemma products in:

- Tradeshows and expositions (no flea markets, swap meets, or garage sales);
- Private clubs in areas not in view of the public; and
- Professional offices that operate by appointment, such as doctors, dentists, chiropractors.

You cannot retail Vemma products in:

- Business / Retail outlet or office;
- Online, such as eBay and other online auction sites, Craigslist , Internet store fronts, other than your Affiliate site; and
- Home shopping networks such as HSN or QVC

**49. Can my customers purchase directly from Vemma?**

Yes. Your customers can sign up to purchase directly from Vemma. If your customer later chooses to become an Affiliate, they must keep the same Sponsor and Enroller.

**50. How do I introduce people to Vemma?**

As an Affiliate in good standing, you can introduce someone to Vemma through your free Affiliate website, the Vemma smart phone app, or in person. They can join your sales organization online or by calling Customer Service.

**51. Who trains the people I introduce to Vemma?**

Vemma provides you with tools, information, and events to help you advertise and get customers, but you are responsible for training new Affiliates. This does not mean you are left on your own. Your upline leaders will help with the training, and Vemma provides training events to which you and your team will have access, if you wish. It is important to communicate regularly with your Affiliates, which should include telephone calls, e-mail, and attending meetings with them. You also need to be available to answer their questions, and to monitor their activities to ensure that they are operating by the rules.

**52. How do I advertise my Vemma business?**

Vemma provides you with advertising materials that are pre-approved. This includes printed materials, audio/video recordings, and an Affiliate website. Your first choice should be to use these materials. If you want to create your own advertising or promotional materials, they must be approved by Vemma's Compliance department before using them.

**53. Can I advertise my Vemma business on social media?**

Yes, but the content must be pre-approved by Vemma's

Compliance department.<sup>10</sup>

**54. Are there special rules for using social media for my Vemma business?**

Yes. You must keep in mind that social media's strength is in its ability to provide you with the opportunity to participate in interactive discussions and build relationships, but it is not the best place to advertise products or opportunities. It is too easy for unauthorized product and income claims to inadvertently end up on social media, which are then rapidly spread throughout the internet. To minimize these risks Vemma expects you to adhere to the social media policies in Endnote.<sup>10</sup>

**55. Can I use the Internet to advertise my Vemma business?**

Yes, but only through Vemma-provided Affiliate websites, Vemma smart phone Apps, and Vemma-provided web buttons, banners and online content. This means that you can only sell Vemma products online using the Vemma website and Vemma App, and other online tools we provide to you. You can have your own website, but it must be a generic website and cannot contain information on Vemma's products, services or opportunity. You may link your generic website to your Affiliate Website.<sup>11</sup>

**56. Can I create my own smart phone "app" for my Vemma business?**

Vemma provides smart phone apps to be used in your business. You can't create or promote any other type of app for use in a Vemma business.

**57. Can I create my own audio or video recordings to advertise my Vemma business?**

No, you cannot publish or use any live or recorded video or audio material, in any medium, for the purpose of presenting or introducing Vemma, its products, services, opportunity or compensation plan. You can publish or use videos or audios that are generic that don't contain information on Vemma, its products, services, or opportunity. You can't record speeches, conference calls, or other presentations by Vemma speakers, endorsers, corporate officers or employees.<sup>12</sup>

**58. Can I use audio and video recordings produced by Vemma?**

Yes. If you are using YouTube, you must link to our site only as Vemma will often add and refresh videos to give you the most up-to-date information relating to our business.

**59. Can I create my own marketing materials, such as flyers, brochures, CD's, videos for sale?**

No. The use of such marketing pieces are prohibited unless you receive prior written approval from the Company.

**60. Can I sell my own marketing materials, such as flyers, brochures, CD's and videos at any Company-hosted event?**

No. You cannot sell any marketing pieces at a Company-hosted event unless you receive prior written approval from the Company.

**61. May I sell "sales, customer or business leads, or other non-Vemma products and services" to other Affiliates?**

No. You may not sell "sales, customer or business leads, or other non-Vemma products and services" to other Affiliates or receive any form of payment from such activity, unless you receive prior written approval from Vemma.

**62. Can I use testimonials/endorsements to advertise Vemma's opportunity and products?**

Yes, you can use company approved testimonials or they must be pre-approved by Vemma.<sup>13</sup>

**63. Since it's my own, personal testimonial, do I still have to get pre-approval from Vemma?**

Yes, it doesn't matter whose testimonial it is, you must get prior approval from Vemma. The Food and Drug Administration is clear that you cannot make claims that a product can prevent, diagnose, treat or cure any disease, and testimonials are considered product claims. The Federal Trade Commission also has specific guidelines on how to use testimonials in advertising.<sup>13</sup>

**64. Can I use telemarketing to sell products or promote my Vemma business?**

No. You can't use telemarketing for your Vemma business, including automatic calling devices.<sup>14</sup>

**65. Do I need consent to send emails/texts/SMS/social media messages to potential customers in Canada?**

Yes, Canada's Anti-Spam Legislation (CASL) requires either verbal, written or electronic consent before you can send any type of electronic message. You must keep a record of the consent. If you have consent to send an email, you must include your mailing address and contact information (email, telephone, web address) in the email and indicate that the recipient can request that they not receive any further emails from you.

**66. In Canada, can I send an email based on a referral from someone?**

Yes, you can send one email based on a referral if you have a relationship with the person making the referral, and the person making the referral has a relationship with the recipient of the message. You must provide the full name of the referrer and the fact that the message is being sent as the result of the referral in the email. You must also include your address and contact information (email, telephone, web address) in the email.

