



POLICIES & PROCEDURES

1. INTRODUCTION

The Kyäni Policies and Procedures govern your rights as a Kyäni Independent Distributor. You should familiarize yourself with the contents of these Policies and Procedures, and any questions you may have regarding the Policies and Procedures should be directed to the Kyäni Customer Service staff.

- a. **Policies and Compensation Plan Incorporated into Distributor Agreement:** These Policies and Procedures, in their present form and as amended from time to time by Kyäni, Inc., or any Kyäni, Inc. Affiliate, (hereafter collectively "Kyäni" or the "Company"), are referred to in the Kyäni Distributor Agreement. Where these Policies and Procedures are incorporated into the Kyäni Distributor Agreement by specific reference, these Policies and Procedures constitute an official part of that agreement.

Where these Policies and Procedures are not specifically incorporated into that agreement, they nevertheless reflect the official position of Kyäni with respect to the terms thereof, and any violation of these Policies and Procedures may constitute a breach of an Independent Kyäni Distributor's obligations under that agreement, subjecting the Distributor to the termination provisions of the agreement. Hereafter, when the term "Agreement" is used, it collectively refers to the mutual obligations between Kyäni and the Independent Kyäni Distributors as evidenced in the Application and Agreement, these Policies and Procedures, the Kyäni Global Compensation Plan, and (when applicable) the Kyäni Business Entity Application.

It is the responsibility of each Distributor to understand and adhere to the most current version of these Policies and Procedures. When sponsoring a new Distributor, the sponsoring Distributor should help the new Distributor applicant to understand this ongoing obligation.

- b. **Purpose of Policies:** Kyäni produces innovative products and markets those products through Independent Distributors. Kyäni invests heavily in providing marketing materials, developing brand value for the Company and developing Distributor compensation systems. Still, the success of the Company and the success of Distributors is ultimately dependent upon the integrity of the individual men and women who market the products. Because Kyäni Distributors are independent business enterprises, Distributors have broad latitude in how they choose to operate, and to determine the times and methods of their work. Notwithstanding this independence, Kyäni reserves a contractual right to protect its intellectual property, to prevent unsupportable product claims, and to preserve the integrity of its business model. These Policies and Procedures are designed to accomplish this. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. If you

have any questions regarding any policy or rule, do not hesitate to seek an answer from anyone in your upline or Kyäni.

- c. Changes to Distributor Agreement:** Kyäni may amend the Distributor Agreement in its sole and absolute discretion. By signing the Distributor Agreement, a Distributor agrees to abide by all amendments or modifications that Kyäni elects to make. Amendments shall become effective upon publication of notice of those amendments in published Kyäni materials or the Back Office. The Company will make available to all Distributors a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official website; (2) electronic mail (e-mail); (3) inclusion in Company periodicals; (4) inclusion in product orders or bonus checks; or (5) special mailings. The continuation of a Distributor's Kyäni business or a Distributor's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.
- d. Delays:** Kyäni shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impractical due to circumstances beyond its control. This includes, but is not limited to, strikes, labor difficulties, riot, war, fire, death, forces of nature, supply shortages, or government decrees, judgments or orders.
- e. Policies and Provisions Severable:** If any provision of the Agreement, in its current form or as may be hereafter amended, is found by any court of competent jurisdiction to be invalid or unenforceable for any reason, only the invalid portion(s) of the offending provision shall be severed and the remaining terms and conditions shall remain in full force and effect and shall be unaffected thereby.
- f. Waiver:** Kyäni never gives up its right to insist on, and enforce, compliance with the Agreement and the applicable laws governing the conduct of a Distributor. No delay or failure by Kyäni to exercise any right or power under the Agreement or to insist upon strict compliance by a Distributor with any obligation or provision of the Agreement, shall constitute a waiver of Kyäni's right to demand exact compliance with the Agreement. Waiver by Kyäni can be affected only in writing by an authorized officer of the Company. Kyäni's waiver of any particular breach by a Distributor, or Kyäni's waiver of any particular provision of the Distributor Agreement or these Policies and Procedures shall not affect or impair Kyäni's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. Any delay or omission by Kyäni in exercising any right arising from a breach by a Distributor shall not be deemed to be a continuing waiver, nor shall it affect or impair Kyäni's rights as to that or any subsequent breach thereof.

The existence of any claim or cause of action of a Distributor against Kyäni shall not constitute a defense to Kyäni's enforcement of any terms or provisions of the Agreement or these Policies and Procedures.

2. BECOMING A DISTRIBUTOR

- a. Requirements to Become a Distributor:** To become a Kyäni Distributor, each applicant must:
- i. Be of legal age at the date of application submission and meet all other requirements by law to enter into a contract;
 - ii. Provide true and accurate information regarding identity and location of residence as the Company may require from time to time.
 - iii. Submit a properly completed (electronic or physical) Distributor Application and Agreement to Kyäni or provide complete information; and;
 - iv. Pay the applicable enrollment fee to purchase the Starter Pack selected by the Distributor.
 - v. Provide a unique identifying number for tax or business purposes as issued by the country where Distributor is applying for Kyäni membership.

The Company reserves the right to reject any applications for a new Distributor or applications for renewal, and may do so in its sole and absolute discretion.

- b. New Distributor Registration:** New Distributors must be sponsored online at Kyäni's official websites or at the Sponsor's replicated Kyäni website.
- c. Distributor Benefits:** Once the Distributor Application and Agreement has been accepted by Kyäni, the Distributor is eligible to participate in the Kyäni Global Compensation Plan. As permitted by local law and Company policy for your location, these benefits include the right to:
- i. Purchase Kyäni products at the Distributor price;
 - ii. Be paid the applicable commissions and bonuses as set forth in the Kyäni Global Compensation Plan;
 - iii. Participate in any promotions, incentive programs or other contests as announced by Kyäni from time to time;
 - iv. Enroll or sponsor other individuals as Customers or Distributors into the Kyäni business;
 - v. Receive periodic Kyäni literature and other Kyäni communications;
 - vi. Participate in Kyäni-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable.
- d. Term of Agreement:** The Distributor Agreement term shall begin on the date of acceptance by Kyäni, and continue thereafter until cancelled as provided for herein or in the Distributor Agreement.

3. OPERATING YOUR KYÄNI BUSINESS

- a. Adherence to the Kyäni Global Compensation Plan:** Distributors shall not offer the Kyäni opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Kyäni literature, or in any way vary from the exclusive use of Kyäni's official forms. Distributors shall not require or encourage participation in Kyäni in any manner that varies from the program as set forth in official Kyäni literature. Similarly, Distributors shall not require or encourage others to make any purchase from, or payment to, any

individual or other entity to participate in the Kyäni Global Compensation Plan other than those purchases or payments identified as recommended or required in official Kyäni literature.