**67. Can I list my Vemma business in the White Pages or Yellow Pages?**

Yes, but you must identify yourself or your business in the listing as a "Vemma Affiliate" or "Independent Vemma Affiliate." You must identify yourself or your business as an independent Affiliate whenever you operate your business.

**68. Can I use Vemma's Speakers or Celebrity Endorsers to sell products or promote my business?**

No. You cannot use the name, voice, photo, video, or description in any way or in any form, of any Vemma speaker or celebrity endorser to sell products or promote your business.

**69. I would like to contact the media about Vemma, can I do that?**

No. You can't contact the media about Vemma. If you are contacted by the media about Vemma, you must contact us at media@vemmma.com. You can't respond to media requests. This must be done by Vemma corporate.

**70. What claims can I make about Vemma products?**

We provide you with the claims that can be made about the Vemma products. No other claims can be made by you. Further, you can't claim that Vemma products can be used in the treatment, prevention, diagnosis, or

cure of any disease. For example, you cannot claim that drinking Vemma will help treat diabetes, heart disease, cancer, or any other disease. Please refer to the Product Claims Policy Booklet located in the Product section of vemma.com.

#### **71. Can I tell someone how much money I make in Vemma?**

Yes, but you must tell them to look at the Vemma Disclosure Statement.<sup>15</sup> These statistics provide information about earnings, including what a typical Affiliate earns. You must also tell them that there are no guarantees and their success depends on their own effort, hard work, and leadership skills. Showing someone your check, or the new car you got from your Vemma income, or telling them that you were able to quit your job is the same as telling them how much money you make. Some US states will not allow you to make any income claims.<sup>16</sup> Please refer to the Income Claims Policy Booklet located in the Opportunity section of vemma.com.

#### **72. Can I use Vemma's trademarks in advertising my business or selling products?**

We give you limited permission to use certain trademarks, logos, product names and copyrighted material in relation to your Vemma business. You do not get any ownership rights in these trademarks, logos, product names or materials. You can't use our trademarks, trade names, service marks, logos, color schemes, or product names in a domain name or social media URL unless we authorize this in writing. This also does not change the fact that you may only use Vemma marketing materials provided by or approved by Vemma. If your Affiliate business is cancelled, you lose the limited permission to use our trademarks, logos, product names and copyrighted material.

#### **73. What laws apply to my Vemma business?**

There are various laws and regulations that apply to your business. You are responsible for knowing about and complying with these laws and regulations. If you violate a law or regulation in the operation of your business your Vemma membership may be terminated.<sup>17</sup>

#### **74. Can I use the list of the Vemma Affiliates in my sales organization for other businesses?**

No. Your sales organization information is a trade secret of Vemma and confidential. You can only use this confidential information of Vemma to manage your Vemma business and you must not disclose this information. You must abide by the terms of the Confidentiality and Restrictive Covenant Agreement set out in the Endnotes.<sup>18</sup>

#### **75. Will Vemma send e-mail messages and text messages to me about my Vemma business?**

Yes. By agreeing to these Terms and Conditions, you consent to Vemma sending commercial electronic messages, including, e-mail and text messages related to your Vemma business. You can withdraw your consent at any time, but keep in mind that certain e-mails are required as part of your Vemma business.

#### **76. How does Vemma protect my privacy?**

You authorize Vemma to collect and use your personal information on the understanding that Vemma takes every step possible to protect the privacy of your personal information. Vemma may use your personal information for such things as billing issues, customer service, network management, promotions, and other

uses to help you operate your business. For more details see the online Privacy Policy at Vemma.com. You can revoke your authorization for us to collect and use your personal information, but this may affect your ability to run your business.

#### **77. Can Vemma change these Terms and Conditions?**

Yes. Because the business environment changes from time to time, Vemma has the right to make changes to these Terms and Conditions. If you decide to continue to be an Affiliate after changes to the Terms and Conditions, you agree to these changes.

#### **78. How will I be notified of changes in the Vemma Terms and Conditions?**

We will post changes to the Terms and Conditions on Vemma.com, which means that you will need to check the website regularly. Vemma will send e-mails and put notices in your Back Office for important changes. Changes to the Dispute Resolution Policy<sup>20</sup> will not apply to a dispute we know about on the date of the change to the Dispute Policy. If we decide to terminate the Dispute Resolution Policy, this termination will not be effective until 10 days after notice on Vemma.com.

#### **79. Will Vemma make exceptions to these Terms and Conditions?**

In rare situations involving unusual circumstances we may make an exception to the Terms and Conditions, but that does not mean we lose the right to require you to comply with the Terms and Conditions in the future. Whether to make an exception is solely the decision of Vemma, and any exception must be in writing and signed by an officer of Vemma.

#### **80. How do I know that other Vemma Affiliates will be ethical when running their business?**

Vemma is a family-oriented company, which means we expect Affiliates to run their business honestly, ethically, and with integrity. Every person who is accepted by Vemma as an Affiliate confirms they have not been convicted of a felony, charged with a crime against morality, or violated a court order. If an Affiliate's conduct reflects negatively on Vemma or is a danger to other Affiliates or Customers, we must be told of this immediately.

#### **81. I heard an Affiliate saying bad things about Vemma, what should I do?**

You should report this immediately to Vemma. All Affiliates agree that they will not disparage Vemma, other Affiliates, Vemma products, services, Compensation Plan or Vemma employees or officers. "Disparage" means making statements, whether true or false that:

- hurt the reputation of Vemma, Vemma Affiliates, or Vemma employees or officers;
- discredit Vemma products, services, or Compensation Plan; or
- present Vemma, Vemma Affiliates, and Vemma employees, products, services or Compensation Plan in a negative light.

Also, if an Affiliate does something illegal, is guilty of disparagement, is discourteous, deceptive, misleading, unethical, or immoral, not only does the Affiliate violate these Terms and Conditions, but they will also have to pay us for any loss or damage that Vemma might suffer. We can deduct the loss and expenses, including legal fees, arising out of such conduct from the Affiliate's commissions and bonuses.

#### **82. What happens if I violate the Vemma rules?**

If you violate the Vemma Terms and Conditions, you will be subject to Vemma's Progressive Discipline Policy. For full details on the Progressive Discipline Policy, see Endnote19. If after using the Appeal Procedure, which is part of the Progressive Discipline Policy, you do not agree with Vemma's decision, you or Vemma can ask to have a mediator help us work out the problem. If either of us chooses not to mediate or the mediation fails, then we can submit the matter to an arbitrator, not the courts. This means that there will not be a trial by a judge and jury. We both agree that our disputes will not be tried as a class action. We will use Arizona law for this matter and the arbitration will take place in Maricopa County, Arizona. If it turns out that a policy is not valid, the invalid parts of the policy will be deleted and the remaining portion will still be effective as if the invalid portion never existed. For the full details of the dispute resolution process, see the Endnotes.<sup>20</sup>

#### **ENDNOTES**

##### **1. Age of Majority – Canadian Provinces and Territories.**

The age of majority is 19 in the following provinces and territories:

- British Columbia
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Yukon

##### **2. Your Account (Back Office).**

When your application is accepted by Vemma, you will be issued a Vemma Identification Number ("VID"). Once you have a VID you can set up a user name and password to access your Back Office. To access your Back Office, go to Vemma.com and click on "Account Login" and insert your user name and password. You will then be in your Back Office where you can do things like check your order history, look at the Compensation Plan, start a home event, etc. Explore your Back Office; it is a powerful tool to help you build your business.

##### **3. Product Liability Insurance.**

There is an annual Administrative Fee of \$125 for the product liability insurance. If you decide to get the insurance, you will get a Certificate of Liability Insurance showing you are covered. You should talk to your insurance agent about your insurance needs. For more details regarding this program, please send an e-mail to productliabilityinsurance@vemmacom.com.

##### **4. Succession.**

If an Affiliate dies, his or her rights and obligations pass to his or her heir(s). The heir(s) must send Vemma an application, along with any documentation we need. The successor can be an existing Affiliate.

##### **5. Assignment of Affiliate Business.**

Assigning, pledging, encumbering, or otherwise transferring your Vemma Affiliate business is prohibited unless approved in writing by Vemma. Vemma reserves the right to make exceptions in its sole discretion to the policy regarding sale, assignment, pledge, encumbrance or transfer of a Vemma business. These exceptions could include, but not be limited to, requiring production requirements, allowing the sale of business that is not an Executive.

##### **6. 40-Packs or Bulk Packs.**

If you wish to purchase a 40-Pack (Bulk Pack) you must meet the following requirements:

- All Bulk Pack purchases must be authorized by your upline (“paid as” Presidential rank or higher). Authorizations must be submitted to Customer Service by e-mail, facsimile and/or phone and must include the Affiliate’s VID and contact information as well as the authorizing upline VID and contact information.
- Retailing in big box stores or through food distributors is prohibited.
- Store owners of retail establishments must be an active Affiliate of Vemma in order to retail the product
- Verve Energy Drinks, Verve Energy Shots and Vemma Renew are available for individual resale. Verve regular, Zero-Sugar, Bold, ParFea, Verve Energy Shots and Vemma Renew must be sold at the suggested retail price of \$3 or higher, Verve MoJoe must be sold at the suggested retail price of \$3.50 or higher and Verve Remix must be sold at the suggested retail price of \$2.00 or higher.
- Verve Energy Shots must be accompanied by a sheet or card that includes the supplement facts panel, other ingredients, usage instructions, warnings, and storage instructions at the time of purchase.
- Damaged and/or incomplete orders should be reported to Customer Service immediately.
- All Bulk Pack purchases are final. No returns will be accepted.

**7. Return Centers.** For the United States: Vemma Returns, 455 West Diamond Drive, Suite 106, Tempe, Arizona 85283 USA. For Canada, Vemma Returns Centre, c/o Direct Distribution Centres, 1615 Clark Boulevard, Brampton, ON L6T 4W1 and Vemma Returns Centre, c/o Direct Distribution Centre, 113 5555 69th Avenue S.E., Calgary, AB T2C 4Y7.

**8. Compensation Plan.** For the United States, go to <http://www.vemma.com/Backoffice/pdf/compensationPlan.pdf>. For Canada, go to <http://www.vemma.com/backoffice/pdf/compensationPlan-ca.pdf>. The Compensation Plan is incorporated by reference and are considered as part of these terms and conditions as if completely set out herein.

**9. Fast Start Bonus.** You can also earn a Fast Start Bonus (“FSB”) if you are Active, which means that you have 60 PV (volume associated with the products purchased on your account and/or half the QV from your personally enrolled Customer(s) purchase) every month. For Platinum and above Affiliates, it is 120 PV every month. If eligible you will receive the FSB on the first order of those Customers or Affiliates whom you personally enrolled. Each first sale will contribute half of the order’s normal Commissionable Volume. The FSB is subject to compression, which means that if the Enroller is inactive, then the first eligible upline Enroller will receive the FSB. You can get details on the Compensation Plan at Endnote. <sup>8</sup>