- b. Advertising In General:** All Distributors shall safeguard and promote the good reputation of Kyäni and its products. The marketing and promotion of Kyäni, the Kyäni opportunity, the Global Compensation Plan, and Kyäni products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.
- c. Identification of Rank:** All Distributor marketing materials, whether in print or electronic media, must clearly and correctly state the Distributor rank according to the currently published ranks awarded by Kyäni. Use of any deceptive or unauthorized rank or title is a violation of the Distributor Agreement and these Policies and Procedures. For example, Diamond is a currently acceptable rank designation. Diamond RVP, or Diamond Manager are not as they improperly include additional designations that are not recognized or awarded by Kyäni.
- d. Business Reputation:** To promote both the products, and the tremendous opportunity Kyäni offers, Distributors must use the sales aids and support materials produced by Kyäni. In the alternative, Distributor may develop their own sales aids and support materials if the Distributor obtains written approval and authorization from Kyäni in order to comply with the vast and complex legal requirements of national and local laws. Violation of this policy (including unauthorized Internet advertising) not only constitutes a material breach of the Agreement, but it endangers the Kyäni opportunity for all Distributors.
- e. Distributor Meetings:** Distributors shall not conduct any meeting, or use any Kyäni facility provided for Distributor meetings, to promote products or services from any non-Kyäni company, or to promote any religious, social or fraternal organization or group. All presentations at any Distributor meetings shall be in conformance with local laws and regulations, and the content shall be consistent with officially published Kyäni marketing materials for the country in which the Distributor meeting takes place.
- f. Spamming and Unsolicited Mass Communications:** Except as provided in this section, Distributors may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or "spamming" relative to the operation of their Kyäni businesses. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting Kyäni, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Distributor has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between a Distributor and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Distributor; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.
- g. Telemarketing:** Except as more specifically restricted by local law, Distributors must not engage in telemarketing relative to the operation of their Kyäni businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Kyäni product or to recruit them for the Kyäni opportunity. "Cold calls" made to prospective

Customers or Distributors that promote either Kyäni's products or the Kyäni opportunity constitute telemarketing and are prohibited.

Notwithstanding the foregoing, a Distributor may place telephone call(s) to a prospective Customer or Distributor (a "prospect") under the following limited situations:

1. If the Distributor has an established business relationship with the prospect. An "established business relationship" is a relationship between a Distributor and a prospect based on:
 2. The prospect's purchase, rental, or lease of goods or services from the Distributor within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or services: or
 3. A financial transaction between the prospect and the Distributor within the eighteen (18) months immediately preceding the date of such a call.
 4. The prospect's personal inquiry or application regarding a product or service offered by the Distributor within the three (3) months immediately preceding the date of such a call.
5. If the Distributor receives written and signed permission from the prospect authorizing the Distributor to call. The authorization must specify the telephone number(s) which the Distributor is authorized to call.
6. Distributors may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom a Distributor has at least a recent first-hand relationship (i.e., the Distributor recently personally met him or her). Bear in mind, however, that if a Distributor makes a habit of "card collecting" from everyone he or she meets and subsequently calling them, local law may consider this a prohibited form of telemarketing. Thus, if Distributors engage in calling "acquaintances", the Distributor must make such calls on an occasional basis only and not as a routine practice.

In addition, Distributors shall not use automatic telephone dialing systems relative to the operation of their Kyäni businesses. The term "automatic telephone dialing system" means equipment that has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

- h. Distributor Websites:** Except as provided in this section and section (i) below, if a Distributor desires to utilize an Internet web page or website to promote his or her Kyäni business, no Distributor may independently design a website that uses the names, logos, or product descriptions of Kyäni or otherwise promotes (directly or indirectly) Kyäni products or the Kyäni opportunity. All images on the Distributor website shall be from the official downloads section for such Distributor's country of residence, and the site shall clearly identify the Distributor name, contact information and contain the term "Kyäni Independent Distributor".

National and local laws regarding the Internet, including promotional web are complex. Violations of the law by Distributors may subject Kyäni to possible regulatory enforcement actions that could jeopardize the company and all Distributors' businesses.

Accordingly, Kyäni strongly encourages all Distributors to utilize the company's self-replicating web site. These web sites are developed and maintained by Kyäni to ensure that they comply with all applicable areas of law.

Kyäni may allow a Distributor to develop his or her own web site as long as certain conditions are met. These include:

- i. A Distributor must submit a Request for Authorization of an Independent Web Site in writing prior to the creation of his or her web site. Requests for Authorization should be sent to the Compliance Department. Authorization for an independent web site is in the sole and absolute discretion of Kyäni.
- ii. In addition, the Distributor shall pay the cost of any legal review that is necessary for the Distributor's independent web site.

In the event that Kyäni concludes that the proposed independent web site is not acceptable, it will inform the Distributor that the site must be modified, and that approval will be withheld until such modifications are made. No Distributor may make his or her independent web site available to the public until he or she receives written approval from Kyäni.

No changes or modifications may be made to the authorized web site, subject to the following:

In the event that a Distributor desires to alter a previously authorized web site, he or she must submit a Request for Modification of an Independent Web Site and a change fee of \$100. The Request for Modification must specifically indicate each and every change or addition a Distributor desires to make. Changes may not be published to the web site until the Distributor receives approval, in writing, from Kyäni.

- i. **Distributor Websites and Online Sales:** Distributors may only conduct online sales through a Distributor website with the approval of the Kyäni Corporate Office. Any Distributor granted such permission shall strictly comply with the following restrictions:
 1. Products may not be sold for less than the currently published Distributor wholesale price;
 2. Distributors may not link to an online site such as eBay, Amazon or a similar online retailer;
 3. Distributors may not offer products for sale in any Country where Kyäni is not officially open, and the identification of a Country as officially open shall be at the sole and absolute discretion of Kyäni;
 4. Distributors must use approved company images and assets as identified in the Back Office downloads section;
 5. Distributors may not sell any other products either separately or combined with any Kyäni products, unless otherwise approved in advance in writing by Kyäni.
 6. The URL must contain the phrase "kyanidist" or "kyaniteam" together with some other unique identifier for the Distributor. No product names, countries, markets or territories may be included in the URL without the prior written permission of Kyäni. By way of

example, the URL www.wellnesskyanidist.com or www.healthykyaniteam.com would be acceptable. The URL www.kyanigermany.com would not.

7. Kyäni reserves the right to accept, deny, approve, or revoke any proposed Distributor website in its sole and absolute discretion.
- j. Domain Names and E-Mail Addresses:** Distributors may not use or attempt to register any of Kyäni's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Nor may Distributors incorporate or attempt to incorporate any of Kyäni's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any electronic mail address.
1. Any e-mail address that uses the Kyäni name, must include "Kyänidist" or "Kyäniteam" and some other identifier. For example, john.doe.kyanidist@gmail.com or john.doe.kyaniteam@gmail.com would be acceptable.
 2. If "Kyänidist" or "Kyäniteam" is included in the e-mail address the signature line of the e-mail address must also contain the name of the Distributor and the words "Kyäni Independent Distributor" or "Kyäni Independent Distributor Team".
- k. Social Media Accounts:** If Kyäni is to be used in Social Media, any usernames that have Kyäni in them must contain "Kyänidist" or "Kyäniteam" in them. No other variations will be accepted. Usernames may not have Kyäni by itself, or any Kyäni specific product or trade names such as "Sunrise", "Sunset", "PayGate Accumulator", etc. All images posted to a social media account that relate to Kyäni products must be officially approved Kyäni images and assets obtained from the Back Office.
- l. Business Cards:** All business cards must contain the Kyäni Independent Distributor logo. The Distributor shall not have any reference or any content on the card that would reasonably lead a person receiving such card that the Distributor is an employee of Kyäni. If the Distributor chooses to publish his or her rank on the business card, any such rank designation must be accurate.
- m. Trademarks and Copyrights:** Kyäni will not allow the use of its trade names, trademarks, designs, or symbols by any person, including a Kyäni Distributor, without its prior, written permission. Distributors may not produce for sale or distribution any recorded company events and speeches without written permission from Kyäni; nor may Distributors reproduce for sale or for personal use any recording of company-produced audio or video tape presentations.
- n. Media and Media Inquiries:** Distributors must not attempt to respond to media inquiries regarding Kyäni or its products or with regard to Kyäni in respect of their independent Kyäni business. All inquiries by any type of media that involves Kyäni in any respect must be immediately referred to Kyäni's Public Relations Department. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.
- o. Bonus Buying:** "Bonus buying" includes: {a) the sponsoring of individuals or entities without the knowledge of and/or execution of an Independent Distributor Application and Agreement by such individuals or entities; {b) the fraudulent sponsoring or enrollment of an individual or entity as a Distributor or Customer; {c) the sponsoring or attempted sponsoring of non-existent individuals or entities as Distributors or Customers {"phantoms"}; or {d) the use of a credit card by or on behalf

of a Distributor or Customer when the Distributor or Customer is not the account holder of such credit card. Bonus buying constitutes a material breach of these Policies and Procedures, and is strictly and absolutely prohibited.

- p. **Business Entities:** A corporation, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a Kyäni Distributor by submitting its Certificate of Incorporation, Partnership Agreement or trust documents, and the Internal Revenue Service SS4 Document (these documents are collectively referred to as the "Entity Documents") to Kyäni, along with a properly completed Business Entity Registration form. If a Distributor is sponsored online, the Entity Documents and Business Entity Registration form must be submitted to Kyäni within 30 days of online sponsoring. A Kyäni business may change its status under the same sponsor from an individual to a partnership, corporation or trust, or from one type of entity to another, but will require the normal Change of Ownership process be followed. The Business Entity Registration form must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to Kyäni. Business Entity changes cannot be used to circumvent Change of Genealogy or Change of Ownership rules.
- q. **Changes to the Kyäni Business:** Each Distributor must immediately notify Kyäni of all changes to the information contained on his or her Distributor Application and Agreement by submitting a written request, a properly executed Distributor Application and Agreement with the correct information, and appropriate supporting documentation.
- r. **Change of Genealogy:** To protect the integrity of all marketing organizations and safeguard the hard work of all Distributors, Kyäni strongly discourages changes in genealogy. Maintaining the integrity of trees or structures is critical for the success of every Distributor and marketing organization. Accordingly, the transfer of a Kyäni business from one upline to another is rarely permitted.

Requests for change of genealogy must be submitted in writing to the Distributor Services Department, and must include the reason for the transfer. Transfers will only be considered in the following two (2) circumstances:

- i. In cases involving fraudulent inducement or unethical sponsoring, a Distributor may request that he or she be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent sponsoring practices shall be evaluated on a case by case basis.
- ii. The Distributor seeking to transfer submits a properly completed and fully executed Change of Genealogy Form which includes the written approval of all of the affected upline Distributors. If an upline Distributor fails to respond to the request for approval within the thirty days, the failure to respond shall be deemed a consent to the proposed transfer. Changes of Genealogy are only permitted within the first 30 days after enrollment. Changes after this date are not permitted. Downline Distributors will be moved with the transferring Distributor unless otherwise requested. Transferring Distributors must allow thirty (30) days after the receipt of the Change of Genealogy Forms by Kyäni for processing and verifying change requests. There is a special provision within the first 10 days where a Change of Genealogy Form is not required.

During this time a sponsor may send from their email address on file to changes@kyanicorp.com. After 10 days a form is required.

s. Unauthorized Claims and Actions

1. *Indemnification:* A Distributor is fully responsible for all of his or her verbal and written statements made regarding Kyäni products and the Global Compensation Plan which are not expressly contained in official Kyäni materials. Distributors agree to indemnify Kyäni and Kyäni's directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Kyäni as a result of the Distributor's unauthorized representations or actions. This provision shall survive the termination of the Distributor Agreement.
2. *Product Claims:* No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Kyäni may be made except those contained in official Kyäni literature as applicable to the destination country of sale. In particular, no Distributor may make any claim that Kyäni 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 do such claims violate Kyäni policies, but they are potentially dangerous and may violate various national and local laws.
3. *Income Claims:* In their enthusiasm to sponsor prospective Distributors, some Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counter-productive because new Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At Kyäni, we firmly believe that the Kyäni income potential is great enough to be highly attractive, without reporting the earnings of others. Moreover, national and local laws often regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Distributors may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact Kyäni as well as the Distributor making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because Kyäni Distributors do not have the data necessary to comply with the legal requirements for making income claims, a Distributor, when presenting or discussing the Kyäni opportunity or Global Compensation Plan to a prospective Distributor, may not make income projections, income claims, or disclose his or her Kyäni income (including the showing of checks, copies of checks, bank statements, or tax records). Hypothetical income examples that are used to explain the operation of the Global Compensation Plan, and which are based solely on mathematical projections, may be made to prospective Distributors, so long as the Distributor who uses such hypothetical examples (1) makes clear to the prospective Distributor(s) that such earnings are hypothetical; and (2) provides each prospective Distributor with a current copy of Kyäni's official income disclosure statement.
4. *Commercial Outlets:* Kyäni strongly encourages the selling of its products through person to person contact. In order to preserve Kyäni brand value and to help provide a standard of fairness for its Distributor base, Distributors may not without prior written permission

from the Company display or sell Kyäni products or literature in any retail or service establishment, except as set forth herein. Kyäni will permit Distributors to solicit and make sales in retail or service establishments so long as the establishment is: (1) an independent locally-owned retail establishment, and not part of a national, regional, or statewide chain; or (2) an office of a health care practitioner. Kyäni will permit Distributors to solicit and make commercial sales upon prior written approval from the Company. For the purposes of these Policies and Procedures, the term "commercial sale" means the sale of: (a) Kyäni products that equal or exceed one thousand U.S. dollars (\$1,000) or more in a single order; and (b) To a third party who intends to resell the products to an end consumer.