**10. Social Media.**

- a. Product claims – Social media sites cannot include claims as to the therapeutic or curative properties of any Vemma products. Product testimonials, including personal testimonials, must be truthful and not misleading and cannot include any claim that Vemma products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases. Testimonials on social media must abide by the FTC’s Testimonial Guidelines, including the obligation to disclose a material connection between the Affiliate and Vemma and that the Affiliate earns commission

on the sale of the products.<sup>14</sup>

- b. Income claims – income claims must be accurate and not misleading and the Affiliate must show, provide, or link to the Vemma Disclosure Statement located in the Opportunity section of [vemma.com](http://vemma.com).
- c. Advertising – all content on social media is subject to Vemma’s advertising policies and must be approved by Vemma prior to use. Affiliates must indicate on all social media sites promoting their Vemma business that they are an independent Vemma Affiliate.
- d. Social Media Etiquette
  - i. Make it clear in your social media postings that you are speaking on your own behalf. Never post anonymously to social media sites, especially when your post involves Vemma.
  - ii. If you communicate about Vemma, be accurate, respectful, professional, and honest.
  - iii. If you see content on social media that reflects poorly on Vemma or is a violation of Vemma policies, you should contact Vemma’s Compliance department. Protecting Vemma’s goodwill, brands, and reputation protects your business.
  - iv. Do not use Vemma’s trademarks, trade names, product names, service marks, symbols, logos, color schemes, slogans or copyrighted material, or post any confidential or proprietary information of Vemma, without prior written permission from Vemma’s Compliance department.
  - v. Do not use copyrighted material without permission, including music and videos, and where appropriate, reference sources of particular information you post or upload.
  - vi. Do not post anything that Vemma, other Affiliates, Vemma customers, suppliers, or vendors would find offensive, including pornography, ethnic slurs, obscenity, and sexist or discriminatory comments.
  - vii. Do not post anything related to Vemma, other Affiliates or Vemma customers without written permission, including without limitation, their address, email address, or other personal data.

Social media includes social networks such as Facebook, Twitter, and Google+; image services such as Instagram, Pinterest and Flickr; video sites such as YouTube, Vine, and Snapchat; and blogging sites such as Blogger, Livejournal, Wordpress, and Tumblr.

**11. Websites.** The Vemma-provided website (“Affiliate Website”) is the only authorized website in which Affiliates are allowed to promote the Vemma business opportunity, products or services, with the exception of Star Ambassadors and above. Affiliates at the rank of Star Ambassador and above can create their own Vemma-branded marketing website provided they receive prior written approval from the Compliance Department. This does not preclude Affiliates from using a generic website or training website (collectively, “Training Website”), but it must be generic and must not incorporate Vemma trademarks, trade names, product names, service marks, symbols, logos, color schemes, slogans and copyrighted material (“Intellectual Property”). These Training Websites must not contain information on Vemma’s products, services, opportunity, photos or videos of products or corporate facilities/ personnel. Affiliates may link their generic Training Website to their Affiliate Website, provided they adhere to the Linking Policies below.

**Linking Policy**

If an Affiliate chooses to link to his/her Affiliate Website or any Training Website, he/she must follow this Linking Policy.

The links must not:

- a. Imply that Vemma endorses the website’s content;
- b. Use any Vemma Intellectual Property, unless provided by Vemma;
- c. Contain content or material that could be construed as illegal, offensive, obscene, pornographic, or distasteful;
- d. Include false or misleading information about Vemma or the Vemma products, opportunity, compensation plan;
- e. Misrepresent any relationship with Vemma;
- f. Operate in violation of any applicable federal, state, provincial, district, territorial, or local law, rule, or regulation;
- g. Contain content that violates or infringes upon the copyright, trademark, trade name, patent, literary, intellectual, artistic or dramatic right, right of publicity, or privacy or any other right of any entity or person or contain material that is disparaging or libelous; and
- h. Promote the products or opportunity of any other direct selling company.

**Search Engines**

Vemma continues to ensure that the company websites appear high in the search results so that customers can find our products and opportunity. The design of Affiliate Websites does not allow an individual Affiliate to register with search engines; however, Affiliates can use paid listings. Paid listing results, which are usually identified as “Sponsored Links” or “Sponsored Sites,” can be utilized by an Affiliate. The headline of the paid listing and the keywords cannot contain Vemma Intellectual Property; however, they can contain generic statements such as “nutritional beverages,” “healthy energy drinks” and “weight loss,” so long as those statements are in accordance with the laws where the Affiliate resides.

**12. Videos and Audio Messages.** Affiliates cannot create, publish, produce, use, or maintain, directly or indirectly, any live or recorded video or audio material, in any medium, for the purpose of presenting or introducing Vemma, its products, services, opportunity or compensation plan, unless you receive prior written approval from the Company.

**13. FTC: Guides Concerning the Use of Testimonials and Endorsements.** The Federal Trade Commission has established guidelines that offer practical advice on endorsements and testimonials by consumers, celebrities and experts, Guides Concerning the Use of Testimonials and Endorsements, [http://www.ftc.gov/sites/default/files/documents/federal\\_register\\_notices/guides-concerning-use-endorsements-and-testimonials-advertising-16-cfr-part-255/091015guidesconcerningtestimonials.pdf](http://www.ftc.gov/sites/default/files/documents/federal_register_notices/guides-concerning-use-endorsements-and-testimonials-advertising-16-cfr-part-255/091015guidesconcerningtestimonials.pdf). All endorsements and testimonials must reflect the honest, accurate experiences and opinions of the endorser. Endorsements and testimonials may not contain representations that would be deceptive, or could not be substantiated. You must have adequate proof and/or scientific evidence to back up the endorsement/testimonial that the results shown are typical and clearly and conspicuously disclose

the generally expected performance in the circumstances shown for the endorsement/testimonial. Simply stating that, "Results not typical" or "Individual results may vary" is not enough.

#### 14. Telemarketing—Telephone/Fax/Computer Solicitation.

Affiliates must comply with the Telephone Customer Protection Act (TCPA), including but not limited to the Federal Communications Commission ("FCC") prohibition against unsolicited telephone marketing calls, faxes, and text messages. Federal and state laws severely restrict, and in some cases prohibit, certain types of telemarketing, including the initiation of telephone calls or messages to encourage the purchase of goods or services. The law prohibits or restricts live calls, prerecorded or artificial voice messages, and the use of automatic telephone and fax dialing machines ("autodialers"). In this regard, the following must be followed:

- a. Autodialers. Affiliates may not use autodialers to offer Vemma products, or the earnings opportunity.
- b. Prerecorded or artificial voice messages. Affiliates may not use prerecorded or artificial voice messages to offer Vemma products, or the earnings opportunity, unless:
  - (a) you have an established business relationship with the recipient, or
  - (b) you have obtained the prior express consent of the recipient to the use of such prerecorded or artificial voice messages.
- c. Unsolicited faxes & unsolicited e-mail messages. Affiliates may not send a fax message, an e-mail message or text message to anyone with whom you do not have an established business relationship, or who has not given you prior express permission to send them a fax or text message.
- d. Do Not Call Lists. Affiliates may not contact, either by telephone or by fax, any person or entity whose telephone number is on any government sponsored "Do Not Call" list, unless one of the FCC's exemptions is applicable to the specific person or entity. You must also maintain your own "Do Not Call" list that records the number(s) of any person or entity that requests that they not be contacted by you. Furthermore, you must maintain a written policy governing the "Do Not Call" list, and all personnel engaged in telephone solicitation on your behalf must be trained in the existence and use of the list. It is your responsibility to consult with your attorney to determine the requirements of federal and any state laws relating to "Do Not Call" lists, and to comply with those requirements.
- e. Further restrictions. Federal law requires that any person or entity making a telephone solicitation must, at the beginning of the message, provide the called party with the name of the individual caller and the name of the person or entity on whose behalf the call is being made. The person or entity on whose behalf the call is made must also provide a telephone number or address at which such person or entity may be contacted. In addition, no calls may be made before 8:00 a.m. or after 9:00 p.m. (local time at the called party's location).
- f. Electronic Communications. The CAN-SPAM Act of 2003, a federal law that governs the use of email messages to advertise or promote a commercial product or service, including content on an Internet website operated for commercial purposes, applies to all Affiliates who promote the sale of Vemma products or the earnings opportunity by sending email, regardless of whether the Affiliate has a pre-existing business or

personal relationship with the recipient. Failure to obey the requirements of the CAN-SPAM Act could result in criminal and civil enforcement actions, imprisonment and severe financial penalties. Affiliates may not send unsolicited commercial email or unsolicited bulk email (spam). Affiliates are prohibited from sending messages unless the Affiliate has a prior existing business or personal relationship with the recipient; or the recipient has provided prior affirmative consent to receive the message. "Prior existing business relationship" means a relationship formed by a voluntary, two-way communication between the Affiliate and the recipient based on the recipient's prior purchase, transaction, or inquiry. "Personal relationship" means a relationship based on the recipient's status as a family member, friend or acquaintance with respect to the Affiliate. "Affirmative consent" means that the recipient has expressly consented to receive the message, either in response to the Affiliate's clear and conspicuous request for such consent or at the recipient's own initiative. Consent must specifically address receipt of messages regarding Vemma products or the earnings opportunity. It is the Affiliate's responsibility to ensure his or her compliance with all laws and regulations.

**15. Disclosure Statement.** For the United States: <http://www.vemma.com/backoffice/pdf/income-disclosure.pdf>. For Canada: <http://www.vemma.com/backoffice/pdf/income-disclosure-ca.pdf>.

**16. Income Claim Restrictions.** Massachusetts and Wyoming do not allow Affiliates to make any income claims.

**17. Foreign Corrupt Practices Act.** In conformity with the United States Foreign Corrupt Practices Act, similar legislation in other countries, and with these Terms and Conditions regarding business practices, an Affiliate must not directly or indirectly make an offer, payment, promise to pay, or authorize payment or offer a gift, promise to give, or authorize the giving of anything of value for the purpose of influencing a decision or act (including a decision not to act) of an official of any Government, employee of a Government-controlled entity, or of an employee of any company or inducing such a person to use his influence to affect any such decision or act in order to assist the Affiliate or Vemma in obtaining, retaining or directing any business.

#### 18. Confidentiality and Restrictive Covenant Agreement.

##### a. CONFIDENTIAL INFORMATION

1. Sales organization reports and all other reports, including, but not limited to, sales organization information and commission recap statements, which are also trade secrets of Vemma; and
2. Information, including a formula, pattern, compilation, program, device, method, technique or process, that:
  - i. Derives independent economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use; and
  - ii. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

##### b. USE AND DISCLOSURE OF CONFIDENTIAL INFORMATION

1. Whenever Vemma makes available to the Affiliate

Confidential Information, it shall be for the sole purpose of conducting Vemma business.

2. You shall not use, disclose, duplicate or otherwise make any Confidential Information available to anyone other than Vemma Affiliates, without the prior written consent of Vemma.
3. You shall not directly or indirectly use, capitalize upon or exploit any Confidential Information for your own benefit, or for the benefit of anyone else, other than for the purpose of conducting your business for Vemma.
4. You shall maintain the confidentiality and security of the Confidential Information in your possession and protect against disclosure, misuse, misappropriation or any other action inconsistent with Vemma's rights.

#### c. FURTHER RESTRICTIVE COVENANTS

In consideration to Vemma for the receipt of Confidential Information, you further agree you shall not take or encourage any action, the purpose or effect of which would be to circumvent, breach, interfere with or diminish the value or benefit of Vemma's contractual relationships with any Vemma Affiliate or Customer.