5. *Trade Shows, Expositions and Other Sales Forums:* Distributors may display and/or sell Kyäni products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Distributors must contact the Distributor Services Department in writing for conditional approval, as Kyäni's policy is to authorize only one Kyäni business per event. Final approval will be granted to the first Distributor who submits an official advertisement of the event, a copy of the contract signed by both the Distributor and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Distributor Services Department. In order to preserve its valuable brand, Kyäni further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products or the Kyäni opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image Kyäni wishes to portray.
6. *No Predatory Pricing:* All sales of Kyäni products by Distributor must be at the published Distributor wholesale price as shown on the Kyäni website on the date of sale.

t. Conflicts of Interest

1. *Non-solicitation:* Kyäni Distributors may participate in other direct selling or network marketing or multilevel marketing ventures (collectively "network marketing"), related to non-Kyäni products if they desire to do so. However, if a Distributor elects to participate in another network marketing opportunity, in order to avoid conflicts of interest and loyalties, Distributors are prohibited from Unauthorized Recruiting, which includes the following:

During the term of this agreement, any actual or attempted recruitment or sponsoring of Kyäni Customers or Distributors for other network marketing business ventures, either directly or through a third party. This includes, but is not limited to, presenting or assisting in the presentation of other network marketing business ventures to any Kyäni Customer or Distributor, or implicitly or explicitly encouraging any Kyäni Customer or Distributor to join other business ventures. Because there is an extreme likelihood that conflicts will arise if a Distributor operates two network marketing programs, it is the Distributor's responsibility to first determine whether a prospect is a Kyäni Customer or Distributor before recruiting or sponsoring the prospect for another network business venture.

For a period of six months following the cancellation of a Distributor's Agreement, the former Distributor may not recruit any Kyäni Distributor or Customer for another network marketing program.

Producing or offering any literature, tapes or promotional material of any nature for another network marketing business which is used by the Distributor or any third person to recruit Kyäni Customers or Distributors for that business venture;

Selling, offering to sell, or promoting any competing non-Kyäni products to Kyäni Customers or Distributors. Any product in the same generic category as a Kyäni product is deemed to be competing; e.g.; any dietary supplement is in the same generic category as Kyäni's dietary supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content.

Offering Kyäni products, or promoting the Kyäni Global Compensation Plan, in conjunction with any non-Kyäni products, business plan, opportunity, or incentive; or

Offering any non-Kyäni products, business plan, opportunity, or incentive at any Kyäni meeting, seminar, launch, convention, or other Kyäni function, or immediately following such event.

2. *Downline Activity Reports:* Downline Activity Reports are available for Distributor access and viewing at Kyäni's official website. Access to online Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Kyäni. Downline Activity Reports are provided to Distributors in strictest confidence and are made available to Distributors for the sole purpose of assisting Distributors in working with their respective Downline Organizations in the development of their Kyäni business. Distributors should use their Downline Activity Reports to assist, motivate, and train their downline Distributors. The Distributor and Kyäni agree that, but for this agreement of confidentiality and nondisclosure, Kyäni would not provide Downline Activity Reports to the Distributor. A Distributor shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:
 - i. Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
 - ii. Directly or indirectly disclose his or her password or other user access code to his or her Downline Activity Report;
 - iii. Use the information to compete with Kyäni or for any purpose other than promoting his or her Kyäni business;
 - iv. Recruit or solicit any Distributor or Customer of Kyäni listed on any report, or in any manner attempt to influence or induce any Distributor or Preferred Customer of Kyäni, to alter their business relationship with Kyäni; or
 - v. Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.

Upon the Company's request, any current or former Distributor will return the original and all copies of Downline Activity Reports to the Company.

- u. Targeting Other Direct Sellers:** Kyäni does not condone Distributors specifically or consciously targeting the sales force of another direct sales company to sell Kyäni products or to become Distributors for Kyäni, nor does Kyäni condone Distributors solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Distributors engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Distributor alleging that he or she engaged in inappropriate recruiting activity of its sales force or Customers, Kyäni will not pay any of the Distributor's defense costs or legal fees, nor will Kyäni indemnify the Distributor for any judgment, award, or settlement.
- v. Cross-Recruiting:** Actual or attempted cross-recruiting is strictly prohibited. Cross- recruiting is defined as solicitation, enrollment or sponsoring of an individual or entity that already has a current Customer or Distributor Agreement on file with Kyäni within a different line of sponsorship, or who has had such an agreement within the preceding twelve calendar months. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. Distributors shall not demean, discredit or defame other Kyäni Distributors in an attempt to entice another Distributor to become part of the first Distributor's marketing organization.

If cross-recruiting is discovered, it must be brought to the Company's attention immediately. Kyäni may take disciplinary action against the Distributor that changed organizations and/or those Distributors who encouraged or participated in the cross-recruiting. Kyäni may also move all or part of the offending Distributors downline to his or her original Downline Organization if the Company deems it equitable and feasible to do so. However, Kyäni is under no obligation to move the cross-recruited Distributor's Downline Organization, and the ultimate disposition of the organization remains within the sole discretion of Kyäni. Distributors waive all claims and causes of action against Kyäni arising from or relating to the disposition of the cross-sponsored Distributor's Downline Organization.
- w. Errors or Questions:** If a Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Distributor must notify Kyäni in writing within 60 days of the date of the purported error or incident in question. Kyäni will not be responsible for any errors, omissions or problems not reported to it within 60 days.
- x. Excess Inventory Purchases Prohibited:** Distributors are not required to carry inventory of products or sales aids. Distributors who do so may find making retail sales and building a marketing organization somewhat easier because of the decreased response time in fulfilling Customer orders or in meeting a new Distributor's needs. Each Distributor must make his or her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to Kyäni upon the Distributor's cancellation pursuant to the terms described herein.

Kyäni strictly prohibits the purchase of products in unreasonable amounts primarily for the purpose of qualifying for commissions, bonuses or advancement in the Kyäni Global Compensation Plan. Distributors may not purchase more inventory than they can reasonably

resell or consume in a month nor may they encourage others to do so. Distributors are prohibited from purchasing more than one thousand U.S. dollars (\$1,000) in products per month unless they certify to Kyäni that they have pending retail orders in excess of that amount or provide Kyäni with other written reason why such a purchase is necessary.

- y. Governmental Approval or Endorsement:** Neither local nor national governmental regulatory agencies nor governmental officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that Kyäni or its Global Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency or official.
- z. Identification:** All Distributors are required to provide any requested identification, tax or national identification number on or in conjunction with the Distributor Application and Agreement. Upon joining, the Company will provide a unique Distributor Identification Number to the Distributor by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.
- aa. Income Taxes:** Every year, Kyäni will provide such tax and information forms or declarations as it is legally required to submit to the relevant governmental bodies or agencies. Each Distributor is responsible for paying all taxes on any income generated as an Independent Distributor.
- bb. Independent Contractor Status:** Distributors are independent contractors. The agreement between Kyäni and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Distributor, nor does the relationship involve the purchase of a franchise or the purchase of a business opportunity. The Distributor has no authority (expressed or implied), to bind the company to any obligation. Each Distributor shall establish his or her own goals, hours, and methods of sale, and other means of operating the Distributor's independent business, except as may be limited by the Distributor's contractual obligations and applicable laws.

The name of Kyäni and other names as may be adopted by Kyäni are proprietary trade names, trademarks and service marks of Kyäni. As such, these marks are of great value to Kyäni and are supplied to Distributors for their use only in an expressly authorized manner. Use of Kyäni name on any item not produced by the company is prohibited except as follows:

Distributor's Name Independent Kyäni Distributor

All Distributors may list themselves as an "Independent Kyäni Distributor" in the white or yellow pages of the telephone directory under their own name. No Distributor may place telephone directory display ads using Kyäni's name or logo. Distributors may not answer the telephone by saying "Kyäni", "Kyäni Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Kyäni.