1. Without limiting the generality of the foregoing, you agree not to:
  - i. Directly or indirectly, contact, solicit, persuade, introduce, or accept any Vemma Affiliate, Vemma Customer or anyone who has been a Vemma Affiliate or Customer for the last six months, into, or to encourage any such person in any way to promote opportunities in marketing programs of any direct sales company. This includes, but is not limited to, soliciting Vemma Affiliates or Customers to sell or purchase products or services other than the Company products or services, regardless of what type of product is sold by the other direct sales company or network marketing company.
  - ii. Directly or indirectly engage in cross-line recruiting. "Cross-line recruiting" is defined as contacting, soliciting, or persuading an individual or entity that is already a customer or Affiliate of Vemma to enroll with a different enroller. The use of a spouse or relative's name, trade name, d.b.a., assumed name, corporation, partnership, trust, Federal ID Number or fictitious ID number, or any other device or contrivance to circumvent this policy is strictly prohibited. An Affiliate shall not demean, discredit, or defame other Vemma Affiliates in an attempt to entice another customer, Affiliate or prospective Affiliate to become part of his or her organization.
  - iii. While a Vemma Affiliate, appear in, be referenced in, or allow your name or likeness to be featured or referenced in any promotional, solicitation materials for any direct sales company other than Vemma. This includes, but is not limited to, maintaining a Web site or Social Media site, or participating in conference calls or other recruiting, field or company-related events or activities for any direct sales company other than Vemma.

2. In addition, any action taken by an Affiliate while

building their sales organization that is found to be detrimental to Vemma will be subject to disciplinary action, up to and including suspension and/or termination of his or her Membership. This type of action includes, but not limited to, compensation plan manipulations and placement manipulation.

3. Violation of any provision of this Confidentiality and Restrictive Covenant Agreement ("Confidentiality Agreement") constitutes an Affiliate's voluntary resignation and cancellation of his or her membership, effective as of the date of the violation. Since the violating Affiliate has resigned, all commissions or bonuses paid for and after the calendar month in which the violation occurred must be returned to Vemma.
4. In addition to being entitled to a refund of bonuses and commissions after the date of resignation or termination and to any damages arising hereunder, in the event a person or entity violates this Confidentiality Agreement, Vemma and any Affiliate that experiences an adverse financial impact as a result of such person's or entity's violation of this Confidentiality Agreement shall be entitled to an accounting and repayment of all compensation, financial or other benefits which the person or entity directly or indirectly received and/or may receive as a result of, arising out of, or in connection with any violation of this Confidentiality Agreement. Such remedy shall be in addition to and not a limitation on any damages, injunctive relief or other rights or remedies to which Vemma is or may be entitled to at law or in equity.
5. Violations of this Confidentiality Agreement are especially detrimental to the growth and success of other Vemma Affiliates' businesses. In addition to relief sought by harmed Affiliates, Vemma may also seek and obtain from the violating Affiliate damages for violations of this Confidentiality Agreement. If litigation or arbitration is undertaken to recover commissions or damages as specified herein, the prevailing party shall be entitled to an award of legal fees and expenses.

#### d. TERM

The agreements contained in this Confidentiality Agreement of the Vemma Terms and Conditions shall remain forever and in perpetuity, except that the agreements contained in section c. 1. i "Further Restrictive Covenants" shall remain in full force and effect during the term of the previously executed Agreement between Vemma and you, and thereafter until the latter of one (1) year from your latest receipt of any Confidential Information or nine (9) months after the expiration, resignation or termination of such Agreement and the agreements in section c. 1. ii shall remain in full force and effect during the term of the Affiliate's Agreement.

#### e. RETURN OF INFORMATION

Upon termination of the Agreement between Vemma and you, you shall return all copies of the Confidential Information in the Affiliate's possession or control. Upon request by Vemma, you shall certify to Vemma, by sworn affidavit that you have returned all copies of the Confidential Information in your possession or control and that no other copies of the Confidential Information exist in your possession or control.

#### f. BREACH AND REMEDIES

You acknowledge that Vemma would suffer irreparable harm as a result of any unauthorized disclosure or use of the Confidential Information and that monetary damages are insufficient to compensate Vemma for such harm. Therefore, if you are in breach of these Terms and Conditions, Vemma is entitled to a temporary restraining order or injunction, without notice to you, restraining any unauthorized disclosure or use of the Confidential Information in addition to any other available remedy, including damages. In any such action, if Vemma prevails, you agree you are to reimburse Vemma for its costs and reasonable attorneys' fees incurred in connection with taking the legal action.

#### 19. Progressive Discipline Policy and Appeal Process.

Vemma has adopted a progressive discipline policy ("Discipline Policy") to identify and address violations of these Terms and Conditions by Affiliates. The Discipline Policy applies to any and all Affiliate conduct that Vemma, in its sole discretion, determines must be addressed by discipline. Vemma need not resort to progressive discipline, but may take whatever action it deems necessary to address the issue at hand. The Company takes a comprehensive approach regarding discipline and will attempt to consider all relevant factors during the following progressive disciplinary process:

**Warning Letter.** An Affiliate will be given a written warning when he or she engages in conduct involving a minor violation of the Terms and Conditions, in which nobody was harmed. Examples of such violations include but are not limited to:

- Using Vemma's intellectual property without our permission; (i.e., domain names, social media URLs, etc.);
- Minor non-compliant product claims
- Erroneous or misleading income claims
- Income claims without the required accompanying income disclaimer
- Erroneous or misleading testimonials made without the required accompanying disclosures
- Advertising/marketing pieces without prior approval
- Selling products through online Internet store fronts (i.e., Ebay, Craigslist, etc.)
- Selling products through retail outlets without prior approval
- Unapproved use of Celebrity endorsements

As the first step in the progressive Discipline Policy, a written warning is meant to alert the Affiliate that a violation exists that must be addressed. A written warning remains in effect for 10 business days. If the violation is not corrected within 10 business days, Vemma will move to the next level of discipline.