- cc. Insurance Business Pursuits Coverage:** Kyäni does not provide insurance coverage for your independent business operation. Distributors may wish to arrange insurance coverage for their business as they deem appropriate.
- dd. Product Liability Coverage:** Kyäni maintains insurance to protect the Company and Distributors against product liability claims through a "Vendors Endorsement" which extends coverage to Independent Distributors so long as they are marketing Kyäni products in accordance with

Company Policies and applicable laws and regulations. Kyäni's product liability policy does not extend coverage to claims or actions that arise as a result of a Distributor's misconduct in marketing the products or to other risk factors involved in the Distributor's independent business activities.

- ee. International Marketing:** Distributors are authorized to sell Kyäni products, and enroll Customers or sponsor Distributors only in the countries in which Kyäni is authorized to conduct business, as announced in official company literature. In countries where Kyäni has authorized sales and distributor activities, Distributors shall conform to the specific Kyäni rules for that individual country. Such rules may vary from country-to-country and Distributors are obligated to know the appropriate rules for the country and venues in which they intend to conduct business. Country-specific information may be presented from time to time under a country addendum to these Policies and Procedures.
- ff. Adherence to Laws and Ordinances:** Many communities have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Distributors because of the nature of their businesses. However, Distributors must obey those laws that do apply to them. If a government official or agency notifies a Distributor that an ordinance applies to him or her, the Distributor should respond politely and cooperatively; when appropriate, the Distributor is encouraged to send a copy of the ordinance to the Compliance Department of Kyäni.
- gg. Minors:** No person who is recognized as a minor in his/her state or country of residence may be a Kyäni Distributor. Distributors shall not sponsor or recruit minors into the Kyäni program.
- hh. Actions of Household Members or Affiliated Individuals:** 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 Agreement, such activity will be deemed a violation by the Distributor and Kyäni may take disciplinary action against the Distributor. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Kyäni may take disciplinary action against the entity.
- ii. Re-packaging and Re-labeling Prohibited:** Distributors may not re-package, re-label, refill or alter the labels on any Kyäni products, information, materials or programs in any way. Kyäni products must be sold in their original containers only: re-labeling or repackaging could subject Distributors to criminal or civil liability, especially if harm results to property or to another person.
- jj. Requests for Records:** Any request from a Distributor for copies of invoices, applications, downline activity reports, or other records will require a fee of U.S. \$1.00 per page per copy to cover the expense of mailing and time required to research files and make copies of the records.
- kk. Sale, Transfer or Assignment of Kyäni Business:** Although a Kyäni business is a privately owned, independently operated business, the sale, transfer or assignment of a Kyäni business is subject to certain limitations. If a Distributor wishes to sell/transfer his or her Kyäni business, the following criteria must be met:
 1. Protection of the existing line of sponsorship must always be maintained so that the Kyäni business continues to be operated in that line of sponsorship.
 2. There will be an Administrative Fee of \$250 for all transactions.

3. Before the sale, transfer or assignment can be finalized and approved by Kyäni, any debt obligations the selling Distributor has with Kyäni must be satisfied.
4. The selling Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a Kyäni business.

Kyäni has the sole discretion to accept or reject all sales transactions.

5. Upon complete execution of the purchase and sale agreement, and the new Distributor Agreement, the parties must submit copies of the same to Kyäni's Distributor Services Department for review and approval. Kyäni reserves the right to request additional documentation that may be necessary to analyze the transaction between the buyer and seller. Kyäni's Distributor Services Department will, in its discretion, approve or deny the sale, transfer or assignment within 30 days after the receipt of all necessary documents from the parties.
6. If the new owner(s) will be a corporation, trust, partnership, or any other type of business entity then the Certificate of Incorporation, Partnership Agreement or trust documents, and the Internal Revenue Service SS4 Document are required to be sent to Kyäni before any changes will be considered or approved.
7. Changes of Ownership cannot be used to circumvent rules governing Changes of Genealogy.

If the parties fail to obtain Kyäni's approval for the transaction, the transfer may be voidable at Kyäni's option. If Kyäni approves the transfer the purchaser of the existing Kyäni business will assume the obligations and position of the selling Distributor. A Distributor who sells his or her Kyäni business shall not be eligible to re-apply as a Kyäni Distributor for a period of at least twelve full calendar months after the sale. No changes in line of placement or sponsorship can result from the sale or transfer of a Kyäni business.

- II. Separation of a Kyäni Business:** Kyäni Distributors sometimes operate their Kyäni businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Distributors and the Company, Kyäni will unilaterally terminate the Distributor Agreement.

During the pendency of a divorce or entity dissolution, the parties must adopt one of the following methods of operation:

1. One of the parties may, with consent of the other(s), operate the Kyäni business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Kyäni to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
2. The parties may continue to operate the Kyäni business jointly, whereupon all compensation paid by Kyäni will be paid in the joint names of the Distributors or in the name of the entity to be divided as the parties may independently agree between themselves.

3. If the parties cannot mutually agree on how the business shall be allocated during the pendency of a divorce or dissolution, the Company shall treat the business according to the status quo as existed prior to the filing of the divorce or dissolution.

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Kyäni split commission and bonus checks between divorcing spouses or members of dissolving entities. Kyäni will recognize only one Downline Organization and will issue only one commission check per Kyäni business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Distributor Agreement shall be involuntarily cancelled.

If a former spouse or a former entity affiliate has completely relinquished all rights in their original Kyäni business, they are thereafter free to sponsor under any sponsor of their choosing, so long as he or she meets the waiting period requirements set forth herein. In such case, however, the former spouse or partner shall have no rights to any Distributors in their former organization or to any former retail Customer. They must develop the new business in the same manner as would any other new Distributor.

- mm. Sponsoring:** All active Distributors in good standing have the right to sponsor and enroll others into Kyäni. Each prospective Customer or Distributor has the ultimate right to choose his or her own Sponsor. If two Distributors claim to be the Sponsor of the same new Distributor or Customer, the Company shall regard the first application received by the Company as controlling. In addition, Kyäni reserves the right to deny enrollment in countries or territories where the company is not officially open.
- nn. Stacking:** The term "stacking" includes: (a) the failure to transmit to Kyäni, or the holding of an Independent Distributor Application and Agreement longer than 72 hours after its execution; (b) the placement or manipulation of Independent Distributor Applications and Agreements for the purpose of maximizing compensation pursuant to Kyäni's Global Compensation Plan; or (c) providing financial assistance to new Distributors for the purpose of maximizing compensation pursuant to Kyäni's Global Compensation Plan. Stacking constitutes a material breach of these Policies and Procedures, and is strictly and absolutely prohibited.
- oo. Succession:** Upon the death of an individual Distributor, his or her business may be passed to his or her heirs. Appropriate legal documentation under local law must be submitted to the Company to ensure the transfer is proper. Accordingly, a Distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument as required under local law. Whenever a Kyäni business is transferred by a will or other testamentary process as required under local law, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Distributor's marketing organization provided the following qualifications are met. The successor(s) must:
 1. Execute a new Distributor Agreement;
 2. Comply with terms and provisions of the Agreement; and
 3. Meet all of the qualifications for the deceased Distributor's status.