**Fine.** A fine is used for more serious violations than a written warning. Examples of such violations include but are not limited to:

- Serious non-compliant product claims
- Serious erroneous or misleading income claims
- Unapproved videos
- Unapproved websites
- Unapproved social media posts

A fine will also be imposed when an Affiliate engages in additional violating conduct during the period that a written warning is in effect or if the violation that is the subject of a written warning is not corrected. The amount of the fine is in the discretion of Vemma, but is related to the nature of the violation. The fine will be collected by withholding the Affiliate's check. The fine can be released after 90 days if the violation is corrected. Fines that are forfeited will go into the SAFE Program account, unless the funds are needed to pay for legal fees and/or costs incurred in relation to the violation.

**Probation.** Probation will be imposed when an Affiliate engages in conduct in violation of the Terms and Conditions, in which someone is harmed, but the violation was done without malice. Examples of such violations include but are not limited to:

- Serious non-compliant product claims
- Serious erroneous or misleading income claims
- Creating duplicate accounts
- Failure to correct violation

Probation does not disqualify the Affiliate from receiving commissions, but it does include a fine and disqualifies them for Rank Advancement bonuses and Premier Club bonuses. Probation remains in effect for 90 days for less serious violations and 180 days for serious violations. The fine will be released after the Probation period if the violation is corrected. Any additional serious violations will result in immediate suspension or termination.

**Suspension.** Suspension will be imposed when an Affiliate engages in conduct involving a serious violation of the Terms and Conditions, which, if proven, would warrant termination. Examples of such violations include but are not limited to:

- Flagrant non-compliant product claims (e.g. cures cancer, diabetes, heart disease) or non-compliant income claims
- Theft from customers
- Credit card fraud
- Recruiting for other MLM's
- Cross recruiting
- Repetitive violations of the Terms and Conditions
- Threats to employees or others
- Inappropriate or illegal behavior
- Repeat offenses for product claims

The suspension will remain in effect for a reasonable period of time for Vemma to investigate the violations. Affiliates cannot conduct Vemma business while suspended. Following the investigation, Vemma Compliance will implement one of the following:

- Close the case and reinstate the Affiliate
- Send a warning letter with a provision that if another violation occurs, the Affiliate will be immediately terminated.
- Fine the Affiliate without the right of release of the fine.
- Termination

**Termination.** Termination is imposed when the Affiliate's conduct involves a serious violation of the Terms and Conditions. Examples of such violations include but are not limited to:



- Flagrant non-compliant product claims (e.g. cures cancer, diabetes, heart disease) or non-compliant income claims
- Theft from customers
- Credit card fraud
- Recruiting for other MLM's
- Cross recruiting
- Repetitive violations of the Terms and Conditions
- Threats to employees or others
- Inappropriate or illegal behavior
- Repeat offenses for product claims

Affiliates that are terminated will be subject to a permanent revocation of all privileges associated with being a Vemma Affiliate, including but not limited to the loss of:

- The right to operate a Vemma business;
- All rights and interest in their sales organization (downline);
- All commissions and bonuses from the date of the violation;
- The right to purchase Vemma products;
- The right to hold oneself out as a Vemma Affiliate; and
- Access to the Affiliate's account and Vemma Affiliate website.

Vemma will also have the right to commence legal proceedings for monetary and/or equitable relief in situations deemed appropriate.

Vemma will generally take disciplinary action in a progressive manner, but it reserves the right, in its sole discretion, to decide whether and what disciplinary action will be taken in a given situation, including the right to proceed to a fine, suspension or termination without the need to impose other disciplinary steps, depending on the severity of the violation.

**Appeal Process.** An Affiliate may appeal any final disciplinary decision of Vemma Compliance, except for a warning letter.

If an Affiliate wishes to appeal the disciplinary decision of Vemma Compliance they can send their written appeal to the Vemma Appeal Board via mail, overnight mail or email (compliance@vemmas.com). The written appeal must be received by the Appeal Board within 10 business days of Vemma's final disciplinary decision notification to the Affiliate. Affiliates and Vemma will not be represented by an attorney during the appeal process.

The Appeal Board will convene a hearing within 10 business days of receipt of the written appeal. The hearing can be by telephone. Five days prior to the Appeal Board hearing, Vemma Compliance will send the Appeal Board members a summary of the violation and supporting documentation.

The Appeal Board consists of the Executive Vice President, Chief Operating Officer and one Affiliate (Royal Ambassador or above). The two Vemma executive members of the Appeal Board will choose the Affiliate member.

Verbal presentations may be made by the Affiliate and Compliance, but will be limited to a maximum of 10 minutes each. Both the Affiliate and Compliance will have an opportunity to ask questions after the verbal presentations. After the presentations and the question

period, the Affiliate and Compliance representatives will be dismissed from the hearing and the Appeal Board will deliberate and vote. The decision of the Appeal Board is based upon a simple majority. Written notice of the Appeal Board decision will be made within 10 business days and will be sent by Vemma Compliance.

**20. Dispute Resolution / Waiver of Jury Trial.** If a dispute arises relating to any relationship between or among Vemma, its Affiliates, officers, employees, distributors or vendors, or arising out of any products or services sold by Vemma, the parties agree to attempt in good faith to resolve any such dispute in an amicable and mutually satisfactory matter. To use the Dispute Resolution process herein, the dispute must have been handled according to the Appeal Process in the Progressive Discipline Policy and Appeal Process set out in Endnote.<sup>20</sup>

In the event such efforts are unsuccessful, either Party may serve a Notice of Mediation/Arbitration on the other Party. Notice of Mediation/Arbitration shall be personally delivered or sent by prepaid registered airmail or air courier, and shall be effective upon receipt thereof by the Party to whom it is addressed. Proof of receipt shall be a receipt signed by an officer or responsible official of the Party to whom it is addressed. The Notice of Mediation/Arbitration shall be dated, and without prejudice to any right under the applicable rules permitting subsequent modifications, it shall specify the claims or issues that are to be addressed in the mediation/arbitration. The Parties shall thereafter schedule a mediation to occur in Maricopa County, Arizona, within forty-five (45) days of receipt of the Notice of Mediation/Arbitration.

If the dispute cannot be resolved by mediation, or a party chooses not to mediate a dispute, the Parties agree that in order to promote to the fullest extent reasonably possible a mutually amicable resolution of the dispute in a timely, efficient and cost-effective manner, they will waive their respective rights to a trial by jury and settle their dispute by submitting the controversy to binding arbitration in accordance with the commercial rules of the American Arbitration Association ("A.A.A.") then in effect, except that all Parties shall be entitled to all discovery rights allowed under the Federal Rules of Civil Procedure. The A.A.A. rules are available at [https://www.adr.org/aaa/ShowProperty?nodeId=/UCM/ADRSTG\\_004103&revision=latestreleased](https://www.adr.org/aaa/ShowProperty?nodeId=/UCM/ADRSTG_004103&revision=latestreleased), or by contacting Vemma's Customer Service Department and request to have the A.A.A. Rules mailed to you. Notwithstanding the foregoing and the A.A.A. Rules, the following shall apply to all arbitration proceedings:

- All Parties shall be entitled to all discovery rights allowed under the Federal Rules of Civil Procedure as those rules exist in the United States Federal Court for the District of Arizona;
- The United States Federal Rules of Evidence shall be strictly applied to all arbitration proceedings;
- The parties shall also be entitled to bring motions pursuant to Rules 12 and/or 56 of the Federal Rules of Civil Procedure; and
- If a claim is for less than \$1,000, the arbitration hearing may be held telephonically if the Affiliate wishes to do so. If the Affiliate does not wish to hold the arbitration hearing telephonically, or if the claim is for \$1,000 or more, the arbitration hearing shall not be held telephonically, but rather, shall be held in-person in Phoenix, Arizona.

The Parties shall attempt to select a mutually agreeable mediator/arbitrator. If no agreement on a mediator/

arbitrator can be reached within fourteen (14) days of the first written notice of intent to mediate/arbitrate, and the parties do not mutually agree to waive this provision, a mediator/arbitrator shall be selected in accordance with the Commercial Rules of the A.A.A. from A.A.A.'s panel of mediators/arbitrators. Either Party may elect to participate in the mediation and/or arbitration telephonically.

This Agreement and the rights of the parties hereunder shall be governed and construed in accordance with the laws of the State of Arizona, exclusive of its conflict or choice of law rules. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding the foregoing provision with respect to the applicable substantive law, any arbitration conducted pursuant to the terms of this agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. 1, et. seq. and the judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitration shall be conducted on an individual, not class-wide basis, and any proceeding between the parties may not be consolidated with another proceeding between one of the parties and any other entity or person.

The Parties further expressly agree: (i) the arbitrator shall only reach his decision by applying strict rules of law to the facts, (ii) the arbitration shall be conducted in the English language, (iii) the sole and exclusive jurisdiction and venue for the arbitration shall be in Maricopa County, Arizona, (iv) the Party in whose favor the arbitration award is rendered shall be entitled to recover costs and expenses of the arbitration including, but not limited to, attorneys' fees and the cost and expense of administering the arbitration proceedings, as well as any costs and attorneys' fees incurred in executing or enforcing the arbitration award; and (v) the arbitral award shall be issued in Maricopa County, Arizona, USA. Except as provided in the following sentences, no Party shall be entitled to commence or maintain any action in a court of law upon any matter in dispute until such matter has been submitted and determined as provided herein and then only for the enforcement of such arbitration award. Provided that, notwithstanding this dispute resolution policy, either Party may apply to a court of competent jurisdiction in Maricopa County, Arizona, to seek injunctive relief before or after the pendency of any arbitration proceeding. The institution of any action for injunctive relief shall not constitute a waiver of the right or obligation of any Party to submit any claim seeking relief, other than injunctive relief, to arbitration. Judgment upon the award may be entered by the United States District Court or Maricopa County Superior Court located in the State of Arizona, or application may be made to such court for the judicial acceptance of the award and order of enforcement, as the case may be if the arbitrator's award or decision is not complied with within seven (7) days of the issuance of the arbitrator's award or decision. Arbitration shall be the sole and exclusive procedure for resolution of disputes between the parties, including any disputes that might arise after termination of this agreement.

The Parties acknowledge and understand that they would have had a right to litigate disputes through the courts, but have agreed to resolve disputes through arbitration, including an agreement that no claim shall be adjudicated, in arbitration or in any judicial proceeding, as a class action, and that no arbitration conducted pursuant to the Agreement terms and/or Terms and Conditions shall allow class claims, or

consolidation or joinder of claims or parties. If you do not wish to be bound by the arbitration provisions herein, you must notify Vemma in writing 30 days from the date of acceptance of the agreement, or revision of this Dispute Resolution Agreement, by email at [compliance@vemma.com](mailto:compliance@vemma.com). By opting out, your membership will be changed from an Affiliate to a Customer, which will still allow you to purchase Vemma's products.

If a current or former Affiliate breaches any of his/her/its obligations contained in the Terms and Conditions, the applicable post-cancellation restrictions will be extended by and tolled for the length of time that the current or former Affiliate is in breach.