Bonus and commission checks of a Kyäni business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Kyäni with an "address of record" to which all bonus and commission checks will be sent. If the business is bequeathed to joint devisees, they must form a business entity to continue a distributorship.

- pp. Transfer Upon Incapacitation of a Distributor:** To effect a transfer of a Kyäni business because of incapacity, the successor must provide the following to Kyäni: (1) a notarized copy of an appointment as guardian or trustee; (2) a notarized copy of the court Order or other documentation as required under local law that establishes the right by the successor to administer the Kyäni business; and (3) a completed Distributor Agreement executed by the trustee.

4. RESPONSIBILITIES OF DISTRIBUTORS

- a. Change of Address or Telephone:** To ensure timely delivery of products, support materials, and commission checks, it is critically important that Kyäni's files are current. Distributors are required to keep all address and telephone number information current. This may be done in the Distributor's Back Office or in the alternative by sending such corrections as are necessary to Customer Service. To guarantee proper delivery of orders, all changes should be received not less than two weeks prior to the effective date of the address or telephone number change.
- b. Ongoing Training:** In order to be successful with the Kyäni opportunity, any Distributor who sponsors another Distributor into Kyäni should perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Kyäni business. Distributors should have ongoing contact and communication with the Distributors in their Downline Organizations. Examples of such contact and communication may include but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voicemail, electronic mail, and the accompaniment of downline Distributors to Kyäni meetings, training sessions, and other functions. Upline Distributors should also seek to motivate and train new Distributors in Kyäni product knowledge, effective sales techniques, the Kyäni Global Compensation Plan, compliance with Company Policies and Procedures, and compliance with local law. Distributors must monitor the Distributors in their Downline Organizations to ensure that downline Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Distributor should be able to provide documented evidence to Kyäni of his or her ongoing fulfillment of the responsibilities of a Sponsor.
- c. Ongoing Sales Responsibilities:** Regardless of their level of sponsoring activity, successful Distributors feel an ongoing obligation to continue to personally promote sales through the generation of new Customers and through servicing their existing Customers.
- d. Non-disparagement:** Kyäni wants to provide its independent Distributors with the best products, compensation plan, and service in the industry. Accordingly, constructive criticisms and comments are welcome and should be submitted in writing to the Distributor Services Department. Remember, to best serve you, we must hear from you! While Kyäni welcomes constructive input, negative comments and remarks made in the field by Distributors about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Kyäni Distributors. Similarly, "trash talking" the competition creates a negative environment that damages the industry in a way that ultimately can harm Kyäni as well. For this reason, and to set the proper example for their downline, Distributors should not

disparage the Company and its products or the competition and its products. Kyäni reserves the right to take action against Distributors whose personal behavior in this regard proves disruptive and harmful to Kyäni.

- e. **Providing Documentation to Applicants:** Distributors should help provide the most current version of the Policies and Procedures (always available at the Kyäni website) and the Compensation Plan to individuals whom they are sponsoring to become Distributors before the applicant signs a Distributor Agreement.
- f. **Reporting Policy Violation:** Distributors observing a Policy violation by another Distributor are encouraged to submit a written report of the violation directly to the attention of the Kyäni Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

5. SALES

- a. **Product Sales:** The Kyäni Global Compensation Plan is based upon the sale of Kyäni products to end consumers. Distributors must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions, and advancement to higher levels of achievement.
- b. **Price and Territory Restrictions:** Distributors may not sell Kyäni products for less than the published Distributor wholesale price. Distributors may only sell Kyäni products in countries that are officially recognized by Kyäni as open for Kyäni business.
- c. **Sales Receipts:** Kyäni encourages all Distributors to provide their retail Customers with two copies of an official Kyäni sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee for Kyäni products and a statement of consumer protection if these are afforded by local law. Records documenting the purchases of Distributors' Direct and Preferred Customers will be maintained by Kyäni, and Distributors should maintain all retail sales receipts for a period of two years and furnish them to Kyäni at the company's request. Further, Distributors should remember to retain records related to Distributor transactions in order to comply with the requirements for their independent businesses under local law (for example to establish document regarding income and expenses in support of a Distributor's tax obligations).

If a sale qualifies as a "door-to-door" sale, Distributors should ensure that any receipt complies with the requirements of local law. For example, in some jurisdictions the following information must be contained on each sales receipt (with two copies provided to the buyer):

1. The date of the transaction;
2. The date by which the buyer may give notice of cancellation; and
3. Name and address of the selling Distributor.

6. BONUSES AND COMMISSIONS

- a. Bonus and Commission Qualifications:** A Distributor must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Distributor complies with the terms of the Agreement, Kyäni shall pay commissions to such Distributor in accordance with the Global Compensation plan. The minimum amount for which Kyäni will issue a bank check or draft in U.S. currency is ten U.S. dollars (\$10). If a Distributor's bonuses and commissions do not equal or exceed ten U.S. dollars (\$10), the Company will accrue the commissions and bonuses until they total ten U.S. dollars (\$10). A payment will be issued once ten U.S. dollars (\$10) has accrued. Payment policies for bonuses and commissions in currencies other than the U.S. dollar will be established from time to time by the Company. Bonuses and commissions will be calculated, and checks will be issued, on or before the fifteenth day of each month.
- b. Adjustment to Bonuses and Commissions:** Distributors receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to Kyäni for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Distributors who received bonuses or commissions on the sales of the refunded products. In the event that any such Distributor terminates his or her Distributor Agreement, and the amounts of the bonuses or commissions attributable to the returned products have not yet been fully recovered by the company, the remainder of the outstanding balance may be set off against any amounts owed to the terminated Distributor.
- c. Unclaimed Commissions and Credits:** Distributors must deposit or cash commission and bonus checks within six months from their date of issuance. A check that remains uncashed after six months will be void. After a check has been voided, Kyäni will attempt to notify a Distributor who has an uncashed check by sending a written notice to his or her last known address identifying the amount of the check and advising that the Distributor can request that the check be reissued. There shall be a U.S. \$15.00 charge for reissuing a check, and a U.S. \$10.00 fee for each notice that is sent to the Distributor. These charges shall be deducted from the balance owed to the Distributor.

Customers or Distributors who have a credit on account should use their credit within six months from the date on which the credit was issued. If credits have not been used within six months, Kyäni shall attempt to notify the Distributor or Customer on a monthly basis, by sending written notice to the last known address, advising the Distributor or Customer of the credit. There shall be a U.S. \$10.00 charge for each attempted notification. This charge shall be deducted from the Distributor's or Customer's credit on account.

- d. Downline Activity Reports:** All information provided by Kyäni in online or telephonic downline activity reports, including but not limited to personal and group sales volume (or any part thereof), downline sponsoring activity, and other information is believed to be accurate and reliable. Nevertheless, due to various factors including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by Kyäni or any persons creating or transmitting the information.

- e. **Warranties:** ALL VOLUME INFORMATION (as described in Kyäni's Global Compensation Plan) IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, KYÄNI AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DISTRIBUTOR OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF KYÄNI OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, KYÄNI OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Kyäni's online and telephonic information services is at your own risk. All Information is provided to you "as is". If you are dissatisfied with the information, your sole and exclusive remedy is to discontinue use of and access to Kyäni's online and telephone information services.

7. PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

a. Product Satisfaction Guarantee for Customers

United States Residents: Kyäni offers a one hundred percent (100%) thirty (30) day money-back satisfaction guarantee (less shipping charges) on all products purchased by Customers who reside in the United States. Customers must return all used and unused products to Kyäni. Once received Kyäni's Distribution Center will process all returns and refunds within thirty days after receipt of the product.

b. Return of Inventory by Distributors

Kyäni will repurchase from the Distributor any portion of the Distributor's currently marketable inventory that Distributor purchased from Kyäni in the preceding twelve months. The repurchase price shall be 90 percent of the purchase price paid by the Distributor, less all applicable shipping and handling costs to return the product to Kyäni.

For purposes of the Agreement, inventory shall include all company produced products, promotional materials, starter packs, or other sales aids purchased by Distributor from Kyäni.

The repurchase provisions of this section shall not apply to any inventory that is not currently marketable inventory. Currently marketable inventory shall not include inventory that is beyond its

expiration date, that has the tamper proof safety seal damaged or removed, that has been opened or partially consumed, that has been discontinued by the company, or that is seasonal in nature or a special promotional product.

8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

- a. Disciplinary Sanctions:** Breach of the Agreement, including these Policies and Procedures (as applicable), or any illegal, fraudulent, deceptive or unethical business conduct by a Distributor may result, at Kyäni's discretion, in one or more of the following corrective measures, which shall, when necessary, be considered as liquidated damages for a breach of the Agreement, but shall not waive Kyäni's other rights under the Agreement:
1. Issuance of a written warning or admonition;
 2. Requiring the Distributor to take immediate corrective measures;
 3. Imposition of a fine, which may be withheld from bonus and commission checks;
 4. Loss or suspension of rights to one or more bonus and commission checks;
 5. Kyäni may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period that Kyäni is investigating any conduct that may violate the Agreement. If Kyäni chooses to terminate the Agreement because of a breach of the Agreement by the Distributor or a violation of applicable laws or regulations, the Distributor will not be entitled to receive any commissions or payments that were withheld during the investigation period prior to actual termination;
 6. Suspension of the Distributor's right to purchase products and/or receive payments;
 7. Termination of the Agreement;
 8. Any other measure expressly allowed within any provision of the Agreement or which Kyäni deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's conduct or omission;
 9. The measures above do not exhaust Kyäni's rights and do not mean that Kyäni cannot also initiate legal proceedings for monetary and/or equitable relief or take other measures permitted by the Agreement or applicable laws.
- b. Grievances and Complaints:** When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in relationship to their respective Kyäni businesses, they are encouraged to seek to resolve the issue through private discussions with the other party. Where this is impractical or unsuccessful, the complaining Distributor is encouraged to discuss the problem with his or her Sponsor who may review the matter and try to resolve it, perhaps through the "good offices" of the other party's upline sponsor. Unresolved disputes may be reported in writing to the Customer Service Department at the Company, which may seek assistance from a Dispute Resolution Board for final review and determination as appropriate.

- c. Dispute Resolution Board:** The Dispute Resolution Board (or "DRB") is composed of one or more qualified individuals selected by Kyäni senior management. The composition of the Dispute Resolution Board may change at any time. The purpose of the DRB is to:
1. Review appeals of any actions taken by the Company for an alleged breach of a Distributor's obligations; and
 2. Review matters between Kyäni Distributors. If the response or settlement suggested by Customer Service has been rejected or the matter otherwise remains unresolved, the Dispute Resolution Board may review evidence, deliberate, and respond to remaining issues.

A Distributor may submit a written request for a telephonic or in-person review within seven business days from the date of: (1) the written notice by Kyäni of action; or (2) the written decision of Distributor Services regarding disputes between Distributors under section 9.2. All communication with Kyäni and the Distributor seeking resolution of a dispute must be in writing. It is within the DRB's discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a review within thirty (30) days of the receipt of the Distributor's written request. All evidence (e.g., documents, exhibits, etc.) that a Distributor desires to have considered by the DRB must be submitted to Kyäni no later than seven business days before the date of the review. The Distributor shall bear all of the expenses related to his or her attendance and the attendance of any witnesses he or she desires to be present at the review. The decision of the DRB will be final and subject to no further Company review. During the pendency of a claim before the DRB, Company will actively oppose any effort by a Distributor to seek arbitration, mediation, or litigation or any other remedy against the other party or parties to the dispute or against Kyäni.

- d. Governing Law and Jurisdiction:** The Distributor Agreement between the Distributor and Kyäni has been entered into in Idaho Falls, Idaho, United States of America, as this is the location where the Distributor submitted the application to enroll as a Kyäni Independent Distributor, and where the application was reviewed and approved by Kyäni. The Distributor Agreement shall be governed exclusively by the laws of the State of Idaho, and the Distributor agrees to submit exclusively to the jurisdiction of the courts of the State of Idaho, and specifically the District Court of the Seventh Judicial District with venue in Bonneville County, for resolution of any claims or related litigation to interpret or enforce the terms of the Distributor Agreement.

9. ORDERING

- a. Direct & Preferred Customers:** Distributors are encouraged to promote Kyäni's Direct Customer Program to retail Customers. The Direct Customer Program allows retail Customers to purchase their products directly from Kyäni. Customers simply call Kyäni to place their orders or place their orders online, which they can charge to their credit card. Kyäni will send the ordered products directly to the Customer. To ensure that Distributors receive the appropriate commission, Customers may not place an order without a Distributor's ID Number. Even more efficient than the Direct Customer Program is Kyäni's Preferred Customer Program. Under the Preferred Customer Program, an individual may sign up to have a pre-selected package of Kyäni products delivered to his or her home automatically each month. Not only does this take all of the hassles out of buying, it also allows the Customer to take advantage of the discounted Preferred Customer Prices.

- b. **Purchasing Kyäni Products:** Each Distributor should purchase his or her products directly from Kyäni in order to be credited with the Personal Sales Volume associated with that purchase.
- c. **General Order Policies:** On mail orders with invalid or incorrect payment, Kyäni may attempt to contact the Distributor by phone, and/or mail to try to obtain correct payment. Kyäni may also attempt to process the order up to five more times. Unsuccessful orders will not be processed. No C.O.D. orders will be accepted. Kyäni maintains no minimum order requirements. Orders for products and sales aids may be combined.
- d. **Shipping and Back Order Policy:** Kyäni will normally ship products within five (5) days from the date an order is received. Kyäni will promptly ship ordered items that are currently in stock. Ordered items that are out-of-stock will be placed on backorder and sent when Kyäni receives additional inventory. Distributors will be charged and given Personal Sales Volume on back-ordered items unless notified on the invoice that the product has been discontinued. Kyäni will notify Distributors and Customers if items are backordered and are not expected to ship within 30 days from the date of the order. An estimated shipping date will also be provided. Backordered items may be cancelled upon a Customer's or Distributor's request. Customers and Distributors may request a refund, credit on account, or replacement merchandise for cancelled back orders. If a refund is requested, the Distributor's Personal Sales Volume will be decreased by the amount of the refund in the month in which the refund is issued.
- e. **Confirmation of Order:** A Distributor and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify Kyäni of any shipping discrepancy or damage within thirty days of receiving the shipment will waive the Distributor's right to request a correction.

10. PAYMENT AND SHIPPING

- a. **Deposit:** Kyäni advises strongly against Distributors accepting money for a sale to a personal retail Customer except at the time of product delivery {e.g. don't accept monies in anticipation of future deliveries).
- b. **Insufficient Funds:** It is the responsibility of each Distributor to ensure that there are sufficient funds or credit available in his or her account to cover a monthly Autoship order. Kyäni will not contact Distributors in regard to orders cancelled due to insufficient funds or credit. This may result in a Distributor's failure to meet his or her Personal Sales Volume requirements for the month.

Kyäni will not make adjustments after the end of the calendar month to Autoship orders. Example: a Distributor has an Autoship order set for the 25th of the month and for whatever reason the Distributor's credit card is declined. The Distributor is responsible for contacting Kyäni and providing a credit card that will clear before the end of the month in order to have the Autoship order count for that month.

- c. **Returned Checks:** All checks returned by a Distributor's bank for insufficient funds (NSF checks) will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Distributor. After receiving a returned check from a Customer or a Distributor, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to

Kyäni by a Distributor for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

- d. **Returned Bonus and Commissions Checks:** Distributors are responsible for ensuring Kyäni has the correct name and address for their commission checks. There is a \$10 processing fee for checks returned to Kyäni for any reason including an incorrect name and/or address. This fee will be covered by making an adjustment to that distributor's Bonus and Commissions and/or by charging the credit card(s) on file with Kyäni.
- e. **Returned Packages:** Distributors with packages that are returned to Kyäni for an incorrect address, unsuccessful delivery attempts, return to sender, or any other reason will be charged for shipping to and from Kyäni and a \$20 processing fee. This charge will be covered by making an adjustment to that distributor's bonus and commission and/or by charging the credit card(s) on file with Kyäni.
- f. **Restrictions on Third Party Use of Credit Cards and Checking Account Access:** In order to preserve the independence of Kyäni Distributors and to preserve the integrity of the Company's compensation plan, Kyäni discourages any arrangement between the independent Distributors creating indebtedness between them, and Distributors are expressly prohibited from using a Distributor's credit card or permitting debits to a Distributor's checking account to enroll or sponsor other Distributors, or to make purchases from the Company on behalf of another Distributor.
- g. **Sales, Use and Value Added Taxes:** In designing the Kyäni opportunity, one of our guiding philosophies has been to free Distributors from as many administrative, operational, and logistical tasks as possible. In doing so, Distributors are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To these ends, Kyäni seeks to relieve Distributors from the burdens of collecting and remitting sales, use, goods and services, and value added taxes ("Consumption Taxes"), filing Consumption Tax reports, and keeping records relative to Consumption Taxes. Nevertheless, Distributors remain obligated to comply with all applicable laws and regulations for the jurisdictions in which the Distributors conduct business. Consumption Taxes are by law generally required to be paid by the final user of a taxable item, so whenever possible, Kyäni will seek to collect and remit applicable Consumption Taxes on behalf of or in conjunction with the Distributor. Distributors should contact the Kyäni Customer Service Department if they have any questions about Kyäni's activities in this regard.

11. INACTIVITY AND CANCELLATION

- a. **Effect of Cancellation:** So long as a Distributor remains active and complies with the terms of the Agreement and these Policies and Procedures, Kyäni shall pay commissions to the Distributor in accordance with the Global Compensation Plan. A Distributor's bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Distributor's cancellation for inactivity as described herein, or voluntary or involuntary cancellation of his or her Agreement, including for breach of the Agreement or violation of the Policies and Procedures (all of these methods are collectively referred to as being "cancelled" or a "cancellation"), the former Distributor shall have no right, title, claim or interest to the marketing organization in which he or she operated, to any past, present or future Kyäni trade secrets or other proprietary information or intellectual property, or to any commission or bonus from the

sales generated by the organization after the Distributor's cancellation. A Distributor whose Agreement is cancelled will lose all rights as a Distributor. This includes the right to sell Kyäni products, and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Distributor's former downline sales organization. To remove all doubt, in the event of cancellation, the Distributor agrees to waive all rights he or she may have, including but not limited to property rights, trade secret rights, intellectual property rights, or otherwise, to their former downline organization, marketing data, financial data, or contact information related to that downline organization, or to any bonuses, commissions, or other remuneration that might otherwise have arisen from the sales or other activities of that downline organization, had the Distributor not been cancelled.

The former Distributor shall not hold himself or herself out as a Kyäni Distributor. A cancelled Distributor shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

- b. Involuntary Cancellation:** A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by Kyäni in its sole discretion, may result in any of the sanctions listed in Section 8(a), including the involuntary cancellation of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, return receipt requested, to the Distributor's last known address, or when the Distributor receives actual notice of cancellation, whichever occurs first.

In addition, Kyäni may cancel a Distributor's account if there are no product purchases for a period of twelve months.

- c. Voluntary Cancellation:** A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation is requested by satisfying the requirements of and executing a Distributor Cancellation Form and returning this form to Kyäni by postal mail, scanned document through email, or FAX. Upon receipt of the Distributor Cancellation Form, Kyäni will process the cancellation.
- d. Non-renewal:** A Distributor may also voluntarily cancel his or her Distributor Agreement by failing to make an order within one calendar year from the anniversary date of enrollment.
- e. Inactive or Cancelled Distributors Re-Enrollment Policy:** A Kyäni Distributor who voluntarily terminate as a Distributor may re-enroll as a new Distributor twelve months following the date of termination. If any such Distributor re-enrolls with Kyäni, the Distributor shall be enrolled as a new distributor, but any downline that was formerly under the Distributor prior to termination shall not be affected by such re-enrollment.

A Kyäni Distributor who has been inactive for a period of twelve months may be cancelled at Kyäni's discretion. The Distributor's downline shall be unaffected by the change and shall not be moved with the Distributor. For purposes of this Policy an inactive Distributor shall be deemed to be any Distributor who has failed to make any purchase for twelve consecutive months.

This Policy shall not apply to any Kyäni Distributor whose Distributor Agreement was terminated by the company for cause. Any such Distributor must have approval from the Kyäni Chief Executive Officer prior to being re-enrolled with the company.

12. RIGHT TO AMEND

Kyäni reserves the right to modify the Kyäni Global Compensation Plan, Distributor Agreement, and these Policies and Procedures at any time and for any reason in its sole and absolute discretion.